

“Let a Thousand Flowers Bloom”:**Variation of
Leadership Styles
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China, a country with a 5,000-year history, is quickly becoming a global force to be reckoned with by all economies. The 20-plus years of economic reform has brought about a history-making momentum. In 2002, China surpassed the United States as the largest FDI recipient in the world. Its accession to the World Trade Organization (WTO) began yet another phase of development. Today, many economists see the possibility of China becoming the world's largest economy by 2015, if not sooner. The prospect of China becoming the major economic power in the world fuels the urgency to understand how Chinese companies lead and compete in domestic and global markets.

The tremendous changes in China make organizing and managing extremely dynamic, complex, and uncertain. New or old, big or small, all Chinese organizations have to adapt to new norms and regulations in order to compete in the domestic and international markets. The traditional state-owned enterprises (SOEs) are now competing head-to-head with new entrants, i.e., foreign-invested enterprises (FIEs) and domestic privately owned enterprises (POEs), each producing

about a third of China's gross national product. The rapidly changing environment also encourages companies and individuals to experiment, imitate, and innovate in order to be competitive. New managers and professionals—locally groomed, returned from overseas, or imported—work side-by-side with the old cadres and administrators who were deeply socialized by Communist ideologies and Confucian values. What results is a display of an unprecedented variety of leadership behaviors. This article aims to provide insights into the nature of executive leadership behaviors and styles in this emerging economic power.

**FORCES AFFECTING CHINESE
LEADERSHIP BEHAVIORS**

There are multiple forces that shape and mold the behaviors of managers in China. The most relevant forces affecting leadership behavior are: traditional (Confucian) values, Communist ideologies, economic reform, and infiltration of foreign, especially Western, management philosophies and practices as a result of the reform.

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Confucian Values

According to Chinese historians, traditional Chinese values are essentially Confucian values, which can be represented by four major virtues: the class system, obedience, the doctrine of the mean, and *renqing* (kindness/reciprocity). Closely connected to and reinforcing each other, these four virtues have historically formed the foundation of ethics and morality in the mind of the Chinese people. They have influenced the behaviors of the Chinese people for the past three millennia.

Simply put, the class system refers to maintaining the rituals and proper ordering of individual positions in society, with the proper order defined according to five cardinal relationships. These five relationships are emperor-subject, father-son, husband-wife, older-younger brother, and friend-friend. Obedience to these cardinal relationships maintains social order. Those born in the inferior position were expected to obey their superiors. Heads of families were entitled to absolute authority. The doctrine of the mean restrains people from losing control of themselves in times of anger. The fourth virtue, *renqing*, refers to being kind, benevolent, righteous, or respecting the feelings of other people. It was believed that *renqing* is an internalized moral virtue that is more powerful than laws.

Because of these virtues, traditional Chinese business leaders tend to exhibit extremely high degrees of authoritarianism, while also showing benevolence to subordinates and demonstrating a high level of moral character in their actions and decisions. Despite all the changes taking place in China, it is still not difficult to see the connections between present and past. A recent study by Fu and Tsui showed that Confucian values continue to underlie the desired leadership behavior, as described in the Chinese printed news media.

Communist Ideologies

While Confucian values are a major force influencing Chinese leadership behaviors, the impact of Communist ideologies is just

as profound and could be more direct to a certain extent. This is because traditional values are part of the historical conditioning of the Chinese people, but Communist ideologies have been what they have lived with for the past few decades. These ideologies, including whole-hearted service to the people, loyalty to the Party, hard work and self-sacrifice are prescribed in the Party Constitution for members to follow. Since most of the business leaders in China are also Communist Party members, they are expected to (and most do) follow these ideologies.

Economic Reforms

The economic reform that started about 25 years ago has fundamentally changed China. Prior to the reform, all businesses belonged to the government. There were no foreign-invested enterprises and very few sizable privately owned ones. The whole economy was planned by and controlled by the central government, with provincial and city governments essentially following the central model. There were clear hierarchies in every industry, all the way from tiny factories to the central government, with the lower level obeying the higher. Leaders, under the contemporary definition, did not exist, because all organizations had to do was to make sure that the allocated quotas were fulfilled, and that the people assigned to them were cared for. Government departments allocated production materials at the appropriate levels. Products were not sold to the market, but distributed accordingly to the government's plans and directives. Employees assigned to a department or factory worked there until they retired. Individuals, including managers and leaders, had little autonomy to make decisions.

The reform that started in 1978 brought both revolutionary and evolutionary changes to these practices. Managers in state-owned enterprises found themselves having to lead and be accountable for the decisions they made. The increase in the number of privately owned enterprises and foreign-owned enterprises left the SOE leaders no time to

pause or choose. They either had to adapt to the changing environment or retire.

The privately owned enterprises (POEs) were regarded as “illegal” and “non-standardized” under the centrally planned economy in China in the pre-reform era. The reform has since provided unprecedented opportunities for Chinese people to start their own companies. Such firms are typically not allowed to enjoy the support and help from the central government, as the SOEs do. However, they are free from the extensive government regulations that often hinder SOEs from moving quickly. Hard working and eager to succeed, the entrepreneurs-turned-into leaders of POEs now employ over 20 percent of the nation’s workers and produce almost 40 percent of China’s industrial output. The executives in the POEs, as both entrepreneurs and owners, are relatively younger, freer from the control of any “mothers-in-law” (higher authorities), and generally more willing to take risks and try out new ideas than their counterparts in the SOEs.

Another major outcome of the economic reform is the opening of the Chinese market to foreign firms. As foreign, mostly Western, businesses pour into the Chinese market, their management philosophies and practices create another important factor that challenges the old ways and provides Chinese business leaders with an alternative model of leading and managing. The expatriate executives in the foreign-invested enterprises (FIEs), along with increasing numbers who are Chinese nationals trained in the West, have brought into China western management philosophies and practices. Working for foreign firms in China, interacting with foreign expatriates or overseas-trained Chinese, receiving Western-style M.B.A. degrees or executive education courses, and taking frequent business trips abroad are all opportunities that expose Chinese business leaders to the influence of different managerial philosophies and leadership styles.

In summary, Chinese executives, more than ever before, are facing the challenges of continuous restructuring of organizations, increasing global competition, value changes

in the workforce, and rapid technological developments. They have to deal with an extremely high level of complexity in the internal and external environments of organizations. The increasingly competitive environment requires them to constantly adopt, or at least to try out, new ways of doing things. All these challenges result in a rich variety of leadership behaviors among Chinese executives.

UNDERSTANDING LEADERS AMONG THE FLOWERS

Amid this period of transition, China today truly lives up to Mao’s ideal of “Let a thousand flowers bloom”—where variation is both prevalent and desirable. The thousand flowers are in full bloom in organizational forms, business practices, and management approaches as well as leadership styles. It is this coexistence of competing values and multiple forms that makes contemporary China an ideal context for observing how a dynamic and heterogeneous economic context breeds variation in management approaches, including executive leadership styles.

We decided to study the leadership styles of the chief executive officers (CEOs) of different types of enterprises in China rather than the many other possible topics on Chinese business, because of the growing importance of leadership in this changing context. Our goal was to identify the prevalent leadership styles, to find out whether different types of firms foster different styles, and whether some styles are more effective than others in certain types of firms. Our study involved the descriptions of the behaviors of over 550 Chinese CEOs by about 1,500 of the professional employees and middle managers in their companies.

Our study (see accompanying Research Procedures) found six behavioral dimensions and four types of styles. Each style represents a unique combination of the six behavioral dimensions. While the dimensions resemble some of the executive roles discussed in the western management literature, the styles

reflect a confluence of traditional and modern practices embedded in eastern values and western ideals. We found some styles to be more obvious in certain types of firms, but, in general, there is no systematic pattern between firm type, industry and leadership style. Furthermore, all leadership styles were found in successful firms.

Being Creative and Risk-taking refers to a CEO thinking in a creative way and ready to take risks when making decisions and formulating strategies. These behaviors relate to pursuing exploration and innovation. By *Relating and Communicating*, the CEO maintains harmonious interpersonal relationships with employees and people outside the

Research Procedures Used in Deriving the Leadership Styles

We began our research with focus-group interviews with 65 managers and professionals from firms in different industries and under different ownership types. We asked these managers to describe specific behaviors they observed in their CEOs. After systematically processing the 320 descriptions gathered from their responses, we retained 45 items and developed them into a questionnaire.

To validate the questionnaire and identify dimensions underneath the 45 behaviors, we conducted two surveys, one with 446 managers and professionals and the other with 1,000 middle managers from 130 companies. Responses from the two surveys were statistically analyzed, and dimensions were identified. Leaders with similar behavioral profiles were grouped into different styles.

The styles were verified using public sources (newspapers, company reports and websites) for the examples of real leaders. We also used the survey data to analyze the relationship between leadership styles and firms with different ownership structures. Finally, with yet another different sample, we invited a panel of six external experts, who are knowledgeable about a group of successful CEOs of firms we have been following for the past ten years, to classify these CEOs into the styles that we had uncovered.

SIX DIMENSIONS OF CHINESE EXECUTIVE LEADERSHIP BEHAVIORS

Our systematic statistical analyses produced six leadership dimensions involving 24 items. Based on the items for each dimension, we labeled them: Articulating Vision, Monitoring Operations, Being Creative and Risk-taking, Relating and Communicating, Showing Benevolence, and Being Authoritative. The six dimensions and related behaviors for each dimension are listed in Fig. 1.

Articulating Vision is similar to the charismatic leadership behavior described in the western literature. It refers to behaviors such as clearly communicating a vision or articulating a future to the followers. Through *Monitoring Operations*, a CEO sets the context, shapes the decisions, and controls the process of management and operations. The CEO maintains an efficient internal management system through this kind of behavior.

organization. *Showing Benevolence* refers to a CEO doing personal favors and demonstrating generosity toward employees and their families. A benevolent CEO may express his/her individualized, holistic concern for a subordinate's well being. The sixth dimension of leadership behavior is *Being Authoritative*. An authoritative CEO stresses personal dominance over subordinates, centralizes authority on him or herself and makes unilateral decisions.

RELEVANCE AND DISTINCTIVENESS OF THE SIX DIMENSIONS

The dimensions we identified have some resemblance to the roles described in the Western literature. For example, Articulating Vision, Monitoring Operations, and Being Creative and Risk-taking focus on task behaviors and are very similar to *vision setter*,

FIGURE 1 CHINESE CEO LEADERSHIP DIMENSIONS AND RELATED BEHAVIORS

Dimensions	Related Leader Behaviors
Being Creative and Risk-taking	Willing to take risks Being bold with innovation Willing to try new projects and ideas Having rich entrepreneurial spirit Being creative
Relating and Communicating	Having good skills in dealing with interpersonal relationships effectively Being able to communicate well with employees Being good at balancing interpersonal relationships Getting along with employees very well Being able to facilitate interpersonal relationships
Articulating Vision	Clearly communicating his/her vision about the future of the company Articulating a bright future for employees Clearly handling on the development of the company in the next five years Emphasizing the long-term planning of the company
Showing Benevolence	Showing concerns for employee's family member Showing concerns for employee's personal life Treating employees like family members Showing love and care for subordinates
Monitoring Operations	Having good control over different projects and plans Monitoring the operations of the organization Having strict requirements on quality of production or service
Being Authoritative	Having personal control of most matters Centralizing decision on him/herself Making unilateral decisions and taking individual actions

analyzer, and *taskmaster*, three of the four roles of executive leaders proposed earlier by Hart and Quinn. The other three dimensions relate to the people management aspect of the executive position: Relating and Communicating, Showing Benevolence, and Being Authoritative.

Although seemingly similar to the task-orientation and people-orientation aspects of executive positions, the two major types of leadership behaviors in western literature, the six dimensions we identified among the Chinese leaders clearly indicate Chinese cultural underpinning. For example, Showing

Benevolence goes beyond employee orientation. The consideration is extended to the family. A holistic concern for the employee's total well being is also different from the motivator role described by Hart and Quinn, because relating and showing benevolence in the Chinese context are not necessarily for achieving instrumental or immediate objectives. Being benevolent and building harmonious relationships are ends in themselves in the Chinese cultural fabric. According to the Confucian virtue of *renqing*, people who assume superior positions should treat those who are in inferior positions with kindness,

gentleness, righteousness and benevolence. In return, persons in inferior positions should respect their superiors by following principles of filial duty, submission, deference, loyalty, and obedience.

The existence of an authoritative dimension also reflects the cultural specificity that we mentioned earlier. Task orientation is common among western CEOs. However, being authoritative is not a typical behavior of executives in the West, due to the cultural orientation of low power distance. In the traditional Chinese context, the grandfather or father was the ruling head. His control of the family economy and his power to make financial decisions was legitimately under his authority. This masculine domination from tradition has changed over time, but key elements remain. The employer, especially the executive leader of a company, is still perceived as the "father" of the organization family, especially in SOEs and POEs. Therefore, the controlling or authoritative behavior of Chinese CEOs is viewed as perfectly legitimate, although such behaviors usually result in compliance rather than commitment.

In summary, the six dimensions that emerged from the analyses may be considered as the Chinese version of the executive roles. They have some overlaps in content but are also distinct from the executive roles of western leaders.

FOUR LEADERSHIP STYLES OF CHINESE EXECUTIVES

Leadership dimensions provide only partial information on leadership behaviors. They only tell us the types of behaviors leaders engage in under different situations, but they do not differentiate the holistic behavioral patterns of different leaders. To identify leadership patterns or styles, we take the configuration approach that has been used by other researchers. Using this method, we found a 4-cluster or 4-group solution to be most interpretable in both samples. Each cluster or group represents a unique leadership style, with a combination of leader beha-

aviors on the six dimensions that are different from the other three groups. Using the standardized scores on the six dimensions (in which the overall sample mean is zero), we plot the scores of the four groups in Fig. 2 for Sample 1 and in Fig. 3 for Sample 2. As shown, the profiles of the four leadership styles are highly similar in the two samples.

As shown in Figs. 2 and 3, the *Advanced Leadership* style describes leaders with above average scores on all the dimensions except Being Authoritative. The *Authoritative Leadership* style has a single high score on the Being Authoritative dimension and average or low scores on all other dimensions. The *Progressing Leadership* style has a profile quite similar to the *Advanced Leadership* style but with average scores on all the behaviors. Lastly, leaders with the *Invisible Leadership* style have much below average on all scores except an average score on the Being Authoritative dimension. The pattern of the four leadership styles is highly similar between the two samples.

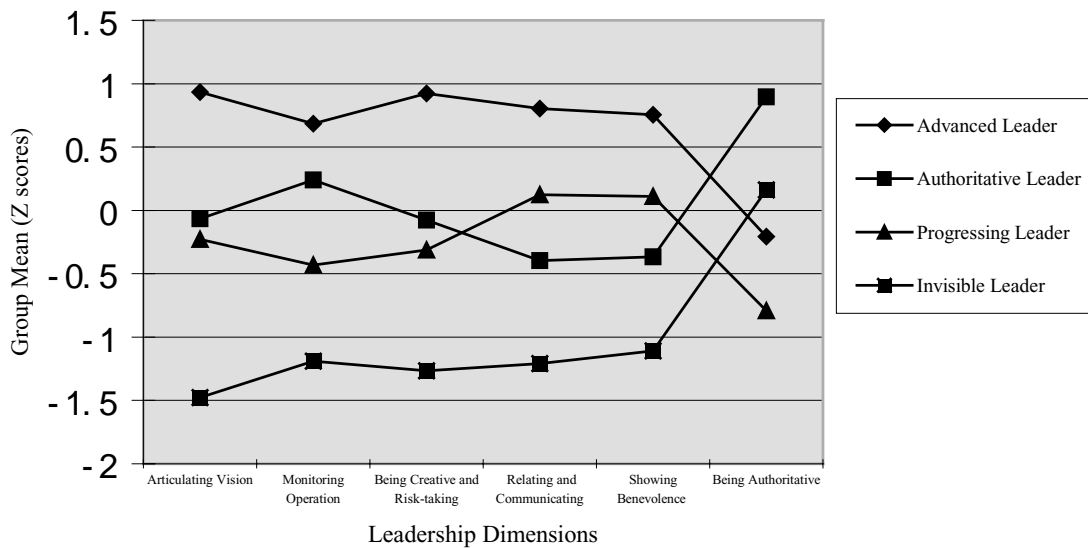
EXAMPLES FROM PUBLIC SOURCES

The best way to illustrate the four styles is by using real-life examples of CEOs. Therefore, we went to public sources to look for CEOs whose characteristic behavior resembles these styles. Using mainly newspapers and company Web sites, and interviews in one case, we identified one example for each of the four styles. Fig. 4 provides a description of the behavior of each of the four CEOs, as portrayed in the news media or publications (electronic or paper) released by the companies to the public.

A SYNOPSIS OF THE EXAMPLES OF THE FOUR STYLES

As shown in Fig. 4, Mr. Siming Zhang of the Neptunus Group is a classic example of the *Advanced Leadership* style. Highly

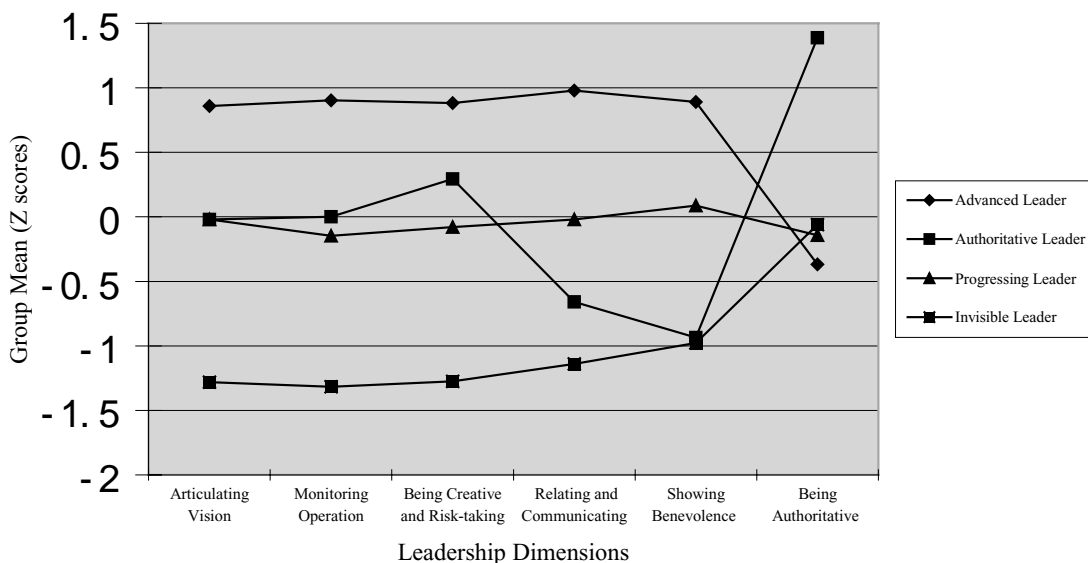
FIGURE 2 LEADERSHIP STYLES IN SAMPLE 1



intelligent and creative, Zhang incorporates the Western practices with Chinese values and has built his company into one of the largest in the industry. He is a well-accomplished and sophisticated leader, and is

widely held as a hero by people inside as well as outside the company. Mr. Yue Zhang of Shanghai Broad Air-conditioning Company is a typical Authoritative Leader, who acts as an authoritative figure in many

FIGURE 3 LEADERSHIP STYLES IN SAMPLE 2



respects. Hard working and rule-driven, he is extremely task-oriented and tries to control the behavior of his employees, who are intimidated by him, but still comply to his demands because he is the boss. Mr. Guangchang Guo of the Shanghai Fortune High Technology Group behaves much like an Advanced Leader. His behavioral traits are

a mirror image of those of Mr. Siming Zhang, but he is shy of reaching the same level of excellence as Mr. Siming Zhang. Equally intelligent and creative, Mr. Guo is obviously marching toward the level of Mr. Siming Zhang but is currently following the Progressing Leadership style. Lastly, in the Oriental Company, employees referred to their top

FIGURE 4 EXAMPLES OF LEADERSHIP STYLES FROM PUBLIC SOURCES

Advanced Leadership Style

Siming Zhang is the CEO and Chairman of the Neptunus Group, a large corporate group focusing on the medical and bio-tech industries. The total assets of this private group add up to about 5 billion Chinese Yuan or roughly US \$600 million. This number represents a significant achievement for a company less than twenty years old. The Neptunus Group mission is "to be an advanced and creative Chinese medical corporation ready and able to compete globally" Siming Zhang also set the long-term goal for the company to be a first-class corporation contributing to people's health". This mission is well known to all workers, and is known even to millions of Chinese who do not work for Neptunus.

Siming Zhang understands and is ready to work in a field full of risk. To him, taking risk adds value to life. Additionally, he knows that a spirit of creativity is essential in medical and biotech fields. To insure ongoing creativity, Siming Zhang pushed for and implemented a company-wide policy that at least six percent of sales revenue each year will go towards technological innovation and creative efforts. Siming Zhang's push to build a creative culture has involved several years of hard effort, heavy internal propaganda, education, improvements to the motivation system and even adjustment of the organization structure. Today, a spirit of creativity penetrates every part of the business and in the minds of every employee.

As CEO and Chairman, Siming Zhang has to pay attention to many things: research and development, company culture, product-quality control, the human resource management system, etc. Clearly no one individual has the stamina to operate or control every management issue single-handedly. By setting-up and maintaining an efficient management system, Siming Zhang can control the operation of the whole group. Taking quality control as example, he led the effort to insure that two production bases achieve the standards set by national certification authorities. Zhang has kept his eyes on the process, insuring that every kind of product meets exacting standards, and also that every job follows standard operating processes.

Siming Zhang also understands the importance of people. He has set people-orientation as a core value for the Neptunus Group. This company does its best to respect, understand, care, depend on, develop and serve its employees. To do this, the company provides exemplary work and living conditions for technical employees. Through an evaluation and compensation system, the company motivates its employees to use their abilities to the maximum, and to make organizational goals compatible with personal goals of employees.

Authoritative Leadership Style

Yue Zhang is well known for what some might see as a tough management style. As the CEO of the Broad Air Conditioning Co., Ltd, he keeps the company as "an isolated pure area within China". The so-called "modern management" trends might be seen more as outside influences than as keys to success.

Yue Zhang has absolute authority. He makes decisions on everything, such as public image planning, sales, and R&D. He has no personal assistant. Every aspect of the company is under his direct influence. He set three primary standards for his employees. The first is "obedience". Every employee must obey his superior and obey the rules. He insists on high moral standards for his people. For example, he considers employees who take part-time jobs outside the company as immoral. Any employee found employed part time outside the company will be fired immediately. In addition, once an employee leaves the company, she or he will never have an opportunity to return. Yue Zhang also prohibits former employees from joining competitive organizations. This rule seems impossible to enforce and would be illegal in many societies. Nonetheless, it is one of many rules at Broad Air Conditioning Company. Yue Zhang even declares that his employees should not divorce without the permission of the company. Those who dare to do so are fired.

FIGURE 4 (Continued)

By the end of 1998, the Broad Air conditioning Co., Ltd had more than 1300 regulations, totaling more than 500,000 words. These rules cover almost every activity of employees from work process to everyday life. Mr. Zhang said once that if there is one sentence that can be used to generalize the management policy of the company, that sentence would be “actions guided by rules”. In one article, a journalist wrote, “in the eye of Mr. Zhang, every activity of the whole company can be subdivided infinitely to every activity of every individual, so it is very important to standardize every detail of every activity”. In the mind of Mr. Yue Zhang, a clear and strict management system can improve the long-term efficiency of a company. He believes deeply in the power of systems. He once stated, “the system itself cannot be wrong, and if there is something wrong in practice, our system must not be perfect or specific”. In an interview made by a reporter of a Chinese newspaper *Ying Cai*, Yue Zhang explains why Broad Air Conditioning has so many rules. “In the air conditioning industry production standard must be exact. Specificity and precision are absolute requirements”.

Yue Zhang does not pay much attention to communicating with employees. Generally speaking, he is somewhat of a loner with very few close friends. He is accustomed to work late into the night. In the company no one knows where he will go tomorrow, or when he will be back. His employees joked that he is much like a “lonely knight”, or like a dragon, which people can imagine but whom they cannot clearly see or be close to.

Progressing Leadership Style

Guangchang Guo is general manager and the Chairman of the Shanghai Fortune High Technology group. He is a pragmatist. He set up a strict performance appraisal system to improve the efficiency of his company. His standard is to create value with minimum cost, to operate with higher efficiency and better quality and to improve profit. Guo manages his company as a group of interrelated but distinct parts. Guo believes that 1) every group of the company should have its own goal and a detailed plan to achieve it. If necessary, such goal and plan can be adjusted when the environment changes; 2) every group should have a common vision and have great enthusiasm; 3) each group should be a distinct organization, so it can operate and be evaluated on its own. Guo believes that quantitative performance standards of a group are the key to motivate it to advance. He says, “You should make a group realize that its effort is related directly to its performance appraisal.”

Guo has set a clear vision for the whole company. The target of the Shanghai Fortune High Technology group is to set standards in every industry in which the Group participates... He believes that the greatest business opportunity in China is in setting standards of excellence. In a public speech Guo said, “the mission of our company is to lead in this area, and to create value for our stockholders and for the whole society”. In recent years, the Shanghai Fortune High Technology group invested in many industries such as medicine, finance, steel, and real estate, etc. This is evidence that this group is acting as a leader and standard setter for modern Chinese enterprises.

In the area of risk taking risk, Guo is also quite bold. In 1992, he gave up the idea to go abroad to study and borrowed some money to set up his first company, in technical consulting. In 2002, his group invested more than 500 million Yuan RMB (about US\$60 million) to set up a joint-venture securities corporation. Since the whole securities industry was in bad shape in 2002, many people thought this investment overly risky. However, Guo considered the worst time could be the best time simply because the entry cost was lower. In relating and communicating, Guo does reasonably well also. He is very gentle though not dynamic. When he meets subordinates, he takes the initiative to say hello. He is concerned about the employees, not only about their job but also about their life. Wherever an employee faces a difficulty, he will be there.

Invisible Leadership Style

Mr. Dong Li is CEO of the Oriental Company, one of China’s largest listed telecommunications equipment

leader Mr. Dong Li as a “Confucian businessman.” Like a gentle stream that flows quietly along its set path, Li seems to know what he has to do to lead the company and does so in his quiet modest manner.

We hope the examples help to visualize the four types of leadership styles. But let us take another hypothetical scenario to make

the distinction even clearer. For example, if a company needs to reduce costs quickly by 5 percent, an Advanced Leader might call a general meeting, restate the bright future after cutting costs, offer to reduce his or her own salary by 5 percent, and ask staff to take unpaid leaves to reach the needed cost reduction. An Authoritative Leader

FIGURE 4 (Continued)

manufacturers.

This is a seventeen-year old company and has been listed since 1997. About half of the 10,000 employees are involved in R&D, and the company currently owes some 700 patents. It has become an important global player in the telecommunication industry with projects deployed in over 40 countries and regions. It is recognized as one of the best companies in China. The 55-year old leader is also the founder of the company. The leader created the organizational culture by focusing loyalty and commitment to the company using slogans such as “Respect each other and being loyal to the Oriental career”, “Work hard to create the famous Oriental brand”, and “Improve Oriental efficiency with scientific management”. The leader also focused on creating systems to guide R&D, product testing and marketing behavior. Otherwise, the leader kept a low profile.

Through the quiet effort of Mr. Dong Li, the Oriental company has the most developed internal processes that contribute to a well-developed culture with high intensity and consensus on a variety of cultural values. Though its branches are located in many different cities, it has a well-established infrastructure for internal communication. In 1993, Mr. Li proposed four sentences to signify the company’s core values. The four sentences are “Mutual respect, be loyal to our company’s business; offering sincere service for customers; striving for innovation to create our famous brand; implementing scientific management to improve our company’s efficiency”. The company modified and enriched these sentences in 1997. A proposal on culture codes were discussed among employees and publicized in the internal company newsletter. All employees were invited to give opinions, and the suggestions were integrated into the new version of culture codes. Many articles in the company’s newsletter discuss how to use the Six Sigma and CMM to improve its management. There is a clear push to “using standards to create our company’s new rules of competition”. Interestingly, in the midst of these active changes, the executive who founded the company in the late 1980s has maintained a very low profile. Being silent, very modest and steadfast, he has been considered a “Confucian businessman”. Within the formal system, the leader delegated the decisions to his subordinates and the subordinates make decisions according to the explicit procedures. The strength of the culture is founded on strong internal systems, process, and management involvement with the leader staying out of the limelight. It is a well-managed company with a well-institutionalized culture.

Note: We were not able to find an example of the Invisible Leader in public sources. This is understandable given the style of these leaders. We were aware of such a leader and requested interviews with his employees. Company management consented to the interviews but insisted that the CEO would not like to have his identity revealed. Therefore, we used a pseudonym for both the company and the CEO.

might announce the need to cut costs by 5 percent and tell each department manager to figure out ways to implement the request immediately, no discussion allowed. A Progressing Leader might call a meeting and invite ideas and suggestions to help find out ways to cut the costs. An Invisible Leader might simply turn the issue over to the Human Resources department and indeed might not even question or offer suggestions on how to achieve the cost cutting by subordinates.

Of course, each leadership style comprises multiple behavioral dimensions, and one example may oversimplify what a leader would actually do. However, the point we want to make is that leaders with different styles may react differently. The hypothetical responses by the different leaders, simple as they are, nicely illustrate our point.

LEADERSHIP STYLES AND DIFFERENT OWNERSHIP STRUCTURES

Common wisdom, based on our earlier discussion of the economic reform, suggests that different types of organizations might breed different types of leadership styles. The well-developed contingency theory also explicitly points out the effect of situational factors. Would certain styles be more prevalent in some types of organizations than in others? A key characteristic of the Chinese economy to date is the coexistence of many different types of firms, with the key distinction being the ownership structure. As discussed earlier, top leaders in SOEs often lack real incentives or monitoring mechanisms to behave like Advanced Leaders, even if they have the capability. Therefore, some of them still

control their organizations autocratically or demonstrate Invisible Leadership behavioral patterns. However, the corporate restructuring in many SOEs has changed the expectations and increased the opportunities for these executives to practice leadership. Consequently, some of these CEOs may exhibit the Progressing Leadership style—a transition from traditional to modern leadership.

Executives in FIEs and POEs have more autonomy or discretion to organize their own production and assume responsibility for profits and losses. We expect that the CEOs of these firms will have tighter control over their organizations and will introduce modern management skills. Therefore, there should be more leaders following the Advanced Leadership style in the FIEs. At the same time, we expect to see more executives in the POEs with the Authoritative Leadership style. Using the two survey samples, we compared the distribution of CEO leadership styles under different organizational ownership structures.

LEADERSHIP STYLES IN DIFFERENT TYPES OF FIRMS

To our surprise, the findings were not entirely consistent with common wisdom, in that the foreign-invested firms would have the most number of executives with the Advanced Leadership style. We found that most of the Advanced Leaders are CEOs in the POEs, in both samples. This suggests that the owner-entrepreneurs have dynamic and active leadership styles.

There was also a large proportion of both Authoritative and Progressing Leaders in the SOEs and the FIEs, as well as a small number of Invisible Leaders in these types of firms in our first sample. The pattern was generally consistent in the second sample, with the largest proportion of Advanced Leaders in POEs and some Progressing Leaders and a small proportion of Authoritative and Invisible Leaders in the SOEs and FIEs. There was no Invisible Leader in the private domestic

firms in sample 2, suggesting active and visible involvement of executives in these firms.

The results of our analyses of executives in firms under three ownership structures generally confirm the transitional and transforming nature of the SOEs and the active engagement of executives in the POEs. The greater heterogeneity of styles in SOEs and FIEs may reflect the more heterogeneous environment of these two types of firms and the diversity of managers who could be selected to head their enterprises. The CEOs of the private domestic firms are mostly owner-entrepreneurs. They have strong motivation to be effective leaders and to help their firms grow and prosper. The lack of an Invisible Leadership style in the private domestic entrepreneurial firms was not surprising.

The results generally support the idea that a variety of leadership styles is present in the dynamic and heterogeneous organizational environment in China. However, is such variety necessary or is it desirable? How reliable would these styles be when used to differentiate leaders of successful firms? To answer these questions, we report additional analyses using another sample.

DISTRIBUTION OF FOUR LEADERSHIP STYLES IN SUCCESSFUL ENTERPRISES

Starting in 1990, we have tracked 30 companies in the coastal city of Dalian and conducted annual interviews of their CEOs and lower-level employees. These companies include SOEs and Sino-Japanese joint ventures. By the end of 2002, 13 of the initial 30 companies no longer existed or were poor performers. A few were closed, bankrupt, or sold to other companies. The other 17 have been developing successfully, accordingly to a number of performance indicators, including being listed in the top performing companies in Dalian, being ranked among the 500 strongest national SOEs, continuing to increase tax payments to the government, improving in worker wages and production

quality, increasing operation scales and sales, and garnering praise from the local government and the community.

In 1997, we added 14 Japanese wholly owned companies. All of the CEOs in these companies are local Chinese nationals. Of the 14 Japanese wholly owned companies, 8 companies fit the good performance category, based on the same criteria listed above. All together, we included these 25 successful companies in our analysis of CEO leadership styles. These 25 companies operate in six different industries with an average equity of \$220.25 million (ranging from \$1.45 million to \$1,345.45 million) and an average of 4,182 employees (ranging from 362 to 20,000).

We used an expert nomination approach by inviting six external experts who are knowledgeable about most of the 25 CEOs in our sample. The selected experts all had frequent interactions with business executives, were familiar with behavioral science, and were informed about leadership practices among Chinese managers. They had known some of the 25 CEOs for a number of years and were familiar with the business of their companies. We provided these experts with a description of the four leadership styles.

For practice, we asked them to identify any executive in the city of Dalian who would fit each of the four styles. Having reached an accurate understanding of the four styles, the experts received the list of 25 CEOs and some background information about them. The experts independently assigned the CEOs into each of the four styles. If a particular CEO fit two or more styles, the expert indicated the extent to which the CEO fit the style, using a 5-point scale, with 5 being the best fit, 4 being the next best fit, etc. All six experts provided a rating on the 25 CEOs and there was a high level of agreement. For all of the 25 CEOs, at least four of the six experts agreed on the same style. A majority of the 25 CEOs were considered to fit the same style by five or six experts.

We found the pattern of leadership profiles for the three types of companies to be quite similar to that of our two survey samples. Most of the CEOs were seen as having

the Progressing Style, followed by similar proportions of Advanced and Authoritative styles. There are two CEOs with the Invisible Leadership Style. These two CEOs share the common characteristics of modesty and mild manners. They do not have the charisma that characterizes the CEOs with the Advanced Leadership style. The two invisible leaders are keen on delegation. They encourage learning and are learners themselves. They are good at identifying talent, and they are generous in sharing power. They stay out of the limelight; they orchestrate from the background. They do not yearn after recognition and give others credit for their accomplishments. Their profiles remind us of the Mr. Li of the Oriental Company, whom we introduced earlier.

We further learned through reading their profiles that all these 25 CEOs are company men rather than career managers (all the 25 CEOs were male). They are all committed to building their enterprises but they go about this in different ways. Further, there is no consistency between the distribution of these leadership styles and the industries of their companies. This suggests that the different styles may reflect more of the personality and character of the CEOs or other situational factors than the demands of the particular industries.

Our observation of these leaders over the past five to ten years indicated that most of the Advanced Leaders were dynamic from the start of our study. Some of Progressing Leaders became Advanced Leaders in later years, suggesting an ability to learn and adapt. The Authoritative and the Invisible Leaders largely maintained their leadership approaches regardless of the changes inside and outside their organizations. However, they are skilled managers. Their companies have prospered, and the employees have learned to work well under their leadership. These styles worked in part because these executives are dedicated to the success of their organizations instead of pursuing their own personal careers. We learned this common theme as we analyzed in detail the backgrounds of these different leaders.

SUMMARY OF LEADERSHIP BEHAVIORAL DIMENSIONS AND LEADERSHIP STYLES

The general conclusion from these studies is that the behavioral dimensions share some similarities to the executive roles of managers in western firms, but the people-related dimensions reflect some Chinese cultural roots. The four leadership styles seem to capture CEO behaviors in contemporary China. All four styles are present in successful organizations, even the Invisible Leadership style. Thus, variety in leadership style is both descriptive and prescriptive in the developmental stage of this developing economy. It is also consistent with the government's push for experimentation in all spheres of business life.

CONCLUSION

In this study, we explored CEO leadership behaviors in the Chinese transitional economy. We identified six behavioral dimensions of leaders and four leadership styles that represent different combinations of the six behavioral dimensions. Further, the prevalent leadership styles are present in firms under different ownership structures. These results are largely consistent with Mao's ideal of "letting a thousand flowers bloom," through which he encouraged people to put out different ideas and thoughts. Deng Xiao-Ping formally began economic reform after the Cultural Revolution and reaffirmed Mao's idea by remarking: "Black cat, white cat, any cat that catches mice is a good cat." Thus, many Chinese leaders have experimented with different approaches to management, leading to the emergence of different leadership styles.

The sources of the heterogeneity in leadership styles in contemporary China are many, including deep-rooted cultural values, the Communist ideology, the planned economy of the past, the economic reform of the present, and imported modern management practices by foreign firms and managers. However, we also found support for both

the upper-echelon theory of the firm and the argument about the effect of environmental factors affecting leadership behaviors. While the executives' own cognitive styles, values, and preferences are foundations for outward behaviors, the external environment does urge leaders to modify their behaviors and adapt. Therefore, even though some executives change their behaviors to respond to situational demands, others maintain behavioral consistency over time.

By examining the styles in a set of successful companies, we learned that it is not a foregone conclusion that the Advanced Leadership style guarantees the most favorable outcomes in terms of firm performance and employee attitudes. Other styles may also have the potential to produce good performance for the firm. It is, however, not entirely obvious which of the other three types of leadership styles, i.e., Progressing, Authoritative, or Invisible Leader, would be superior and what contingencies might render one better than the other. It is possible that in professional organizations with a highly educated workforce involving strong professional norms, the best leader would be one who delegates and empowers rather than directs and controls. In such organizations, the Invisible Leader might be more desirable or appropriate than the other three styles. There is a danger that the term Invisible Leader may take on undeserved negative connotations. As stated here, in a group of professionals (such as a university or professional firms) an Invisible Leader might help guide an organization to greater effectiveness as compared with more proactive high-profile leaders.

The Invisible Leader may have roots deep in Chinese culture. Six centuries before the Christian era, Lao Tzu wrote his thoughts in what is now called the Tao Te Ching (translated as *Moral Principles*). Verse 2 of the Tao Te Ching tells us that:

The superior leader gets things done with very little motion. He imparts instruction not through many words but through a few deeds. He keeps

informed about everything but interferes hardly at all.

Verse 17 carries a similar message illustrating the behavior of what we call the Invisible Leader.

As for the leader at the very top, it is best if people barely know he exists. Because he says very little, his words have more value. And when the work is done, the people are pleased because they think they did it all by themselves.

Chinese workers may still accept an Authoritative Leader because of deep-rooted cultural expectations. The leader leads and the followers obey. The leader is effective and respected when the rules are clear and when they are consistently and fairly applied to all, as is the case of Mr. Yue Zhang in the Broad Air-conditioning Company. Such leaders also attract certain types of employees—those who prefer strong guidance and low uncertainty. Therefore, it may not be an industry that favors such leadership, but the types of employees. As work values change among the new generation of workers, the future of Authoritative Leaders in China is not clear. This leadership style may well outlive its usefulness as China transitions into a modern economy and its workforce begin to hold modern values.

What are the implications of this study for foreign companies doing business in China? We think this knowledge can help foreign managers to deal more effectively

with their Chinese counterparts, either as competitors or as business partners. First, not all Chinese leaders are alike. Second, there is not one stereotypic Chinese leadership style in contemporary China. Third, leadership in China is a moving target. Chinese companies and leaders are learning and changing as fast as the pace of the economic growth in China. Western companies and managers are well advised to keep an open mind and appreciate the rich background and variety of Chinese leadership behaviors when working in China or with Chinese managers.

Looking back, looking ahead: In the early 20th century, Frederick Winslow Taylor preached that there was one way to manage, and he called it Scientific Management. By the mid-20th century, another one best way had emerged, with proponents espousing various philosophies we lump into the “behavioral approach to management.” In the last third of the 20th century, many management theorists said there was no one best way, but that the appropriate style was contingent upon the situation.

Now in the 21st century, we see similar issues raised and discussed in China. Is there one best way? Until the economic reform, there was one way, even if not the best way. Now, many flowers bloom. The results of this study are clear that all the styles have a place in China’s transitional period—this point in time. What does the future hold? The answer is yet to be found.



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