

Business Leadership in the Chinese Context: Trends, Findings, and Implications

Zhi-Xue Zhang,¹ (George) Zhen Xiong Chen,²
Ya-Ru Chen,³ and Soon Ang⁴

¹*Peking University, China*, ²*The Australian National University, Australia*, ³*Cornell University, USA*, and ⁴*Nanyang Technological University, Singapore*

ABSTRACT Business leaders constitute a powerful driving force for the miraculous growth of the Chinese economy in the past few decades. However, scholars have not developed theories accounting for the unique leadership phenomenon in the Chinese context, characterized by high uncertainty, intense market competition, and constant changes in government regulations and policies. This special issue aims at offering insights regarding business leadership in China. In this paper, we first introduce the three streams of Chinese leadership research, varying in the degree of Chinese context being considered in theory development. We then discuss how Chinese leadership has co-evolved with the transformation of firms and the institutional environment in China. The new values of young employees, born after 1980, are driving the need for leaders to adjust their leadership practices once again. After that, we present a summary of the four papers in this special issue, and the insights they provide to our understanding of leadership and its effectiveness in the Chinese context. Finally, we suggest future research directions for Chinese leadership research.

KEYWORDS Chinese context, evolution, institutional transformation, leadership, young employees

中国情境下的企业领导力：趋势、研究发现与含义

摘要

企业领导者是推动中国经济在过去几十年取得惊人成就的重要力量，但学者并没有建立理论来解释具有高不确定性、激烈市场竞争以及政府管制和政策不断变化特性的中国情境中的企业领导力。这期特刊旨在提供有关中国企业领导力的见解。本文首先介绍三种关于中国领导力的研究，它们在理论构建上与中国情境相融合的深度是有区别的。随后，我们讨论了中国领导力随着企业的转型和宏观的社会体制的变化而发生演化。近些年来，出生于1980年和1990年后的年轻员工新的价值观，正在促使领导者再次改变他们的领导实践。接下来，我们总结了本期特刊中四篇文章的观点，以及每篇文章对于我们理解中国情境下的领导力及其有效性所提供的见解。最后，我们对于未来中国领导力的研究方向提出了一些建议。

关键词： 领导力，中国情境，进化，制度转型，新生代员工

INTRODUCTION

During the past three decades, China has risen from being an under-developed country to the world's second largest economy and is the leading driving force for world economic growth (Barboza, 2010). Business leaders in China have taken a crucial role in developing their firms during this period, as business firms constitute the most powerful driving force for the rapid growth of the Chinese economy. While business leaders have made significant contributions to China's economic and societal development via their unprecedented achievements, scholars have not systematically examined such leadership practices and have not developed theories to explain these unique leadership practices. In the vast leadership literature, there are few studies on leadership in the Chinese context (Child, 2009). Researchers, educators, and practitioners are all aware that Western-based leadership theories cannot sufficiently account for the rich and unique leadership in the Chinese context (e.g., Tsui, Wang, Xin, Zhang, & Fu, 2004). Therefore, the purpose of this special issue is to encourage the investigation of business leadership in China and the development of theories to explain any unique leadership issues in the Chinese context. Such efforts may present conceptualizations and empirical findings that may differ from, if not challenge, theories developed in Western contexts.

The overarching goal of this special issue is to offer new insights into the leadership phenomenon in China, with three specific objectives. First, we hope to advance current knowledge about leadership in the Chinese context. Second, with new knowledge and insights, we hope to inform Chinese business leadership practices. Finally, we hope that knowledge gained from research in the Chinese context will also shed new light on the existing leadership literature in general.

This introduction essay is organized as follows. We first provide a brief review of the existing literature on Chinese leadership, and then we discuss the trends of leadership development in China. After that, we summarize the main findings of the papers included in this special issue and discuss the contributions these papers make to the three objectives. Finally, we identify gaps in leadership research in China, and suggest future research directions.

CURRENT RESEARCH ON CHINESE BUSINESS LEADERSHIP

In the last two decades, the topic of leadership in the Chinese context has attracted much research attention. We organize the existing studies into three streams, following the categorization approach in Jia, You, and Du (2012) in terms of the degree to which the Chinese context is considered in the theory and hypotheses.

Building Context-free Theories Using Chinese Samples

The first stream investigates the frequently studied leadership issues in the West using samples from Chinese firms, and demonstrates that the leadership models

developed in the West are essentially context-free, and can be applied to China (e.g., Fu, Tsui, Liu, & Li, 2010; Hui, Law, & Chen, 1999; Ou, Tsui, Kiniki, Waldman, Xiao, & Song, 2014; Wang, Law, Hackett, Wang, & Chen, 2005). While these studies contribute to the literature by providing evidence for the generalizability of Western-developed theories and frameworks, they do not incorporate the Chinese context into their theorizing and hence, not surprisingly do not offer evidence and knowledge regarding leadership practices unique to the Chinese context. For example, Wang et al. (2005) found that leader–member exchange (LMX) fully mediates the relationship between transformational leadership and task performance as well as organizational citizenship behaviours. The authors state: ‘Although our findings are based on samples drawn from mainland China, we have no reason to expect different results were the same study to be conducted in the West’ (p. 429). Similarly, Hui et al. (1999) found that the quality of LMX and perceived job mobility predict employees’ organizational citizenship behaviour (OCB), and the relationship between OCB and the negative affectivity of the employees is mediated by LMX and perceived job mobility. Though the authors highlight the Chinese case in their title, they do not discuss how the Chinese context might play a role in the tested model. The authors only emphasize that the use of the Chinese sample does not bias the research findings, suggesting that their findings are context-free. In a similar vein, based on a sample of 972 managers from Chinese firms, Chen, Jia, Li, Song, and Zhang (2006) found that psychological empowerment fully mediates the relationship between transformational leadership and organizational commitment, without the Chinese context, in their theory development.

Modifying Existing Leadership Constructs and Theories

The second stream of research either focuses on modifying or adapting leadership constructs and measures developed in the West or identifying some variables characterizing Chinese employees that moderate the relationships in existing leadership theories.

A notable construct examined is transformational leadership. Transformational leadership has been widely studied in Chinese leadership research since it was first proposed (Bass, 1995) and the Multifactor Leadership Questionnaire (MLQ) (Bass & Avolio, 1996) has also been used in numerous leadership studies in China. However, Li and Shi (2005) found that the validity of MLQ is not satisfactory in the Chinese setting and they developed a new measure of transformational leadership. They asked Chinese managers to provide behavioural examples based on Bass’ (1995) original definition, and they found that transformational leadership among Chinese managers consisted of four dimensions: moral modelling, charisma, visionary, and individualized consideration. The three dimensions of individualized consideration, charisma, and visionary overlap with those on Bass’ scale, but

moral modelling is not in the original definition and measure. The authors argue that Chinese culture emphasizes ethical principles as the basis for leadership influence on followers; as a result, supervisors are expected to act as role models for subordinates, and to lead by example by demonstrating their leadership integrity and virtue. Therefore, the dimension of moral modelling reflects Chinese cultural expectations of leaders. Furthermore, the definition of individualized consideration in China goes beyond Bass' dimension, which refers to the supervisor's care about the subordinate's work and career development. In China, individualized consideration means that the supervisor is expected to care about the employees' families and personal lives as well as their work and career, which reflects the fact that life and work in China are less distinctly separated. This study reveals some unique aspects of transformational leadership in China. However, the authors do not show a significant increase in the predictive validity of this Chinese measure over the existing MLQ. This may be the reason why most Chinese scholars continue to use the MLQ instead of the Chinese scale (e.g., Chen et al., 2006; Ju, Xie, & Bao, 2008).

Similarly, some scholars modified the construct of visionary leadership in China. Jia, Tang, Li, Yue, and Zhu (2004) content analyzed case stories of 23 renowned Chinese entrepreneurs, and identified three types of visionary leadership in China: inspiration-oriented, market-oriented, and product-oriented. The work has advanced our understanding of the patterns of Chinese entrepreneurs based on the original construct of visionary leadership (Westley & Mintzberg, 1989).

This line of research has also provided some new insights into leadership in the Chinese context. For example, Cai, Jia, You, Zhang, and Chen (2013) found that team-focused transformational leadership has a positive effect on knowledge sharing mediated by team communication network density; differentiated individual-focused transformational leadership has a negative effect on knowledge sharing mediated by communication network density divergence among team members. This study further found knowledge sharing to have a positive effect on team creativity. Integrating existing theories on differential transformational leadership, social network, team dynamic, and creativity, this research makes an important contribution to both an understanding of Chinese leadership and the literature in team creativity, social network, and leadership in general.

In addition, researchers have also introduced employees' value orientation in leadership studies, and found that some culture values moderate the relationship predicted in existing leadership theories.

Among the individual value orientations, power distance and traditionality have been most studied. In examining the relationship between perceived organizational support (POS) and work outcomes, Farh, Hackett, and Liang (2007) argue that employees with high Chinese traditionality respond to their employers more according to their perceived social role obligations and less according to their perceptions of an inducement–contribution balance. They found that the relationship between

POS and work outcomes is negatively moderated by employees' traditionalism. Chen and Aryee (2007) discovered that Chinese employees with low traditionalism respond to leaders' delegation more positively than those with high traditionalism. Other studies found the moderating effects of traditionalism of organizational variables (Wu, Liu, & Liu, 2009; Zhang et al., 2014a).

Power distance is another value orientation that is proved to moderate the effects of leadership in the Chinese context. Farh et al. (2007) found that the relationship between POS and work outcomes is negatively moderated by power distance. Kirkman, Chen, Farh, Chen, and Lowe (2009) demonstrate that transformational leadership has a more positive effect on perceived procedure justice among Chinese employees with lower power distance. Other studies have found a positive moderating effect of power distance. Yang, Zhang, and Tsui (2010) found that the cascading effect of leadership behaviours from middle managers to first-line supervisors is positively moderated by the supervisors' power distance orientation. Liang (2014) also showed that power distance orientation positively moderates the relationships between ethical leadership and psychological safety and felt obligations. Similarly, Chen, Zhang, and Wang (2014) show that the complementary effects of supervisors' empowering and firms' management control on subordinates' psychological empowerment are stronger for subordinates with higher power distance orientation.

Developing New Constructs and Theories in the Chinese Context

The third stream of leadership research using Chinese samples focuses on developing new constructs and theories to understand Chinese leadership. Instead of simply transplanting Western leadership theories into the Chinese context, some researchers have adopted an inductive or indigenous approach to exploring leadership issues in Chinese organizations. Jia, You, and Du (2012) consider this as the highest degree of contextualization. For example, Tsui et al. (2004) asked Chinese managers to describe specific behaviours they observed of their CEOs, and performed a systematic analysis of the 320 descriptions of leadership behaviours to develop a questionnaire. Based on two surveys involving nearly 1,500 middle managers, they found six leadership dimensions, which were respectively labelled as 'articulating vision', 'monitoring operations', 'being creative and risk-taking', 'relating and communicating', 'showing benevolence', and 'being authoritative'. While the first three dimensions focus on task behaviour and are similar to the leadership roles described in the West (Hart & Quinn, 1993), the remaining three dimensions relating to people management aspects indicate the Chinese cultural underpinning. They argue that showing benevolence reflects the Chinese culture in that people in superior positions should treat those in inferior positions with kindness, gentleness, and benevolence, which is different from the employee orientation of leadership in the West. Tsui, Wang, Xin, Zhang, and Fu's (2004) study

suggests that multiple forces, including traditional values, communist ideologies, economic reform, and Western management theories and practices, mould leadership behaviours in China.

Similarly, based on in-depth interviews with 35 Chinese CEOs, Zhang, Chen, Liu, and Liu (2008) identified seven philosophical notions of management, which were shaped by both Chinese traditions and Western management. The seven philosophical notions include: sincerity is essential; pursuit of excellence; social responsibility; harmony is precious; the Golden Mean (acting in the middle way); specialization; and scientific management. These authors found Western management theories to be applicable in Chinese leaders' business operations, but Chinese tradition plays an important role in people management.

Some scholars have developed an indigenous construct of Chinese leadership by incorporating Chinese cultures into their studies. Based on existing research on the leadership styles practiced in Chinese societies such as Hong Kong, Indonesia, Singapore, and Taiwan, Farh and Cheng (2000) define prominent Chinese leadership as paternalistic leadership (PL), which is a style that combines strong discipline and authority with fatherly benevolence and moral integrity couched in a personalistic style. The two authors provide a systematic conceptual analysis of PL from the perspective of Chinese culture. Cheng, Chou, and Farh (2000) later developed a PL scale with three-dimensions, including authoritarianism, benevolence, and morality. Cheng, Chou, Wu, Huang, and Farh (2004) further demonstrate that PL has a significant and unique effect on subordinate responses compared to the effect explained by transformational leadership developed in the West.

Research on PL has shown that its predicting power on subordinate reactions is generally larger than the corresponding Western construct of transformational leadership. However, in comparing the predictive validity of PL and transformational leadership (TL), Ju et al. (2008) found that TL significantly predicted employees' trust in supervisors, work attitudes, and firm performance, but PL did not. The reason for this is that the authoritarianism of PL is negatively related with these variables. After excluding the authoritarianism dimension, the remaining two-dimensional PL relate positively to these same outcomes. Another study compared the effect of transformational leadership and authoritarian leadership (one dimension in paternalistic leadership) on group creativity (Zhang, Tsui, & Wang, 2011) and found that the former relates positively, while the latter relates negatively to group creativity, mediated by both collective efficacy and knowledge sharing among members within the group.

The PL theory has now been integrated in mainstream leadership research (Pellegrini & Scandura, 2008) and has gained a great deal of attention in the past decade from not only Chinese scholars but also from scholars elsewhere (Chen & Farh, 2010; Erben & Guneser, 2008; Pellegrini, Scandura, & Jayaraman, 2010; Zhang et al., 2014c; Zhou & Long, 2007).

TRENDS IN BUSINESS LEADERSHIP IN CHINA: MACRO AND MICRO PERSPECTIVES

In this section, we first describe the major characteristics of leadership at various phases in the last three decades during which China underwent tremendous economic transformation, highlighting the evolutionary track of leadership changes. After that, we discuss the ongoing changes of Chinese leadership driven by new trends in the young workforce in China.

Beginning in the late 1990s and, in particular, after China became a member of the World Trade Organization (WTO), the Chinese government opened its market to the outside world in almost all business sectors. In the domestic market, Chinese firms had to fiercely compete with foreign multinational giants. To the surprise of pessimists who predicted that Chinese firms would be defeated (Jiang & Kattuman, 2012; Steinfeld, 2004), many Chinese firms have not only survived, but have also achieved amazing accomplishments. Some Chinese firms have even entered international markets during this period, and have become stronger and more global (*The Economist*, 2014). The number of Chinese companies (in Mainland China and Hong Kong) listed on the Fortune Global 500 has been increasing since 1996, reaching a highest of 89 in 2013. While the success of Chinese firms can be attributed to the rich opportunities in the largest market in the world, we suggest that the leadership of firms also plays a crucial role in such unprecedented achievements.

Leadership co-evolves with changing environments and changing business models and the operation practices of firms (Lewin, 2014; Lewin, Long, & Carroll, 1999). China's distinctive political, social, and cultural environments have been regarded as the major factors breeding the leadership phenomenon in Chinese firms (Tsui et al., 2004). The profound institutional transformations in the last three decades (Yang & Li, 2008) may have substantially shaped the evolving pattern of leadership in Chinese business organizations. In addition, the unique characteristics of Chinese firms also may play a role in shaping the leadership patterns. Further, with the changes of societal and economic environments, Chinese people have experienced dramatic changes in behaviours, lifestyles, work attitudes, and values. These changes require organizational leaders to change their leadership behaviours to better influence their followers or employees. In the following section, we discuss the changes in Chinese leadership from macro and micro perspectives, respectively.

The Co-evolution of Leadership and Business Environments

From the perspective of the macroeconomic environments, the development of Chinese enterprises can be divided into three phases. During the first phase (early 1980s to late 1990s), China was transforming from a government-planned economy to a market economy, and rules and regulations were not well estab-

lished, leaving many grey areas or institutional voids (Liu, 2011). Business leaders had to operate in the 'mixed economic environment' (Guthrie, 1997; Nee, 1992; Nee & Cao, 2005) by relying on *guanxi* as a substitute for formal institutional support (Child & Tse, 2001; Luo, Huang, & Wang, 2012; Xin & Pearce, 1996). Leaders who survived during this period are classified as the political wisdom type (Zhang, 2010). Since the late 1990s, China has proceeded with a policy of marketization. As the more established institutional rules and policies have become less relevant, the role of *guanxi* with government officials has also become less important for firms to succeed (Luo et al., 2012; Tan, Yang, & Veliyath, 2009). Those people who developed the firm's capacities and met the market demand have become the key players. These leaders are classified as the business professional type (Zhang, 2010). After China joined the WTO, local and international companies began competing in China's market. Some Chinese enterprises have developed their core competence and have come to dominate the local market; only a few firms have succeeded in entering the international market (Zhang & Dai, 2013). These leaders are classified as the international operation type (Zhang, 2010).

The three kinds of leadership echo the Chinese saying of 'time produces its heroes'. At each phase, leaders of successful firms are able to keep the business operation and organization management congruent with the external environment, in ways such as developing a proper strategy and the organizational architecture supporting the firm's strategy. These practices require leaders to improve the firm's adaptation to the external environment and to foster the integration of the internal elements inside the firm. Leaders who have strategically kept congruent with the environment have survived, and the proper 'entrepreneurial mindset' developed in the process of adapting to the environment ensures they move to the subsequent stage. These leadership patterns delineate the evolutionary development of Chinese business leadership in the last three decades.

The Value Changes of Young Workers

In comparing the values of Chinese managers of different ages, scholars have found that the younger generation endorses more individualism and less collectivism and Confucianism than the older generations (Ralston, Egri, Stewart, Terpstra, & Yu, 1999). According to a Gallup survey (McEwen, Fang, Zhang, & Burkholder, 2006), conducted over 10 years, Chinese employees' endorsement of working values such as working hard to get rich decreased significantly. Also, young people who are literate and information-savvy demonstrate an increasing desire to express their individuality. They have increasing drive, hopes, and personal entitlements, and they embrace Western values. The values of the younger generations, labelled 'post 80s' and 'post 90s', are quite different from those of their parents. As most of them were born after the One Child policy was enforced, these young people have

enjoyed more autonomy and caring from their parents and other adults at home. They grew up in an era in which the values of openness, autonomy, and free choice were valued. Raised as 'digital natives', these young people are constantly connected, and know information and technology much more than their leaders who are usually less 'digitally literate' (Palfrey & Gasser, 2008). Through convenient access to information from the Internet, they are exposed to the influences of Western movies, brands, and lifestyles. All of these forces have shaped young Chinese people, and they have become more and more similar to Western young people in behaviour, values, and lifestyles.

The Gallup survey also found that only a small percentage of urban Chinese workers felt engaged in their work. This could be due to the mismatch between the younger workers' values of individualism, freedom, and equality, and the leaders' traditional leadership approaches, that is, the authoritarian and controlling style. The mismatch is likely to result in employees' resistance, resentment, and other counterproductive behaviours (Zhang, 2007). Therefore, different leadership approaches are necessary to fit the changing values of young workers.

In addition to the changes in value orientation, social forces taking place in contemporary China have significant implications for understanding Chinese organizational behaviour, and leadership in particular (Leung, 2012). For example, the rise in materialism is manifested in people's pursuit of material well-being, which may drive employees to work hard for higher incomes on the one hand, but may also lead to unethical profiteering in work settings on the other hand. As Leung (2012) suggests, a comprehensive understanding of Chinese organizational behaviour requires scholars to integrate both subjective culture value and social forces. In a similar vein, to develop and understand effective leadership in the Chinese context, both scholars and practitioners have to consider both employees' values and the effects of ongoing social forces on employees.

THE ISSUES ADDRESSED BY THE ARTICLES IN THIS SPECIAL ISSUE

The four studies we accepted for this special issue examine leadership from different angles and offer insights into the leadership styles and their effectiveness. Below we first summarize each of the four papers, and then we provide an integrative analysis.

Overview of the Four Papers

Jiang, Law, and Sun's (2014) paper examines LMX and burnout. The authors propose that a strong relationship between a leader and a follower would be associated with the subordinate's burnout. This is counterintuitive in that it explores the downside of the leadership–member relationship. Building on the

literature on LMX, resource exchange theory, and the job demands–resources model of burnout, the authors theorize that a strong LMX is associated with burnout in two ways: high LMX involves high job demands, which lead to exhaustion; and low LMX indicates low job resources, which lead to cynicism. The results support the two predictions. Furthermore, this study shows that leader integrity moderates the mediating relationship of LMX–job demands–exhaustion, such that when leader integrity is low, both the positive relationship between LMX and job demand and the positive relationship between LMX and exhaustion, are stronger. This study shows that high-LMX members, compared with low-LMX members, are more likely to be exhausted from the perceived higher job demands. The findings suggest that, in Chinese organizations, where leaders usually have great power, and LMX usually goes beyond the workplace, high LMX may put pressure on employees, and this is more likely to occur when leaders' morality is low.

Li, Yu, Yang, Qi, and Fu's (2014) paper examines the effects of authentic leadership on subordinates. The authors propose that authentic leaders engaging in self-disclosure cultivate subordinates' perceptions that the leaders like and trust them. They further argue that traditionality strengthens the positive effects of authentic leadership on subordinates' perceived interactional justice, which in turn positively relates to their in-role performance, creativity and organizational citizenship behaviour. The results of two studies support the hypothesized relationships, and demonstrate that the effect of authentic leadership remains even after controlling for transformational leadership. This research shows that Chinese traditionality does not interact with transformational leadership in predicting perceived leader interactional justice, which emphasizes the unique influence of authentic leadership in the Chinese context. The findings suggest that authentic leadership and transformational leadership achieve their efficacy through different underlying psychological mechanisms.

Song, Zhang, and Wu's (2014) paper identifies the key interactive effects of leader behaviours of CEOs and top managers that influence the performance of middle managers. They collected an impressive set of multi-sourced, multi-level, nested data comprising 608 middle managers, their 140 top managers, and 40 CEOs. The results show that non-caring, authoritative, or task-oriented CEOs strengthen the positive relationship between perceived supervisor support of top managers and middle managers' performance. The significant interactive effects between CEO leadership behaviours and supervisor support draw attention to the complexity of leadership influences in the Chinese context. The most interesting point of this paper is that it examines leaders' impact at firm and team levels simultaneously, and highlights the unique value of jointly examining multiple leadership influences for better understanding middle managers' performance outcomes. The research suggests that caring for employees is best done at the supervisory level, and supportive supervisors can buffer low-caring and highly authoritative CEOs.

In the fourth paper, Zhang et al. (2014b) use an implicit leadership theory to investigate how leader integrity increases subordinates' OCB. The authors found that leaders with integrity are more effective, and in turn motivate followers to engage in more OCB. Furthermore, they found that the followers' traditionalism moderates the relationship between leader integrity and leader effectiveness: leader integrity is positively related to leader effectiveness for subordinates with a low level of traditionalism, but has no relationship with leader effectiveness for subordinates with a high level of traditionalism. The findings advance the understanding of how leaders' integrity enhances followers' OCB in Chinese organizations. As the authors argue, under the impact of Confucianism, leaders' integrity is regarded as one of the most important traditional virtues in the Chinese society, and thus it has significant influence on followers' citizenship behaviour. Findings of this study shed light on how and why traditionalism regulates Chinese employees' perceptions on leader effectiveness based on their observation of their leader's personal traits.

An Integrative Analysis of the Four Papers

The four papers in this special issue examine different leadership topics. The studied independent variables include the leader-member relationship, authentic leadership, CEO leadership (caring authoritative, and task-oriented leadership), and leader integrity. The predicted variables are outcomes of subordinates such as burnout, perceived international justice, performance, creativity, and OCB. Three papers include a moderator in the theorized model, with two papers considering traditionalism as the moderator, and one using leader integrity as the moderator.

Two of the four papers examine the role of leader integrity. In Jiang et al.'s (2014) paper, leader integrity is a moderator in the mediating relationship of LMX-job demands-exhaustion. As low-integrity leaders care more about their own benefits than the benefits of their followers, and they may impose higher expectations on their high-LMX followers, the high-LMX subordinates thus feel stressed and overwhelmed. As a result, the high-LMX members under low-integrity leaders are likely to experience exhaustion. Zhang et al. (2014b) consider leader integrity as one dimension of leadership prototypes in Chinese organizations and examined its influence on followers' OCB. They reason that Chinese employees believe that leaders with high integrity are more effective, and thus they are more willing to support such leaders by making an extra effort to perform OCB. The two papers define leader integrity differently. Jiang et al.'s paper does not clearly define integrity, and the authors mention that a leader's lack of integrity tends to be self-serving and focuses on their personal benefits. In Zhang et al.'s paper, integrity is characterized by consistency, honesty, and trustworthiness. Both papers use the same measures developed by Craig and Gustafson (1998), but choose different items.

Two of the four papers suggest that traditionality moderates leadership effectiveness. Li et al. (2014) found that traditionality strengthens the positive effects of authentic leadership on subordinates' perceptions that their leader practices interactional justice. However, Zhang et al. (2014b) found that traditionality weakens the effect of followers' perceived leader integrity on their evaluation of their leader's effectiveness.

Why does traditionality take a positive moderating effect in Li et al.'s study but a negative moderating effect in Zhang et al.'s study? For subordinates with a high level of traditionality, leaders' self-disclosure and transparency, which characterize authentic leadership, may create a safe and intimate interpersonal environment for the development of their relationship with their leaders, and thus are more likely to perceive the leaders' interactional justice (Li et al., 2014). In assessing the leader's effectiveness, followers with a high level of traditionality are less concerned with the leader's integrity, tend to recognize the leader's right, and are obedient to the leader. Therefore, traditionality negatively moderates the relationship between the leader's integrity and the followers' perceived leadership effectiveness (Zhang et al., 2014b). The two papers suggest that whether traditionality takes a positive or negative moderating effect depends on the predicted relationship and the underlying rationale.

Among the four papers in this special issue, Song et al.'s (2014) paper is relatively unique in that the examined variables are not included in the other three papers. This paper offers a novel bridge between research that examines leadership models developed in the West and research that examines indigenous Chinese leadership constructs. As noted above, this paper found significant interactions between the Chinese leadership dimensions of caring, authoritative, and task-oriented CEO leadership and the Western leadership construct of perceived supervisory support in influencing middle managers' performance. Song et al. (2014) thus open the door for the next stream of Chinese leadership research that explores the intersection between Chinese and Western leadership constructs and integrates theorizing about both.

The four papers published in this special issue attempt to capture the leadership phenomena in the Chinese context and provide explanations beyond the existing literature. While we praise the theoretical contributions these papers make, there continues to be a disconnection between the four papers and the Chinese context. All four papers address the leadership topics from a micro perspective, but none capture business leadership in the ongoing transitional institution or examine leadership effectiveness influenced by the changing social forces in China. To have a better understanding of business leadership in the Chinese context, and to capture the unique leadership characteristics that are developed and shaped under the macro and micro trends discussed above, scholarly studies should not be looking for topics from the literature, but need to pay more attention to the world of practice in identifying important research questions. Without

examining leadership practices in the business world, it is hard to contribute new knowledge.

FUTURE RESEARCH DIRECTIONS

For both practical and theoretical reasons, some Chinese scholars have declared they are devoting a great deal of effort to develop a theory of Chinese management – a theory that better explains and captures the unique phenomena in the Chinese context (Barney & Zhang, 2009). Existing research thus far, however, is not consistent with this research direction. Instead, most studies conducted in China have been mainly focused on validating Western management theories (Cheng, Wang, & Huang, 2009; Jia et al., 2012). In leadership research, while some scholars have been trying to develop Chinese theories of leadership, most scholars have neglected the Chinese context in their theorizing (Jia et al., 2012; Tsui, 2006).

In reviewing organizational behaviour research papers published in top-tier English and Chinese journals during 2008–2011, Zhang et al. (2014d) found that among the 10 most widely studied topics in English and Chinese journals, seven topics (leadership, teamwork, justice, creativity, trust, organizational citizenship behaviour, and work–family balance) are the same, which shows that scholars in China have followed the research topics investigated by international scholars. While the three topics unique to China are ‘knowledge’, ‘voice’, and ‘turnover’, the three topics for English journals included ‘identity’, ‘diversity’, and ‘performance’. Moreover, compared to English journals, Chinese journals are more focused on the ‘most widely studied’ topics. While 30 percent of the studies published in English journals have centered on the 10 most widely studied topics, 60 percent of the studies published in Chinese journals have centered on the 10 most widely studied topics. As for leadership research, among the 30 papers on leadership published in Chinese journals, very few have considered the Chinese context in their theoretical conceptualization. This is the same conclusion as the study by Jia et al. (2012) who analyzed studies using Chinese samples published in the top six English language management journals.

Understanding Chinese leadership practices can not only make theoretical contributions to existing knowledge on leadership, but also create practical implications for Chinese managers. To achieve these objectives, we suggest future research directions at two levels.

Strategic Leadership during Chinese Institutional Changes

The economic, societal, cultural, and political changes that are happening in China right now provide invaluable opportunities to examine leadership in the macro institutional context, which has been generally ignored in previous micro-focused leadership research. China’s economic reform started from in the southeast and

gradually spread to the middle and northern parts of China. The differing development pace has created huge differences across regions in China in economic development and marketization (Fan, Wang, & Zhu, 2010). Business leadership cannot escape from the influences of the economic and societal environments. Therefore, studying leadership in the Chinese context should not be limited to the leaders' behaviours and styles examined by mainstream organizational behaviour scholars, but should take into account how macro-institutional characteristics may shape or influence leadership behaviours, or moderate the relationship between leadership and employee outcomes in Chinese organizations.

It has been demonstrated that institutional characteristics such as overall trust at a regional level, government intervention, ownership disparity, financial development, local protectionism, foreign investment, legal justice, and labour flexibility, are associated with managerial discretion available to CEOs in certain regions in China. In turn, CEO managerial discretion was found to be positively associated with firms' internationalization, innovation, and labour productivity (Zhang & Zhang, 2013). However, such work has just started and more research linking macro-institution characteristics with micro-leadership behaviours will help to understand leadership in the Chinese institutional context.

External forces in economic, political, technological, and market institutions influence changes in strategic leadership, which should be systematically examined in future leadership research. As discussed earlier, in each of the three periods of China's economic reform, business leaders in the same period tend to have some characteristics in common, but have characteristics different from those at other stages. The external environments, including national regulation systems as well as industry policies, create different challenges for firms, which likely lead to adaptation and changes in leadership strategy or style. Following the law of natural selection, only the leaders whose styles fit the environments are able to survive, and can proceed to the next stage. As leaders take a critical role in the development of Chinese firms (e.g., Wu, 2013), the changing pattern of Chinese leadership over time echoes institutional theory on regulatory, normative, and cognitive forces (DiMaggio & Powell, 1983). In the next stage, the surviving leaders must change themselves again in the face of new challenges and uncertainties created by the different environment. Wu, Cao, and Zhou (2009) found a mixed leadership practiced by the founder, including paternalistic, transformational, and transactional leadership, one of which dominated at different stages of the firm's development. This study suggests that leadership coevolves with the firm's growth.

The most unique feature of Chinese business ecology is that the environments, the firms' strategies, organizations, and operations, and the leaders' behaviours and styles all coexist, are intertwined, and change together. Therefore, examining the coevolution of environments, firms, and leaders will shed light on the dynamic nature of Chinese leadership in the context of the rapidly changing Chinese

economy (Lewin, 2014; Lewin et al., 1999). To capture the coevolutionary pattern of leadership, scholars should engage in interdisciplinary collaborations by bridging the institutional perspective and the organizational behaviour perspective.

We encourage future research to explore Chinese leadership using the framework of cultural intelligence (Ang & Van Dyne, 2008; Earley & Ang, 2003) to deepen our understanding of how Chinese leaders adapt to increasing demands to lead globally. Chinese firms increasingly compete with Western firms both within (Phase 2) and outside (Phase 3) China. Foreign direct investment in China has increased from US\$40.7 billion in 2000 to US\$114.7 billion in 2010, while at the same time outward Chinese foreign direct investment has jumped from less than US\$1 billion to US\$68.8 billion (UNCTAD, 2013). This increasing global exposure of Chinese firms offers exciting opportunities for empirical research into Chinese leadership. Leadership, especially global and strategic leadership, encompasses both transformational and transactional processes. Transformational processes are associated with creation and communication whereas transactional processes are associated with vision implementation of planning, organizing, motivating, and monitoring (Bass, 1985; Locke, 1999). Existing Chinese leadership research – including the papers in this special issue – has generally focused on the motivating aspects of Chinese leadership. Future research could expand this focus and embrace a wider range of transformational and transactional leadership processes.

More importantly, as Chinese firms expand globally, Chinese leaders face new challenges because leadership behaviours deemed effective in one culture may not necessarily be effective in others because of cultural markers associated with each of these leadership processes (Ang & Van Dyne, 2008). Chinese leaders may face unique challenges overseas because their distinct Chinese management styles may be less compatible with the management of overseas operations (Deng, 2013). We would expect culturally intelligent leaders to possess a deep understanding of their own tacit cultural markers associated with each of these leadership processes and a deep appreciation of the culturally implicit theories of those they are leading. Hence, we encourage future research on how culturally intelligent leadership and the identification of appropriate culture markers in global leadership could facilitate Chinese leaders' success overseas.

Leadership Behaviours in Influencing Employees

The ongoing social changes in China affect people to varying degrees, thus it is important for scholars to consider the employees' individual differences and their effects on leadership effectiveness. As suggested in Zhang et al.'s (2014b) paper, individuals with different values may perceive the same leadership differently and have different responses. Since leadership practices lead to different outcomes for different employees, examining leadership effects on employees with different

characteristics can not only contribute to existing theories, but also provide practical implications.

As discussed earlier, existing studies have shown that employees' value orientations such as traditionality and power distance moderate the effectiveness of leadership practices. In this special issue, the papers by Li et al. (2014) and Zhang et al. (2014b) indicate the moderating effects of traditionality. Though studies on the moderating effects of traditionality and power distance continue, the empirical findings have been inconsistent. While some studies found negative moderating effects, other studies found positive moderating effects. The psychological rationales invoked to explain these different moderating effects are piecemeal and diverse. For example, subordinates high in power distance tend to defer to their supervisors, and are less likely to rely on the reciprocity norm in interacting with their supervisors. Researchers have conceptualized and found that high power distance orientation is a factor that weakens the impact of organizational variables (e.g., Farh et al., 2007; Kirkman et al., 2009). However, according to social learning theory, subordinates with high power distance are more likely to follow or imitate their supervisors' behaviour, and thus power distance may have a positive moderating effect on some outcome variables (e.g., Yang et al., 2010). Future research should integrate rationales and theories to provide a more comprehensive understanding of these moderating effects on the relationship between different organizational variables. For example, Lian, Ferris, and Brown (2012) predicted and found that power distance orientation positively moderates the relationship between abusive supervision and subordinate deviance but negatively moderates the relationship between abusive supervision and perceived interactional justice.

The institutional transformation and social reforms have made young Chinese people more individualistic and autonomous (McEwen et al., 2006); thus, the authoritarian leadership traditionally endorsed by Chinese supervisors may not work well. It has been found that paternalistic leadership causes negative outcomes, but transformational leadership leads to positive outcomes (Ju et al., 2008). In this special issue, Jiang et al.'s (2014) paper shows that even subordinates with good relationships with their supervisors are likely to be exhausted from job demands, particularly when the supervisors have low integrity. This finding suggests that supervisors need to be considerate in assigning tasks to their subordinates. Song et al. (2014) also suggest that the positive effect of authoritative CEOs occurs together with supportive supervisors. Faced with individualistic young employees, leaders showing behaviours such as participative leadership and humble leadership (Ou et al., 2014), which indicate respect and recognition of the employees' capability and autonomy, are more likely to motivate employees and in turn lead to better work outcomes.

While recent studies show that supervisors' power sharing and organizational autonomy create some positive outcomes for Chinese employees (Chen et al.,

2014; Liu, Chen, and Yao, 2011), the rationale underlying these findings is not clearly articulated. We need to understand whether these leadership practices are really more appropriate and more effective for young employees, and if so, which individuals' characteristics (such as value orientation) strengthen or weaken the effects of these practices. In addition to the traditionality and power distance that have been examined, other individual difference constructs, such as employees' collectivism, individualism, self-construal (independent self vs. interdependent self), and modernity, may also influence leadership effectiveness. Future research should identify more individual characteristics of employees, especially those that are relevant within the Chinese culture, which may moderate the effects of leadership behaviour on outcome variables.

Moreover, given the increasing individualistic values of young Chinese employees calling for participative or empowering leadership, we need to understand the conditions that may influence the effectiveness of these leadership practices. It should not be taken for granted that leaders' empowering behaviour is able to motivate employees with individualistically oriented values. For example, recent studies show that, when supervisors practice both empowering and management control behaviours, subordinates obtain stronger psychological empowerment (Chen et al., 2014); and formalization of organizational processes enhances team empowerment (Hempel, Zhang, & Han, 2012). These findings suggest that empowering and management control are two complementary aspects of leadership practice in organizations, both of which are necessary for employees' performance and should be balanced in leading employees to achieve organizational goals. In this special issue, Song et al.'s (2014) paper indicates that authoritative or task-oriented CEOs strengthen the positive relationship between perceived supervisor support of top managers and middle managers' performance, supporting the effectiveness of management control or monitoring (often exercised in authoritative leadership) in some contexts. However, whether these observed effects reflect only Chinese characteristics or if they may have universal relevance is an important question for future cross-cultural research.

There are many questions that deserve further investigation. Under what conditions is participative or empowering leadership more or less effective than other kinds of leadership such as paternalistic leadership or the traditional command-and-control leadership in motivating employee commitment, performance, or well-being? How do employees' value orientations moderate the effects of different kinds of leadership on outcome variables? Would a balanced approach between empowering leadership and authoritative leadership be more effective than either leadership approach? Addressing these questions will help not only to develop theories that explain the effectiveness of leadership for employees in the Chinese context, but will also offer practical suggestions for effectively leading and managing young employees.

CONCLUSION

Leadership is regarded as one of the most powerful competitive advantages for organizations. In China, leadership affects the outcomes of employees and firms; it also evolves with the changing business environment. To echo the call for examining the uniqueness of Chinese leadership, papers in this special issue have investigated the effects of authentic leadership, LMX, CEO behaviours, and leader integrity on subordinates, and found the moderating effects of employees' traditionality. These studies suggest that the effectiveness of leadership is contingent upon employees' value orientation. While this special issue focuses on the leadership phenomenon at the micro level, future studies are encouraged to examine strategic leadership during Chinese institutional changes. To develop theories that are able to explain Chinese leadership in a quickly changing environment, researchers need to contextualize the studied phenomena (Tsui, 2006) and integrate both employees' value orientation and social forces (Leung, 2012) in the Chinese context.

NOTES

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Zhi-Xue Zhang (zxzhang@gsm.pku.edu.cn) is Professor of Organization Management at Guanghua School of Management, Peking University. He earned his Ph.D. in social psychology from University of Hong Kong. Dr Zhang's research interests include Chinese leadership, team process, negotiation, and conflict management. His work has been published in leading journals. In 2009, he was awarded the National Natural Science Funds for Distinguished Young Scholar of China. His work received the Best Micro Paper Award from the International Association of Chinese Management Research (IACMR) in 2012. He is currently a Senior Editor of *MOR*.

(George) Zhen Xiong Chen (george.chen@anu.edu.au) is Professor of Management in the Research School of Management, the Australian National University. He received his Ph.D. in management of organizations from Hong Kong University of Science and Technology. His research centres on organizational behaviour in cross-cultural contexts with a particular interest in leadership, voice, and Chinese management. His work has been published in leading journals. His work received the Organizational Behavior Best Paper Award from the Academy of Management in 2013. Professor Chen is a Senior Editor for *MOR*. He served as a co-chair of the Research Committee, the IACMR during 2010–2012.

Ya-Ru Chen (yaru.chen@johnson.cornell.edu) is Nicholas H. Noyes Professor of Management and Global Business at the Johnson School of Management of Cornell University. She holds a Ph.D. in Psychology from Columbia University and is best known for her research regarding cross-cultural differences and similarities in intergroup relations, organizational justice, and team dynamics. Her recent work examines how employees obtain, maintain, and utilize status and power, and how status and power influence business interactions across cultures. Her publications appear in leading academic journals. Her works have received the Organizational Behavior Best Paper Award from the Academy of Management in 2002, and the Best Micro Paper Award from the IACMR in 2008. She is also the Thousand Talent Award Winner in Management in 2013 in China.

Soon Ang (asang@ntu.edu.sg) (Ph.D. Minnesota) is the GohTjoeiKok Chair and Professor of Management at the Nanyang Technological University in Singapore. She is also Head, Division of Strategy, Management and Organization at the Nanyang Business School. Soon Ang is Associate Editor of the *Academy of Management Discoveries* and *Cross Cultural Management*. Her award-winning papers are published in many top journals. Soon Ang received the Public Administrative Medal (Silver) from the President of the Republic of Singapore, and the inaugural Nanyang Award for Research and Innovation in the Social Sciences – in highest recognition of outstanding research by Nanyang Technological University.

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