

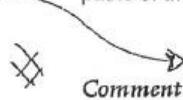
Topic 1 – The Analects

Kellerman, B. (2010). *Leadership: Essential Selections on Power, Authority and Influences*. NY: McGraw Hill.

14 LEADERSHIP

proper warning. Extortion, which is conducted through contradictory orders. Bureaucracy, which begrudges people their rightful entitlements."

20.3 Confucius said: "He who does not understand fate is incapable of behaving as a gentleman. He who does not understand the rites is incapable of taking his stand. He who does not understand words is incapable of understanding men."



↳ Kellerman (2010) Week 1
lecture Notes

ref see

lecture Notes

For most of the past 2,000 years, China has been elusive, distant from the West—literally, obviously, but figuratively as well. Now, though, the planet is shrinking, and China has emerged from an inscrutable past into a formidable present.

This then is the time, high time, to consider, or reconsider, Confucius, who for more than two millennia has had an incalculable impact on Chinese culture and consciousness. As Yale professor Annping Chin observed, "Until the mid-twentieth century, China was so inseparable from the idea of Confucius that her scheme of government and society, her concept of the self and human relationships, and her construct of culture and history all seemed to have originated from his mind alone." Put another way, because Confucius's world seems somehow complete and self-contained, the Chinese people have found in his scant body of work most of the answers to most of their questions. He provided a guidebook of sorts—an instruction on good conduct and on a life well lived.

When China began to modernize, especially under Communism and the tyrannical reign of Mao Zedong (from the 1950s to the 1970s), Confucius fell out of favor. He was associated with the past, not with the present, and certainly not with the future, so in their zeal the zealots threw out the Master—"the first teacher." But he did not vanish, was not banished, for long. Not long after Mao was dead and buried, Confucius resurfaced to resume something resembling his traditional place in China's collective consciousness. By the end of the twentieth century, he was once again honored: China's ostensibly orthodox Communist government sponsored a symposium on Confucius in celebration of the 2545th anniversary of his birth.

In twenty-first century China, there is debate about whether and how Confucianism should be revived on a wider scale and in a more systematic way. Confucius is no longer seen as a symbol of a distant past. Rather, in some circles at least, he has become a harbinger, a forerunner of the new China, one that is more open to the world and, by and large, more eager to engage it. As Daniel Bell has noted, Confucian intellectuals are currently involved in educational reform, and Confucian values permeate thousands of social experiments, particularly those promoting harmony and compassion.

Like many of history's great political philosophers, Confucius lived during a time of trouble. The old order was collapsing, and the new order was yet to be determined. So Confucius committed himself to public service and, especially, to education. His mission was to teach an elite corps of leaders how to govern wisely and well.

Confucius considered education to be of paramount importance. The educated governor was the necessary precursor to good governance, which, in turn, was the necessary precursor to public order. More specifically, Confucius believed in the need to cultivate leaders who were "gentlemen," who possessed *de*, which is to say, virtue.

This was not, in other words, leadership by lineage. Rather, in theory at least, any man could learn to lead, so long as he was willing and able to become the moral exemplar that Confucius deemed to be of highest importance. The point is made at the start of the *Analects*: "Master Zeng said: 'I examine myself three times a day. When dealing on behalf of others, have I been trustworthy? In intercourse with my friends, have I been faithful? Have I practiced what I was taught?'"

Notwithstanding the theoretical possibility of social mobility, however, in Confucius's world, the social order was secured through a hierarchy that was rigidly fixed. Higher education was ostensibly available to all, but, as the following admonition makes clear, each man had his place, and each man was expected to remain in his place: "Good government consists in the ruler being a ruler, the minister being a minister, the father being a father, and the son being a son." Thus it was not only good leadership that mattered to Confucius, but good followership as well. "A man who respects his parents and his elders would hardly be inclined to defy his superiors. A man who is not inclined to defy his superiors will never foment a rebellion."

The world of Confucius is one in which the Master gets what he needs and wants not by using force, but by employing a set of skills that today might be termed "social intelligence." For example, when the Master treads on foreign soil, he secures his interests by being "cordial, kind, courteous, temperate, and deferential." The Master, the leader, is, in short, a role model, a gentleman who is to be emulated because he is older and wiser and familiar with the ways of the world. His capacity to lead is based on moral suasion, which is to say that he attracts followers first by setting an example, and then by presiding over the rites and rituals that are considered signs and symbols of stability and security.

As evidenced in the exchanges between Confucius and his disciples, the Master is not otherworldly. By cautioning against bad leadership, against terror and tyranny, as he did toward the end of his discourse, Confucius signaled that while aspiring always to a better world, he was, inevitably and ineluctably, a part of this one.



PLATO

427-347 or 348 BCE

Plato is one of the great *writers* in the Western literary tradition, and one of the most brilliant and influential of all *philosophers*. His primary impact has been on political thought. But his intellectual interests were so wide-ranging and far-flung that they encompassed nearly every aspect of the human condition: religion, reality, ethics, governance, happiness and, of course, leadership and followership. *The Republic*, which is excerpted here, has been described variously as a "timeless philosophical masterpiece," the "first great work of Western political philosophy," and "matchless as an introduction to the basic issues that confront human beings as citizens." Because the book is long and complex, the following two excerpts, imagined dialogues between Plato's great mentor, Socrates, and Plato's older brother, Glaucon, were chosen in part for their brevity and simplicity. The first selection is from Book V and focuses on the ideal—it is a rueful reflection on the philosopher-king. The second is from Book IX and is all too real. It speaks of tyranny, of the leader as tyrant, and of

THE REPUBLIC

CIRCA 380 BCE

BOOK V

Now we trust to find out what it is that causes our cities to be so badly governed and what prevents them from being governed well. What might be the last change that would transform bad government into good government? It would surely be preferable to manage this with a single change. If not one change, then two; if not two, then the fewest and most moderate changes possible.

Proceed.

I think there is one change that could bring about the transformation we desire. It is no small change, nor would it be easy to implement. But it is possible.

What is it?

So. At last I come face to face with what I have called the greatest of the waves. But I will speak even if it break over my head and drown me in a flood of laughter and derision. Mark my words.

I am all attention.

Unless philosophers become kings in our cities, or unless those who now are kings and rulers become true philosophers, so that political power and philosophic intelligence converge, and unless those lesser natures who run after one without the other are excluded from governing, I believe there can be no end to troubles, my dear Glaucon, in our cities or for all mankind. Only then will our theory of the state spring to life and see the light of day, at least to the degree possible. Now you see why I held back so long from speaking out about so troublesome a proposition. For it points to a vexing lesson: whether in private or public life there is no other way to achieve happiness.

Socrates, after launching such an assault you must expect to be attacked by hordes of our leading men of learning. They will at once cast off their garments and strip for action—metaphorically speaking, of course.

From *The Republic* by Plato, translated by Richard W. Sterling and Walter Hamilton, C. S. Co., 1953.

The Chrysanthemum and the Sword

SCHEMATIC TABLE OF JAPANESE OBLIGATIONS AND THEIR RECIPROCALS

I. *On*: obligations passively incurred. One ‘receives an *on*'; one ‘wears an *on*', i.e., *on* are obligations from the point of view of the passive recipient.

ko on. On received from the Emperor.

oya on. On received from parents.

nushi no on. On received from one's lord.

shi no on. On received from one's teacher.

on received in all contacts in the course of one's life.

Note: All these persons from whom one receives *on* become one's *on jin*, ‘*on* man'.

II. Reciprocals of *on*. One ‘pays' these debts, one ‘returns these obligations' to the *on* man, i.e., these are obligations regarded from the point of view of active repayment.

A. *Gimu*. The fullest repayment of these obligations is still no more than partial and there is no time limit.

chu. Duty to the Emperor, the law, Japan.

ko. Duty to parents and ancestors (by implication, to descendants).

nimmu. Duty to one's work.

B. *Giri*. These debts are regarded as having to be repaid with mathematical equivalence to the favor received and there are time limits.

1. *Giri-to-the-world.*

Duties to liege lord.

Duties to affinal family.

Duties to non-related persons due to *on* received, e.g., on a gift of money, on a favor, on work contributed (as a ‘work party').

Duties to persons not sufficiently closely related (aunts, uncles, nephews, nieces) due to *on* received not from them but from common ancestors.

2. *Giri-to-one's-name*. This is a Japanese version of *die Ehre*.

One's duty to ‘clear’ one's reputation of insult or imputation of failure, i.e., the duty of feuding or vendetta. (N.B. This evening of scores is not reckoned as aggression.)

One's duty to admit no (professional) failure or ignorance.

One's duty to fulfill the Japanese proprieties, e.g., observing all respect behavior, not living above one's station in life, curbing all displays of emotion on inappropriate occasions, etc.

- Abe, M. (2010). Introduction: Japanese Management in the 21st Century. In P. Haghrian (Ed). *Innovation and Change in Japanese Management*, pp. 1-14. Hampshire, UK: Palgrave Macmillan.

In Haghrian, P (Ed) (2010)

Introduction: Japanese Management in the 21st Century

Makoto Abe

After the burst of the bubble economy

Japan's strong economic growth throughout the 1970s and 1980s was supported partly by its distinctive corporate style, as well as by the environmental factors surrounding the economy at that time. The corporate style was characterized by lifetime employment, seniority, and group orientation, whereas the economic environment was characterized by the protected domestic market and the export-orientated economy. Since the end of the World War II, the government had been deeply involved in reviving and growing the Japanese economy. Government policy focused limited resources on key industries of strategic importance, and protected domestic markets that were vulnerable to foreign competition through regulations. Many industries benefited from this policy, and, in particular, manufacturing and electronics were successful. Other industries, especially service sectors such as banking, insurance, and general construction, however, were left with fewer incentives to innovate, due to little threat from foreign competitors. And these are the industries that have struggled with sudden globalization and deregulation in recent years. Following the burst of the so-called 'bubble economy' in the early 1990s, the Japanese economy was in recession for over a decade. With fierce global competition and the oversupply of goods, many Japanese lost confidence in the once successful corporate style. Some advocated that the key to recovery is transforming to Western styles, especially those of the U.S. However, Japan is still Japan, and, as much as Japanese corporations and managers are interested in Western management styles, not all of them are applicable to the Japanese corporate environment.

Japanese management is based on a holistic perspective

One reason Western management styles cannot always be applied to Japanese management is that Japanese management is based on a holistic perspective.

writing, Japanese tend to write a lot. For these reasons, cyber communities, bulletin boards, and chat rooms are valuable means for companies to obtain customer insights. Customers may not express their opinions or complain directly to companies, whereas they might discuss frankly with other customers who share the same interests. An additional advantage of the internet is that contents are already encoded and stored, so that text mining tools can be used for efficient and effective information retrieval and knowledge discovery. A company that exploits the potential of the internet for gaining access to customers is in a strong position to build a power brand.

Japanese management in the future

Business is becoming increasingly global and turbulent. Under these conditions, self-learning organizations that can dynamically adapt to the changing environment possess a distinct advantage. This introduction has described how Japanese companies are modifying, transforming, and adapting the traditional corporate style. The discussion has ranged from top management, organization, employees, to customers. Top management must have strong visions, which must be infiltrated into the organization, and employees bonded by strong corporate philosophy and culture. An organization must have diversity and a flat structure, and promote free flowing communication, which are solidified through empathy toward the same dream and values. This the holistic perspective, internal democracy, and the resulting inbreeding can be highly effective. Employees must be (1) cultivated by setting appropriate corporate objectives and personal goals at the appropriate target level; (2) motivated by giving plenty of self-discretion with non-pecuniary rewards; and (3) supported through the spirit of reaching out and forgiveness. The boundaries between a company and the customers must be removed as far as possible by nurturing internal customers, by gaining access to super-customers, and by utilizing the power of the internet.

The following table summarizes our discussion.

Traditional Japanese management	New Japanese management
Top management focus	
Consensus building	Strong leadership
Organization	
Sharing values and vision	Sharing values and vision
Empathy toward the same dream	Empathy toward the same dream
Cooperation, harmony	Cooperation, harmony
Homogeneity	Diversity and heterogeneity
Harmonized and orderly organization	Goal seeking organization

Continued

Continued

Traditional Japanese management	New Japanese management
Stability and status quo	Innovation and transformation
Flat organization and seniority	Democracy within a company
Mutual back-scratching	Reaching out
Employees	
Emphasis on employee job security	Emphasis on employee job security
Lifetime employment	Job security
Detailed instruction	Employee discretion
Supervisor: protective	Supervisor: supportive
Subordinate: respect	Subordinate: self-independence, autonomy
Corporate loyalty	Alignment of corporate and employee objectives
Seniority	Inbreeding as a result
Equal compensation	Equal opportunities
Consensus decision-making	Responsibility and accountability
Customer relationship	
Consumer research	Consumer research
Traditional attitude toward customer: I am a seller, you are a buyer	New attitude toward customer: I am also a customer, becoming an internal customer
Customers are always right	Finding super-customers

These transformations may not be as dramatic as the changes that we would observe in a Western firm. However, transformations in Japan can also happen on a smaller scale. *Kaizen*, or continuous improvement, involves every level of the company in Japan, and is a never ending process. Such efforts will ultimately establish a new Japanese corporate model in the next economic generation.

This book presents more aspects of change in Japan. The authors in Parissa Haghrian's book touch upon numerous topics in Japanese management, which have not been discussed in international management research so far, and yet deserve more attention.

The research results presented in this book will support and continue the discussion of modern Japanese management in the twenty-first century, and show that Japanese management still can offer an inspiration for Western managers and researchers.

Topic 4 – TQM

Nagamachi, M. (2008). Perspective and the new trend of Kansei / affective engineering. The TQM Journal, 20(4): 290-298. Available at: <https://pdfs.semanticscholar.org/b2a4/9117eaec8349df85d0e2cc17563879a15d16.pdf>

the design domain. Nagamachi introduced *Kansei* engineering around 1970 at Hiroshima University as a customer-oriented product development method in order to realize products' best fit to customer needs. He has since been engaged in the development of *Kansei* engineering over the last 35 years and contributed to the development of several *kansei* products and *Kansei* engineering methods (Nagamachi, 1974, 1989, 1995, 1996, 1998, 2002, 2005).

Methods of *Kansei* engineering

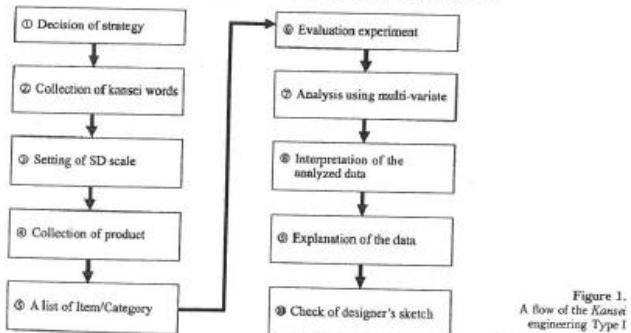
Kansei engineering Type I

Kansei engineering Type I (see Figure 1) starts from a company's decision of product strategy on the design domain as well as on the target (customer type). Then in step 2 *kansei* words are collected which are related to the product domain. Usually, 30-40 *kansei* words are collected, adjectives or sentences of feelings related to the product domain, and after that a five-point or seven-point/nine-point SD (semantic differentials) scale is constructed (Osgood et al., 1957).

In step 4 product samples are collected, and after that in step 5 items/categories of each sample are identified. Item means a category like size, width, colour, style, function etc., and category implies more detailed features like red, yellow, green, blue for the colour item.

The subjects then evaluate in step 6 each product sample on the five-point (or seven-point/nine-point) SD scale sheet and the evaluated data are then analyzed in step 7 using multivariate statistical methods like Principal Component Analysis, Factor Analysis, Regression Analysis, Cluster Analysis, Conjoint Analysis, Quantification Theory Type I, II, III and IV, etc.

Most of psychological phenomena are expressed in a qualitative style and Chikio Hayashi devised four non-parametric statistical methods called "Quantification



Perspectives of *Kansei/affective* engineering

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TQM
20,4

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Theory" (Komazawa and Hayashi, 1976), which are feasible to treat qualitative data in a multivariate analysis style. He invented QT-I compatible to Multi-regression Analysis, QT-II compatible to Discriminant Analysis, QT-III compatible to Factor Analysis and QT-IV compatible to Cluster Analysis. Qualitative data are analyzed very easily using Hayashi's Quantification Theory.

Among these analytical methods Quantification Theory Type I is an excellent technique feasible to find relational design rules between the *kansei* and the design specifications (Komazawa and Hayashi, 1976).

Rough Sets Theory

Recently, it became clear that Rough Sets Theory may be better to find decision rules fit to the designers' *kansei* thinking (Nishino, 2005; Nishino et al., 2005; Nishino et al., 2006a).

Rough Sets Theory (founded by Z. Pawlak) is able to deal with ambiguous and uncertain data like the *kansei* data. Psychological feelings like *kansei* have in general nonlinear characteristics and since many of the methods used for the statistical analysis are based on the normal distribution, an application of such methods on *kansei* data may have problems. Rough Sets Theory can deal with both linear- and nonlinear data as well as data from non-normal distributions.

Category classification method

Another *kansei* method is the category classification method. By using this method we first set the strategic *kansei* concept, namely a top concept for the new product to be developed, and then we break down this concept to more concrete and detailed sub concepts. The classification process is continued to more concrete sub concepts until the *n*th stage. The classification process illustrates a tree structure flowed from the top concept to the *n*th sub concepts. The finalised diagram shows a whole concept group with a hierarchical structure of the top concept to the bottom sub concepts. The bottom sub concepts will be transferred to ergonomic experimentation in order to decide on the product design specifications. For instance, Mazda settled "Human-Machine Unification" as the top concept, which means a driver's images of a vehicle in operation as if it was his own body. The second sub concept of this was "self-controlling" and the third sub concept was "feel freely when controlling the gear shift". An ergonomic experiment was conducted to decide the length of the gear shift, and the data calculated showed that 9.5 cm gave the best feeling of "self-controlling". This method is very useful and was named "*Kansei* Category Classification Method".

Applications of *Kansei* engineering

Nagamachi has contributed to the development of more than 20 *kansei* products and in this section we see some of his product examples with explanations of the development process.

Japanese-style refrigerator

Japanese used to have one door or two door type of refrigerators. Sharp asked Nagamachi to introduce *Kansei* engineering in the product development division, and the project team tried to apply it to the design of a new refrigerator. The team visited

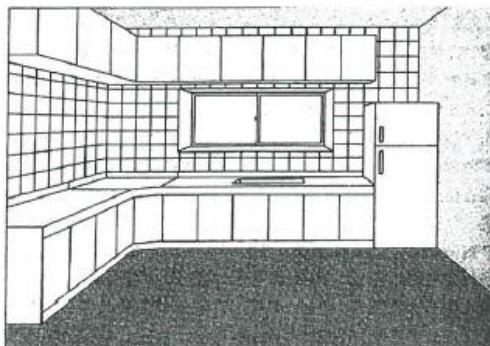


Figure 3.
A simple scene displayed
on the screen by the
Kansei virtual system

Kansei ergonomics

Usually *Kansei* engineering is able to support the design of a *kansei* product, and it became successful almost every time. However, *Kansei* engineering sometimes needs ergonomic sense and technology for creating more comfortable products, especially for making an assisting device for elderly people.

Matsushita Electric Works, Ltd and Nagamachi jointly approached to apply the *kansei* engineering to the production of a new toilet based on the philosophy of a universal design. In this project, we considered three points:

- (1) As wives usually are very serious about environmental problems, it was decided to reduce water for washing by 80 percent, so that the new toilet only uses 20 percent of water compared with an ordinary toilet. We realized that by devising a new facility which is able to clear up by small amount of water without a water tank.
- (2) Japan is now the highest aging society in the world and all manufacturers must consider elderly people's needs. For the elderly to stand up easily, we incorporated arm rests on both sides of the toilet, and the new toilet was tilted three degrees forward to assist elderly people's standing-up behaviours.
- (3) Eight different toilets, collected from different makers, were researched from the viewpoint of *Kansei* engineering. From the data of people's feelings of sitting comfort of these toilets, *Kansei* engineering showed the best comfortable three-dimensional curve of a toilet surface.

Based on these data we modelled the three-dimensional toilet seat illustrated in Figure 4 (right side).

예의 품위 예의 품위 Yeh-we Poom-jon Etiquette as Morality

The traditional ethics and etiquette of Korea, as in the other Confucian-oriented countries of Asia, were based more on the outward behavior of people than on inner convictions having to do with universal right and wrong or absolutes based on human and antihuman principles. Generally speaking, Korean *yeui pomjol* (yeh-we pohm-johl), or "etiquette," was more a matter of programmed role playing based on gender, age, social status, and other arbitrary factors that changed with the circumstances.

Of equal importance in the shaping of the Korean character and mind-set was the fact that etiquette in pre-modern Korea was officially prescribed—down to the smallest detail—and enforced by an authoritarian government that exercised absolute religious as well as political and economic power and was therefore able to bend people to its will.

This environment made the behavior of people almost perfectly predictable, which, of course, was the aim of the government, but it was at the expense of individuality, diversity, spontaneity, creativity, and invention. Because etiquette was equated with morality, the ethics of people were visible for all to see. A highly stylized form of behavior, from bowing to observing other physical and verbal forms of protocol in all interpersonal relationships, took the place of a higher form of principles.

Knowing and observing the prescribed *yeui pomjol* became the fundamental guidelines for Korean life. The system required that one's feelings be suppressed in favor of playing the role assigned to one's gender, social status, and occupation. It was a Pavlovian concept that gave precedence to form and formality over the uniqueness, the individuality, and the spirit of human beings.

Very early in their history, in fact, before the introduction of Confucianism, Koreans were noted for their adherence to a highly refined and stylized etiquette, so much so that early Chinese visitors referred to the country as "The Land of Etiquette" or some similar sobriquet. Confucianism, which began to gain mass influence from the seventh century and became the paramount political ideology and the primary basis for society altogether in the last decade of the fifteenth century, resulted in *yeui pomjol* being officially institutionalized as a key part of the Korean culture.

While the rules of interpersonal behavior dictated by Confucianism for nearly five centuries are no longer as rigid and stifling as they once were, they nevertheless continue to be a significant factor in contemporary Korean culture. Manners are still equated with both education and morality. Standards of polite and proper behavior are still high enough that they generally take precedence over other matters, including the content of relationships.

동창회 동창회 Tohng-chahng Hoh-eh Alumni Groupism

American companies that set up operations in Korea and do their own staffing have a history of personnel problems that are so far outside the realm of their experience that they often don't recognize the factors causing them. The reason for this is that American managers are often blinded and therefore handicapped by their lack of class consciousness—one of the things that makes American society the most comfortable society in the world.

In contrast to this, Koreans are class-conscious to the point that when their relative social status is ignored they are uncomfortable and have difficulty relating to and cooperating with each other. In some cases, such as when younger, "lower-class" people are put in charge of people who are older and are higher in the social hierarchy that exists in Korea, the emotional consequences are so extreme that both morale and efficiency are seriously damaged.

There have been examples of expatriate American managers in Korea who were made aware of the "class" friction among their Korean employees and tried to solve the problem by calling everyone in and lecturing them on democracy, equality, and management by merit rather than social status. In most cases this only made the problems worse because it encouraged the lower-class employees in managerial positions to be more aggressive and demanding. Old Korean hands, along with Korean business consultants, say that despite the American abhorrence for class distinctions, there are occasions when doing as the Koreans do is the only practical solution.

Another cultural factor in relationships in Korea that foreign executives should be aware of is the importance of *tongchang hoe* (tohng-chahng hoe-eh), or "alumni groups." School ties, particularly among individuals who attended the same schools from primary grades through university, are especially strong in Korea. In larger companies and government agencies there are almost always *tongchang hoe* that impact on management and the success potential of the companies.

In the context of traditional Korean culture, common school experiences establish ties that last for life. Graduates of the same school feel a moral obligation to help each other. The higher an individual rises in the political or business world, the more likely he is to surround himself with employees who attended his old schools—a system that then perpetuates itself as each new generation of alumni follows the same practice.

Alumni groups within companies form generational layers of employees who are especially cooperative and loyal, enhancing the effectiveness of team-work. Ties between *tongchang hoe* from the same schools who are in different companies and government ministries serve as connections that play vital roles in their relationships.

Hyo 爵 H'yo

The Power of Filial Piety

Any understanding of Koreans must take into account the lingering heritage of *hyo* (h'yo), or "filial piety," which refers to a cultlike devotion and reverence of children for their parents and grandparents that was instilled socially and politically into Koreans from the fourteenth century until the last decades of the twentieth century. Filial piety may have existed in Korea prior to the introduction of Confucianism sometime around 108 B.C. (if not before), but it was the Confucian concept of ancestor worship that forged *hyo* into the core of the traditional Korean social system.

According to Korean psychologists, the traditional concept of *hyo* regarded children as extensions of their parents, not as separate individuals. This meant that the two could not be separated and that sons and daughters could not become fully functional individuals by themselves. They remained linked to their parents by a spiritual, emotional, and intellectual umbilical cord that could not be severed.

On the surface of this system children owed their parents and ancestors *chongjung* (chohng-jung), or "respect," and unlimited devotion in return for the care they received from their parents and grandparents. First sons were also charged with the obligation of carrying on the family line. While this system virtually guaranteed that parents would be cared for throughout their lifetimes, it also had many negative facets. Among the negative factors of this kind of *hyo* was that it tended to make people very conservative, static, splintered into exclusive family groups, and unable to communicate and cooperate readily with people in other groups.

There were more demands on older sons because they were the primary family heirs, responsible not only for the survival of the family name but also for honoring the family's deceased parents and grandparents.

In this system individuals had many obligations but very few rights. They were conditioned to put their parents and their families first, to avoid actions or innovations that would upset or endanger the equilibrium of the group, and to submit to the authoritarian rule of the family patriarch, to public officials, and to the government in general. *Hyō* was undergirded by strict ancestor worship, which meant that filial piety crossed the boundary of death, binding the generations together in an unbreakable bond.

Korean psychologist Kun Hi Yi has analyzed the nature and role of *hyo* in traditional Korean society in terms of the Oedipus complex, which refers to the sexual attraction between children and their opposite-sex parents. Whether or not this is a valid method of analyzing *hyo* is debatable, but it nevertheless makes for some interesting views of Korean mentality.

Yi states that *hyo* represents the ultimate in the relationship between mature

→ Ref. see PPTs (lecture notes)
(P-13)

offspring and their parents. He goes on to say, however, that in actual practice in Korean society it resulted in neurotic symptoms of dependency and masochism between fathers and sons and pathological behavior between sons and mothers. He adds that the Oedipus complex was used as a control mechanism to help sons sublimate conflicts with their fathers and eventually to transfer power smoothly from the aged father to the mature son.

A fourth point Yi makes is that the rampant hedonism in present-day Korea is a reflection of an unconscious urge to return to times when things were simple and peaceful.

The Confucian code of filial piety required that all sons, but older sons in particular, "do what was best" for their parents. This provided sons with significant leeway because what was best for their parents was often an arbitrary judgment that they assumed the right to make. If there were complaints from their parents or other relatives, they could defend their actions by claiming that they were benefiting their parents even if their parents didn't recognize or accept the actions as beneficial.

A report on present-day Korean mentality by the Korean Institute for Policy Studies notes the continuing legacy of *hyo* and attributes its power to the fact that filial piety was the core of the kinship community for centuries and that independence and autonomy of the individual were simply not recognized, that children were seen as physical and mental-extensions of their parents in a concrete sense.

The final link in filial piety in Korean society was that it transcended generations. The living remained connected physically and mentally to their ancestors. The overriding obligations each person owed to his or her family and community made it impossible for individuals to establish similar obligations with outsiders. The most that the individual could do was to have relationships with a small number of same-sex peers.

This extreme degree of cultural programming in filial piety began to diminish prior to the downfall of the Choson dynasty in 1910, but it was to remain a major part of the upbringing of Korean children until the last half of the twentieth century. Not surprisingly, the old idea that a woman's failure to produce a male child in itself constituted a lack of filial piety was one of the first of the traditional *hyo* beliefs to be discarded following the introduction of Western knowledge and human rights into Korea (mostly by American missionaries) in the 1880s and 1890s.

Despite other changes in Korean culture since the end of the Choson dynasty, and particularly since the introduction of social equality and democratic principles into Korea from the late 1940s on, filial piety continues to be an important aspect of Korean society. Generally speaking, the family comes before the individual.

→ An illustrated guide to Korean culture - 233 traditional key words

"dedication." As the values are direct reflections of the current chairmen's beliefs, they tend to be adjusted when the management control is handed over from one generation to the next.

Company mottos are quite important for corporate leadership in Korea because they do not only constitute statements of what leaders regard as important, but also have significant consequences for the internal cultures of groups and companies.⁹ All members of an organization are expected to pursue these values in their daily professional activities. The companies also make serious efforts to instill them in their employees through systematic training programs, which will be discussed in more detail in Chapter 9. In short, Korean business leaders instrumentalize their personal values and beliefs by spelling them out in company mottos, and thereby giving their organizations fundamental directions regarding what is important and what should be emphasized in business activities.

Leadership by goal setting

Another important aspect of Tiger leadership is goal setting. Korean executives motivate their subordinates to work hard by setting very ambitious goals. At the same time, these goals are mostly very clear-cut.¹⁰ For example, they may set the target that their company becomes the largest one in Korea in their industry within the next three years or one of the three top global companies within the next five years. Or they may set the goal of reaching a specific market share in a given country or market segment within a given number of months or years. Typically, the goals are directed at breaking past records or beating competitors.¹¹ As discussed in Chapter 2, setting concrete and ambitious goals has become customary in Korean companies since the country's rapid industrialization in the 1960s and 1970s.

For example, when Samsung Electronics advanced into the semiconductor business, Chairman Lee Byung-chull set the clear target of creating a working production line for 64K DRAM chips within six months.¹² He did so because he saw the boom in the semiconductor industry at that time, but also knew that his company needed to hurry up to enter the market before the demand fell off again. The engineering team fully achieved the target set by the chairman. Soon thereafter, Samsung started producing memory chips and thereby reduced the technological gap with leading competitors in the US and Japan from ten to four years. A few years later, the gap had totally disappeared.¹³

Goal setting in general has become widespread in Korean companies at all organizational levels. It is implemented by using "Management by Objectives" (MBO) as a tool to give managers clearly defined goals which they should fulfill within a given time limit.¹⁴

Setting bold goals can be a powerful motivation tool, as they are easy to verify and at the same time worthwhile to go for. Fulfilling them will constitute a major accomplishment for the whole company and its employees. However, this ambitious goal setting is only effective if the employees of a company actually believe that the goal is feasible. Otherwise, it could actually have negative effects on the morale of employees. They may become demotivated when they feel that they are being given unrealistic goals that cannot be achieved. Therefore, charismatic leadership is an important complement of ambitious goal setting, as business leaders must persuade their subordinates that the bold objectives are really feasible. At the same time, ambitious goal setting has often been combined with the fourth component of Tiger leadership: crisis creation.

Leadership by crisis creation

It is well known that in general, companies' managers and workers tend to make extraordinary efforts when being confronted with a crisis. A common perception that the whole company may go bankrupt and fall apart unless certain goals are met or certain situations are averted often results in heroic efforts. Routine procedures are substituted by an innovative search for new solutions. As a result, companies that overcome a crisis are often much more competitive when compared with the pre-crisis situation.

Normally, crises are regarded as a phenomenon coming from outside. For example, there may be a sudden change in customer demands, a big technological change that forces companies to innovate, or a supply shock, as during the oil crises. Korean business leaders, however, sometimes deliberately create crises from *inside* their companies to push their organizations into extraordinary performances when coping with them.

For example, crisis creation played a major role in Hyundai Motor's breathtaking transformation from a small contract manufacturer of foreign cars into a world-class competitor. At each stage of its development, Hyundai's leaders created an internal crisis to maximize the company's performance.¹⁵ First, they set an extremely short deadline for completing the first assembly plant. Next, the company's engineers were confronted with the even more challenging task of building a much larger factory, this time to produce indigenous Korean cars. A few years later, Hyundai's management decided to triple the production capacity again and to develop larger and technologically more advanced models, thereby exposing the whole company to another crisis to achieve these goals. Finally, the licensing contract with Mitsubishi Motors for engine technology was terminated, effectively forcing Hyundai's developers to create their own engines within a short period of time to ensure the company's survival. It should be noted that, whereas

The company's development looks very logical and natural, the challenges the leaders confronted the workforce with created a real crisis at each stage, as it had to be assumed that the company may fail if the goals were not achieved. In other words, the top management made a series of bold decisions, and the whole organization then had to scramble to justify these decisions.

Samsung Electronics is another company that has quickly leapt to ever higher levels of competitiveness through leadership by crisis creation. In the 1980s, following Chairman Lee Byung-chull's decision to enter the semiconductor industry, he repeatedly created a crisis management mode in his company by setting up two different development teams, one in Korea and one in the US, and asking them to work separately on specific technical solutions within an extremely short time frame. The two teams competed and, at the same time, collaborated with each other at each stage, resulting in technological advances which were much faster than those of American or Japanese competitors. Later on, when the company faced new technological challenges, a similar approach was frequently applied to overcome them: task forces were set up and ordered to find solutions within a very short time frame. Every time, the teams mastered the challenges given to them and delivered on time.¹⁶

Samsung's current chairman, Lee Kun-hee, also relies on leadership by creating a sense of crisis in the company. A few years after assuming managerial responsibility, he declared a "New Management" which focuses on quality. Two years later, large numbers of mobile phones of allegedly low quality were destroyed at a factory in front of the workforce.¹⁷ The company's mobile phone division was given an ultimatum to produce phones of a quality comparable with leading global competitors within one year – otherwise the company would disengage from the industry. It took them only six months.¹⁸

In the following years, Samsung further moved up the ranks in the global electronics industry and has now become widely envied by competitors for its performance. However, Chairman Lee shocked his employees again by declaring in 2010 that "there is a real crisis now" and that "most of the company's flagship products and businesses will become obsolete within 10 years."¹⁹ His communication style has been labeled as "3S" leadership: short, surprising, and shocking.²⁰

Underlying forces of Tiger leadership

Centralization of authority

One important underlying feature of Korean companies which supports leadership by charisma, corporate values, goal setting, and crisis creation is the strong

concentration of managerial power at the top level. Typically, the centralization of authority is so strong that all strategic directions are set by a single person: the chairman of the company or business group. The executive board will merely approve the leader's directions.

An illustrative example of the high power distance between the chairman and other executive managers is the case of Hyundai's former chairman, Chung Ju-yung. It has been observed that his regular meetings with the presidents of major group companies served to give them the impression that the distance between him and them was as great as between them and new recruits.²¹ Such extreme centralization of managerial power appears to have receded only gradually even in recent years. Samsung's current chairman, Lee Kun-hee's, leadership has sometimes been referred to as "emperor management," as he makes all major strategic decisions and has the power to promote, demote, hire, or fire other managers, regardless of their rank.²²

One reason for this power concentration at the top level is the strong cultural influence of Confucianism in Korea discussed in Chapter 2. According to Confucian ethics, the father holds absolute authority in a family. All others have to follow his views and obey his orders. Therefore, it can be said that centralized top-down management by a single leader in each company or business group is natural in Korea from a cultural viewpoint. As mentioned in Chapter 2, family-like bonds and relationships are commonly emphasized and cultivated in Korean companies. Senior leaders are considered quasi-father figures.²³

Moreover, beyond such cultural aspects, there is also an important institutional factor behind the centralized control of Korean companies: unity of ownership and management. Korean companies and business groups are not only managed by their chairmen, they are also owned by them. Even in large, diversified *chaebols*, complicated cross-shareholding structures are in place to make sure that all companies are controlled by the owner family and thereby, the group chairman.²⁴ As Korean businesses mostly have been founded and raised by individual entrepreneurs, who later on handed over control to their children, there are only relatively few companies in Korea where ownership and management are separated.²⁵ The common unification of ownership and management gives the chairmen even stronger control over their companies.

Chairmen's planning offices

Whereas the strong Confucian roots in the Korean culture, and the unity of ownership and management, give business leaders enormous power to display strong leadership, there is another important background factor that supports Tiger leadership: the support of chairmen by their personal planning offices.

the Trade Union Law of 1950. It was designed on Leninist lines, as a 'transmission-belt' between the Party and the 'masses', when it was set up. Trade union organisations, at least *prima facie*, may be said to have institutionalised the power of the workers as 'masters' (*zhuren*). The most important role among most of the unions, including those of today, is fostering labour-management relations in enterprises to boost production output. But most importantly, they provide adequate collective welfare services and organise after work activities. The ACFTU receives 2 per cent of its members' payroll for welfare and other purposes.

During the Cultural Revolution in 1966, the unions were officially dismantled. With the onset of the economic reforms at the end of the 1970s, the ACFTU was encouraged to promote economic development and maintain social stability. The trade unions were officially reinstalled in 1978 along with economic reforms through the influence of Deng Xiaoping. They gradually recovered influence over the 1980s and played a supportive role in helping the economic reforms. Labour laws were recast to regulate the emergent labour market (see Brown, 2009).

Worker representation was closely connected with the above institutional framework of the 'iron rice-bowl' welfare system, which existed mainly in Chinese SOEs and urban collectives. In this pre-reform system, wages were evenly distributed, the pace of work was steady and dismissals were extremely rare events. Extra financial incentives besides wages were very minimal or even did not exist in many plants; it was sometimes referred to as eating 'out of one big pot' (*daguofan*). However, despite the location or the degree of protection, only about one in seven Chinese workers out of the entire workforce enjoyed this protected status.

Social critics (Chan, 2001; Chan and Siu, 2010) point to shortfalls in labour standards, especially in FIEs in the coastal areas, such as those near Hong Kong and in Shenzhen. It was almost impossible to conduct independent studies of living- and work-conditions for a very long period. Those in the cities, especially in public employment, appeared at least to have some degree of protection, with the virtually lifetime-employment system being in operation until recently. But life has changed in the last decade or so and the social costs of economic restructuring, as in other parts of Asia, are now being increasingly felt in China. The oversized workforce became a major issue for both the government and private firms. Downsizing and unemployment have become quite common.

Implications for managers

The implication of the shift from a centrally planned economy to so-called market socialism has been considerable for managers. Translating high-level macroeconomic policy into microeconomic detail has led to many key shifts. Before the early 1980s, managers had very limited autonomy and could neither hire nor fire workers. Like their employees, their performance was not linked to effort; motivation was low and mobility was restricted. Today, all that has changed and managers have significantly expanded powers. Over the 1980s and 1990s, China underwent a 'managerial revolution'. The enterprise and management reforms of 1984, the labour contract reforms of 1986, the personnel reforms of 1992 and the

labour laws of 1994 and more recently 2008 and so on, have proved to be major landmarks on the 'Long March' to market-driven management. After the reforms of the 1980s and 1990s promoted by Deng, managers found their roles became more central and market-driven.

At the same time, managerial mindsets were radically transformed. Chinese executives became responsible for financial performance targets and could be more significantly rewarded if they did well. Some larger formerly State-owned firms have been floated on the internal and external stock exchanges.

A strong element of particularism is to be found in Chinese culture and this has practical significance for business transactions. This trait accounts for the considerable attention given to the notion of *guanxi*. It contrasts with universalism, which denotes that it is culturally appropriate to apply the same rules and standards whoever the person may be. Given the latitude that local officials generally enjoy in dealing with the foreign firms located within their purview, particularism makes China an 'uncertain' place vis-à-vis international business standards.

Now, it is difficult for China to adjust to competitive environments with effective management when fully engaged in international trade and investment. Whilst Chinese management values and behaviour have been importantly conditioned by the country's political and economic system, Chinese culture is free of the active hostility it experienced under Maoism. The big issue has become the extent to which management in China will be fashioned according to international 'best practice' as opposed to following its own principles and practices.

Given the external competitive pressures to adopt new forms of organisation such as teamwork, it will be instructive to see whether Chinese cultural attributes help or hinder this process. The collectivist orientation, importance of relationships and concern for harmony in Chinese culture might assist crucial aspects of teamwork such as common purpose, task interdependence and group orientation. On the other hand, the Confucian emphasis on rigid hierarchies and upward deference to leaders could maintain top-down control.

Conclusions

China has been shaped by its history and in turn modern Chinese management has been influenced by deep cultural roots. We have seen that the Dengist reforms of the last two decades have changed the management system from one based on a command-economy to one that is more market-driven, with increased private ownership.

In a rapidly changing and varied context, such as contemporary China, it is very difficult to assess the degree to which traditional culture continues to exert an influence on management values and behaviour (see Warner, 2011). When addressing this subject we need to reiterate a number of issues and questions. First, we must recognise China's great diversity and start by asking 'to which China are we referring? Which sector, which region, which generation?' Second, what is taking place in China, keen to learn from the outside world yet also conscious of its history, may force us to abandon the notion that people necessarily conform to

a simple notion of 'culture'. In these circumstances, they may not necessarily fit neatly with the cultural dimensions chosen, but instead display apparent paradoxes (see chapter 16). The social identity of modern Chinese managers may indeed be more complex than appreciated (see Chen, 2008).

A third possibility deserving of further investigation, is that Chinese managers, are more flexible in their cultural referents than theorists such as Hofstede (1980, 2010) assume is normal for adults. Chinese people who are exposed to 'Western' values through their roles at work, or equally as consumers, may choose to segment their cultural mindsets. For instance, if conforming to certain Western norms and practices, such as higher pay in return for individual performance, then Chinese staff may decide to go along with them within the confines of their workplace roles. They may also be encouraged to accept practices imported from another culture if these are perceived to be part of a more comprehensive policy, offering other benefits such as equitable treatment, comprehensive training and good prospects for advancement. At the same time, as they switch social identity in 'converting' to their non-work roles in the family and community, they might well revert to a more traditional Chinese cultural mindset.

In summary, China offers a challenging and fascinating arena for the further exploration of the theoretical and practical issues associated with culture and management. Whether the future will lead to a degree of convergence is not the question; it is what will be the pace and ultimate limit of such change.

Note

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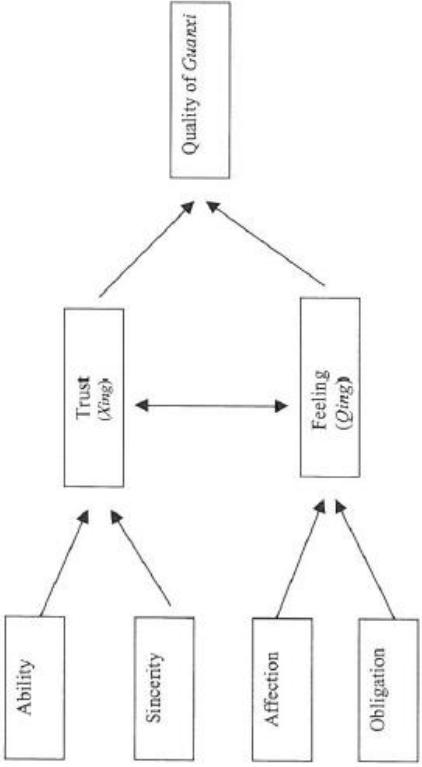


Figure 2. *Guanxi quality: Trust (Xing) and feeling (Qing)*.

smaller the distance, the better the *guanxi* quality. Therefore, the *guanxi* quality between X and A is better than that between X and N, which is better than the *guanxi* between X and U. It is worth noting that the emphasis is not on the interconnections among the *guanxi* but on the connections of each of the *guanxi* to the focal person (X) in the center. Parties within and between the *guanxi* circles may or may not be connected. Further, any given *guanxi* is not fixed in a given circle but can move outward to become more distant or inward to become closer.

To determine the predictors for a quality *guanxi*, we turn to two closely related Chinese concepts, namely *xing* (trust) and *qing* (feeling). Whereas *xing* mainly refers to the trustworthiness of the other *guanxi* party, *qing* reflects how well a given *guanxi* satisfies the mutual affective and instrumental needs of the parties. Trustworthiness of the person in turn is composed of ability and sincerity, and *qing* is, in turn, is composed of obligation (*jiaoging*) and affection (*genging*). Figure 2 depicts the compositional relationships of *guanxi* closeness and *xing* (trust) and *qing* (feeling).

Xing (trust) and guanxi quality. The Chinese societies are described as high in particularistic trust, such as among family members, but low in general trust in larger collectivities (Fukuyama, 1995; Gudykunst et al., 1996; Redding, 1993). To the extent that *guanxi* building represents efforts by individuals to deal with an environment lacking general trust, interpersonal trust is essential in building a quality *guanxi*. In other words, trust underlies the differentiated order of one's *guanxi* net: the higher the level of trust between two individuals, the better the *guanxi* quality will be.

The Chinese word for the trustworthiness is *xing* (faith), which, as a characteristic of Chinese root words, takes on different meanings depending on the context. A person is trustworthy (*ke xing*) when he or she is sincere, honest, credible, reliable and capable. Two points need to be emphasized. First trustworthiness refers primarily to the sincerity (*cheng*)

than the ability of the person. Sincerity (*cheng xin cheng yi*), according to Yang (2001a, 2001b), means that the person has the true intention (*yi*) to enter and stay in the relationship and has your best interest at heart (*xin*). Sincerity is manifested in being reliable by following social norms of *guanxi*. Although sincerity is a more salient feature of trustworthiness in China, ability is nevertheless important. Indeed, when the English word, trust, is translated into Chinese, it takes a compound (*xing ren*), meaning a person is trustworthy and usable/employable. And usable refers primarily to one's ability.

The second point about the Chinese interpersonal trust is that the sincerity-ability distinction corresponds well to the well-established Western distinction of trust in benevolence vs. ability (Mayer, Davis and Schoorman, 1995). That is, sincerity-based trust corresponds to trust in benevolence and ability-based trust corresponds to trust in ability. The ability-based trust also corresponds to what McAllister (1995) termed "cognitive trust", which emphasizes the importance of a person's competence or expertise in certain areas in the process of trust building. It is evident that the ability-based trust is domain specific whereas the sincerity-based trust is more broadly related to the person as a whole. Since *guanxi* quality is an overall judgment of *guanxi* between two individuals, sincerity-based trust may carry a heavier weight than the ability-based trust in developing close *guanxi*.

Qing (feeling) and guanxi quality. *Qing* by itself means feeling but takes on different meanings when put in different contexts. For instance, the compound of *ganqing* emphasizes the affective attachment between two people but the compound of *renqing* emphasizes the sense of obligation owed to each other. In traditional rural communities, *renqing* is built up through the exchange of gifts for events such as marriages, birthdays, and funerals (Hwang, 1987; Yang, 1994). In contemporary China, especially in urban and metropolitan areas, the compound *jiaogqing* is often used in place of *renqing*.¹ *Jiao* literally means interaction or exchange and often includes business transactions too.

Ganqing and jiaogqing. We use *ganqing* and *jiaogqing* to illustrate what is known in the Western literature as the expressive and the instrumental aspects of a relationship (Thibaut and Kelley, 1959; Zajonc, 1968). *Ganqing* refers to the degree of emotional understanding and connection, and the sharing of feelings of happiness and fears alike. Additionally, it refers to a sense of loyalty and solidarity, the willingness to take care of each other under all circumstances. *Jiaogqing*, on the other hand, pertains to the sense of obligation and indebtedness that results from social and economic transactions to satisfy the pragmatic needs of work and life. Related to the degree of indebtedness, *jiaogqing* is often described in terms of amount and depth to mean a long exchange history or a wide scope of exchanges. The accumulation of both *ganqing* and *jiaogqing* will increase the closeness between two *guanxi* parties.

It is apparent that trust and *qing* are closely related, in particular, sincerity-based trust or trust in integrity is more closely related to *ganqing*, whereas ability-based (or cognitive) trust is more closely related to *jiaogqing*. However, we maintain that *xing* and *qing* are two discernible concepts that both contribute to the increase of *guanxi* closeness.

Guanxi objectives in different stages of guanxi development. In our earlier discussion, we analyzed *guanxi* attributes, its bases and functions, from a largely static point of view.

Yin Yang is Relevant to Modern Business

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To better understand national cultures, business leaders and scholars should consider culture from a Yin Yang perspective. Yin Yang, the indigenous Chinese philosophy, views cultural dimensions as having inherently opposite and paradoxical value orientations. Yin Yang suggests that all cultures share the same potential values, but simultaneously differ. Over time each has experienced unique learning that has yielded dynamic value orientations. In the age of globalization, the Yin Yang perspective on culture has important implications for companies and managers conducting business internationally.

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Geert Hofstede has provided the dominant understandings of national cultures, emphasizing cultural differences across national borders and stimulating managers to respect various cultures, values, and management styles. However, scholars are increasingly recognizing that Hofstede's bipolarized and static cultural paradigm is inadequate in the age of globalization and the Internet when cultural learning takes place not just longitudinally from ancestral traditions but all-dimensionally from different nations, cultures, and peoples in an increasingly borderless and wireless workplace, marketplace, and cyberspace.

Yin Yang as an Alternative Paradigm to Understand Culture

The ancient Chinese philosophy of Yin Yang offers an alternative to the Hofstede paradigm for understanding culture. Yin Yang's holistic, dynamic, and dialectical worldview involves three tenets of duality. Holistic duality posits that a phenomenon or entity is incomplete without its opposite element. Dynamic duality posits that opposite elements mutually transform one another in a balancing process under various conditions. Dialectical duality posits that the holistic and dynamic tenets can stand because two contrary elements exist. Although they are relatively contradictory, they are interdependent and relatively compatible. Although they are opposites, they affirm one another for consistency and equilibrium and negate one another for completeness and punctuated shift. The dialectical tenet is the most salient as the anchor for the other two tenets of duality.

Yin Yang philosophy suggests the following four propositions:

Proposition 1: Each culture has certain values but may have coexisting opposite values depending on the situation, context, and time.

Proposition 2: Individuals choose the most relevant value(s) from the full spectrum of potential value orientations to guide their actions depending on the context and the times.

Proposition 3: Depending on the context and times, a culture will promote certain values and suppress their opposite, thus resulting in a unique value configuration.

Proposition 4: The all-dimensional learning over time will cause each culture to have a unique dynamic portfolio of self-selected globally available value orientations.

Using Hofstede's masculinity-femininity dimension, Sweden ranks as the world's most feminine culture. This may be true in some contexts such as Sweden's highly-developed social welfare system, environmentally friendly attitudes, and values of general cooperation. But in the context of global competition, as gauged by the speed, scale, and spirit of Swedish multinationals, Sweden may be categorized as masculine. In fact, the Swedes and their compatriots in other Scandinavian countries prefer being called Vikings, the ferocious sailor-warriors who dominated the high seas in their fabled tales of foreign conquests. These expeditions would have failed without elevated levels of competitiveness and aggression.

Likewise, the Finns are often described as stern, reserved, and quiet in formal work settings, most probably because of the Finnish value of sisu (will, determination, perseverance, and rationality in the face of adversity). But Finns often behave more sociably in the Finnish sauna. From the Yin Yang perspective, sauna and sisu need, reinforce, and complete each other. If Finland's two million saunas were to be closed, its 5.3 million people might lose their venue for transforming themselves from quietude to extroversion and expressiveness. Perhaps the entire Finnish capability to remain in the forefront of technological innovation might also wither.

In China, Japan, and Korea, similarly, a stark contrast exists between the formal office work environment and the informal milieu (e.g., restaurants, pubs, and karaoke bars) frequented by business executives and their subordinates after office hours. These informal settings are extremely important for developing relationships that are essential to the successful conduct of business in these cultures. In these relaxed atmospheres, rigid hierarchies dissipate as individuals sing, drink, and feel freer to criticize their superiors under the guise of drunkenness, with no loss of face to their leaders. Commonly, in such informal settings the leaders often behave in "non-leader" ways by allowing themselves to be the target of fun-loving criticism.



China's economic development is altering Chinese values. Today, sons or daughters commonly earn salaries that are as much as twenty times higher than the family patriarch earns. Often a junior family member pays the bill, rather than the patriarch, when the family goes out for dinner. This new economic situation tests traditional values of hierarchy and paternal authority, and legitimizes the values of simplicity, creativity, and competence.

The value of face is another example. Chinese people are traditionally described as face-conscious, reserved, and indirect in communication. Traditionally, Chinese society has frowned on assertive behavior, as an old Chinese saying indicates: "The bird ahead of the flight gets shot first." Today, face is still an important Chinese value, but Chinese professionals have learned to be more confident and assertive when facing marketplace competition. China Mobile features a highly publicized advertising campaign that shows a confident Chinese manager speaking into his mobile phone in front of the world. Two big Chinese characters proclaim "I can!" (Wo neng!). Similarly, in 2005, the Super Girls (the Chinese version of the American Idol contest) drew the largest audience in the history of Chinese television and revealed that today's Chinese culture is developing a new face of individualization.

IKEA in China

IKEA's success in China illustrates how the Yin Yang approach to understanding culture can be applied in the globalized business world. In many ways, the IKEA culture and furniture styles contradict Chinese culture and traditional Chinese furniture industry practice. For centuries, Chinese households have preferred dark bulky furniture, very different from IKEA's light-weight and pale furnishings. In terms of sales techniques, IKEA's practice of offering no advice unless customers actively seek it and no sales pressure starkly contrast with the traditional Chinese approach in which salespeople closely follow customers to provide personal service. Before IKEA opened its first store in Shanghai in 1998, the DIY (do it yourself) concept was largely unknown and foreign to most Chinese consumers. Shortly after IKEA's opening, many customers complained about having to pick up flat-packed furniture and assembling the pieces at home. In China, assembly is available at very low cost, so the standard practice has been to have others do it for you (DIO). However, IKEA holds firm DIY practices. Now, ten years after IKEA's first entry in China, the Chinese people have adapted to IKEA's DIY concept. Interestingly, DIY has become a symbol of high-quality lifestyle, self-expression, and self-actualization, values that are increasingly legitimized and practiced in today's China. IKEA has also learned to better accommodate Chinese tradition by offering assembly services in the home for a nominal fee on request, longer store hours, bicycle parking

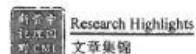


stalls, widened aisles for heavier customer flow inside the store, on-site arrangements with trucking companies to provide transportation for customers who want to buy flat-packed furniture but have no automobile access, both Chinese and Swedish food in their restaurants, more theme-based catalogs (e.g., the Karaoke theme) in addition to its annual standardized catalog in the global market, and the incorporation of Chinese cultural symbols (such as Chinese zodiac animals) into IKEA product designs.

Implications for Managers

The IKEA/Chinese anecdotes suggest that all cultures (Chinese, IKEA/Swedish, etc.) inherently embrace both Yin and Yang. In other words, all cultures have the potential to incorporate opposite cultural values through cultural interactions and cultural learning over time. When Chinese and Swedish cultures/practices meet, both acquire somewhat of a new identity by embracing seeds from the other side. Practically, the Yin Yang perspective of culture suggests that managers must understand cultural differences but not be shattered by cultural differences. More important, they should applaud the beauty of cultural differences, cultural clashes, cultural collisions, and even cultural shocks because they stimulate and boost cultural learning, change, innovation, and creativity.

This review is a synopsis of "Yin Yang: A New Perspective on Culture," by T. Fang, 2012, *Management Organization Review*, 8(1), pp. 25-50. Tony Fang (tf@fek.su.se) is Professor of Business Administration at Stockholm University School of Business, Sweden.



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How Chinese Paternalistic Leadership Affects Subordinates' Performance and Behavior

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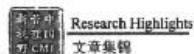
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Chinese paternalistic leadership, an alternative to Western style leadership, comprises three dimensions of leadership: moral, benevolent, and authoritarian. In this research project, we attempted to understand how paternalistic leaders influence their subordinates' work performance and organizational citizenship behaviors. Our study results, based on data collected from private firms in China, showed that moral and benevolent leadership enhanced subordinates' trust in their supervisors by enhancing their perceptions of interactional justice. However, authoritarian leadership was not related to perceptions of interactional justice. In addition, trust-in-supervisor was positively associated with work performance and organizational citizenship behaviors.

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In the past, most research on leadership styles has focused on the Western context, and has paid less attention to leadership styles developed in the Eastern context. Paternalistic leadership marks the Chinese style of leadership, combining strong discipline and authority with fatherly benevolence and moral integrity. Chinese paternalistic leadership has three dimensions: authoritarianism, benevolence, and morality. This study examines whether these aspects of paternalistic leadership affect employee performance and behavior through two intermediating variables: perceived interactional justice and trust-in-supervisor.

Perceived interactional justice pertains to subordinates' perceptions as to whether their leaders interact and communicate with them fairly during interpersonal enactments of formal procedures. Interactional justice includes informational justice: whether employees perceive that they are adequately informed about procedures. It also includes interpersonal justice in terms of interpersonal treatment. Perceived interactional justice reflects subordinates' feelings of whether their superiors treat them with truthfulness, justification, respect, and propriety. Trust-in-supervisor reflects employees' evaluations



of their supervisors' trustworthiness based on prior interactions.

The Three Dimensions of Paternalistic Leadership

Authoritarian leadership can decrease trust through perceptions of interactional injustice. Emphasis on absolute authority and control over subordinates may make subordinates feel uneasy and oppressed, and ultimately cause negative social exchanges between supervisors and subordinates. Although authoritarian leadership is pervasive and effective in Chinese organizations because it fits well with traditional values, this leadership behavior is less conducive to the development of employee trust. Rather, authoritarian leadership is likely to induce fear and anger. Therefore, we expect a negative association between authoritarian leadership and trust-in-supervisor. One important mechanism underlying the relationship between authoritarian leadership and trust is perceived interpersonal justice. Authoritarian leaders are likely to engender perceptions of interactional injustice because they are less likely to show respect for subordinates, to provide them with sufficient information, or to allow them to voice their concerns.

Benevolent leadership increases trust-in-supervisor by enhancing perceptions of interactional justice. Benevolent leadership is classic leadership behavior in the Chinese context, where it is seen as a leader's obligation. Leaders who display benevolent leadership can enhance reciprocity by helping subordinates when they encounter difficulties and personal emergencies, expressing interest in subordinates' welfare even outside work settings, and rewarding subordinates who behave appropriately or desirably. Also, perceived interactional justice may play an important role in explaining how leaders' benevolent behavior affects trust-in-supervisor.

Moral leadership positively affects trust-in-supervisor by enhancing perceptions of interactional justice. Deeply rooted in Confucian ideology are values advising that moral leaders should never take advantage of subordinates and should treat them as ends rather than means. In the Chinese context, moral leadership is even more important because of China's long history of feudalism and authoritarian rule. As a result, moral leadership is likely to induce perceived interactional justice.

Our Research

We surveyed 23 private real estate, consulting, telecommunicating, advertising, and catering firms in mainland China. We administered separately two questionnaires, matching one for subordinates and the other for their immediate supervisors. Our survey included 271 subordinates who reported to 118 immediate supervisors.

We confirmed our expectations that a positive relationship occurs between benevolent leadership and perceived interactional justice and between moral leadership and perceived interactional justice. Perceived interactional justice was positively related to trust-in-supervisor, and trust-in-supervisor was positively related to organizational citizenship behaviors and work performance. Results also showed that authoritarian leadership and moral leadership directly affected trust-in-supervisor. However, the results showed an insignificant relationship between authoritarian leadership and perceived interactional justice.

Although the findings indicated that authoritarian leadership was negatively related to trust-in-supervisor, surprisingly it was not negatively associated with perceived interactional justice. Therefore, authoritarian leadership does not necessarily undermine perceptions of interactional justice. When subordinates perceive that authoritarian leadership is well-intentioned, they may also see it as just, given China's hierarchical tradition. Moreover, seen from the Chinese cultural yin and yang perspective, the three seemingly conflicting components of paternalistic leadership actually exist within, reinforce, and complement each other, and jointly influence subordinates' attitudinal, emotional, and behavioral outcomes.

Practical Implications

Our findings have implications for managers and supervisors. First, the results show that benevolent and moral leadership tend to positively affect both attitudinal and behavioral outcomes. We suggest supervisors should display benevolent and moral leadership to elicit interactional justice perception, foster trust-in-supervisor, and enhance work performance and citizenship behaviors. Leadership training programs should be accordingly designed. Second, although authoritarian leadership is prevalent in the Chinese context, Chinese employees do not favor it. Our findings suggest that authoritarian leadership fails to win trust, so that managers should avoid it in their efforts to manage Chinese employees. Finally, the results suggest that subordinates' justice

perception and trust-in-supervisor act as important psychological processes in enhancing work performance and organizational citizenship behavior. Therefore, organizations should try to enhance employees' justice perception and trust by promoting positive leadership behaviors and other managerial practices.

This review is a synopsis of "Perceived Interactional Justice and Trust-in-supervisor as Mediators for Paternalistic Leadership," by M. Wu, X. Huang, and C. Li, 20XX, *Management Organization Review*, 2012(8:1), pp. 97-121. Min Wu (wu_min@scu.edu.cn) is an associate professor in the School of Public Administration at Sichuan University, China. Xu Huang (mshuangx@polyu.edu.hk) is a professor of management and marketing at Hong Kong Polytechnic University. Chenwei Li (cli@cba.ua.edu) is a PhD student in the Manderson Graduate School of Business at the University of Alabama. Wu Liu (msliuwu@inet.polyu.edu.hk) is an assistant professor at the Department of Management and Marketing at Hong Kong Polytechnic University.

Part 1 • Introduction

Workplace Challenge for the HR Professionals
 HR professionals have a special responsibility to balance the needs of the company with the interests of employees. They also have to promote cultural values at the workplace. They must network with community groups and be able to explain how HR professionals are contributing to society.¹¹

HR And Cultural Values

HR practices in a company are influenced by the cultural values of the country in which it operates. For example, many Asian companies (including those in China, Japan, and Korea) have been influenced by the Chinese sage Confucius (551–479 BC) and his teachings.

Confucian values include harmonious interpersonal relationships, mutual obligations, hierarchy, and social order.^{12,13}

In South Korea, Confucian values guide daily life, with the social mores and modes of conduct centered on family life, hierarchy, seniority, and traditions.¹⁴

In Taiwan, the Confucian values of hard work, family, and kinship are important at the workplace. They influence the design of HRM systems. For example, the value of harmony encourages teamwork and participation in programs such as quality circles. It promotes cooperation between management and the employees.¹⁵

Sun Tzu's Art of War
 The most popular ancient management book read by managers in Japan and other East Asian countries is Sun Tzu's *Art of War*, written 2,500 years ago by a general in ancient China. His war strategies, explained in 13 short chapters, have been applied in business by Japanese companies to expand their overseas markets. The book explained theories of organization, planning, leadership, and strategies.¹⁶

Human factors are important in Sun Tzu's winning strategies. He emphasized the importance of training, discipline, and loyalty of the soldiers. An army that has a set of stringent rules and administers reward and punishment in an enlightened way will boost morale among the men. When the men are punished before their loyalty is secured, they will become disobedient. When they are disobedient, it is difficult to command them. If the loyalty of the men is secured but punishments are not fair, this will result in low morale among the men.¹⁷

Confucian values emphasize harmonious interpersonal relationships, mutual obligations, hierarchy, and social order.



Han Fei Tzu: Reward and Punishment

A lesser known ancient management thinker was Han Fei Tzu (280–333 BC). His 55-chapter book was written for imperial rulers, emphasizing management by strict rules and control. He suggested that a leader should:

- Find talented subordinates
- Set up a system of rules
- Explain these rules to subordinates
- Motivate them with reward and punishment
- Strictly administer reward and punishment.

In his chapter on "Way of the Leader" Han Fei Tzu summarizes the role of a leader as shown in Figure 1.9.

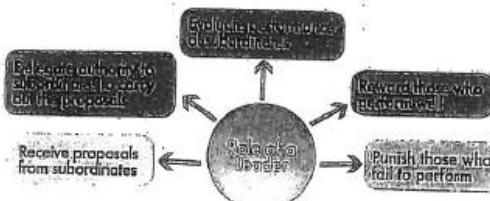


Figure 1.9
Role of a Leader

In other chapters, Han Fei Tzu recommended meritocracy and cautioned against nepotism. If a person merits a reward, no matter how far he may be away from the leader in the hierarchy, he should be rewarded. If a person makes a mistake, no matter how close he is to the leader, he must be punished. With such a system, the former will do his best and the latter will not be complacent.¹⁸

HR and Religious Values

Managers in a workplace with employees believing in different religions should be aware of their religious values. For example, people in Thailand are influenced by their Buddhist approach to life. As explained by Siengthai and Vadhanasindhu Buddhists have to consider the following factors:¹⁹

- Self-realization (know your strengths and weaknesses, and who you are)
- Knowing others (know whom you are dealing with and how to deal with them)
- Causality (know the cause and effect of what you are doing)
- Appropriate time and place (know the right time and place to deal with problems)
- Potential (know your ability and limitation).

HR practices are affected by certain unique Thai cultural values such as:²⁰

- *keng fai* (social harmony)
- *bunknum* (exchange of favors)
- *jai-yen-yen* (take-it-easy)
- *mai pen rai* (never mind)
- *amuk* (fun)
- *nam-jai* (thoughtful, generous, and kind).

(Pessler & Tan, 2011)

Table 2 Comparative economic statistics for the three countries (1985–2000)

Aspects	China		Japan		Korea			
	1985	1998	2000	1985	1998	1985	1998	2000
Population (million)	1070.2	1235.7	1226.8	120.8	126.4	126.9	40.8	46.4
Labour force (million)	501.1	705.3	720.0	59.6	67.9	67.7	15.6	21.4
Unemployment (%)	1.8	3.1	3.1	2.6	4.1	4.7	4.0	6.8
GNP/capita (US\$)	280	758	852	11,344	31,171	37,435	2,230	6,710
Inflation (%)	—	−0.8	0.4	2.0	0.6	−0.6	2.5	7.5

Source: International Monetary Fund (2001, 2002).

country studies of their general HRM systems. These commence with a short section detailing the context of HRM. We then consider developments in four key areas of HRM – ‘flexible resourcing’, ‘employee development’, ‘performance-based rewards’ and ‘enterprise-focused employment relations’. These areas have been chosen for several reasons. First, these areas are broad enough to encompass much of what the main terrain of HRM is commonly taken to include in ‘standard’ books on the subject (see Rowley, 2003), while still being sufficiently distinct to allow us to manipulate them in comparative analysis. Indeed, the way we have conceptualized and phrased these categories highlights the key aspects of developments within them. There are data available in these categories to utilize and analyse. Second, they operationalize the key tenets of the HRM model, namely, that it is human resources (HR) that gives economies and enterprises a competitive edge, that employee commitment is paramount and that employees should be carefully selected and developed (Storey, 1995: 6). Overall, the value of this approach is that we have a common reference point to assess HRM in each country and to consider the degree of change within each case study.

China

Context China embarked on the ‘late’ path to ‘modernization’ at the end of the nineteenth century, ending several hundred years of relative isolation. In 1911, a republic under Sun Yat Sen was set up and new political and social institutions were established. Discontented young intellectuals staged the 4 May demonstrations in 1919 and workers began to organize in trade unions in this period. By the early 1920s, both the Chinese Communist Party and the All-China Federation of Trade Unions (ACFTU) had been founded.

After a bloody Civil War and Japanese Occupation, the People’s Republic of China (PRC) took control of the nation in 1949. The new communist regime was modelled on Soviet lines, even if its economic and industrial institutions were cloned partly mistakenly (see Kaple, 1994) but in the circumstances adapted to Chinese values. A ‘command economy’ was *de rigueur* and ‘Five Year Plans’ became the norm. Under the aegis of Mao Zedong, the regime consolidated its hold on the economy and labour force, built up heavy industry and collectivized agriculture, surviving the excesses of the ‘Great Leap Forward’ and the ‘Cultural Revolution’, if paying a high cost in human suffering.

With the death of Mao in 1976, a new page was turned; by the end of the decade, Deng Xiaoping had launched the ‘Four Modernizations’ and ‘Open Door’ policies. From 1978, the PRC enjoyed two decades of substantial economic growth. It has recently been hailed as a potential ‘economic superpower’ by agencies like the World Bank. Living standards have risen greatly, but the distribution of benefits has been uneven. These reforms have since led to an emergent external labour market, among

other changes. This shift challenged the pattern and *raison d'être* of labour relations (*laodong guanxi*) in the workplace.

HRM system *Flexible resourcing* Workers in the 1950s saw the implementation of a 'jobs for life' and 'cradle to the grave' welfare regime for those in the urban industrial state-owned enterprises (SOEs). This system was widely known as the 'iron rice bowl' (*tie fan wan*) (Child, 1994). Sackings were rare; labour mobility was almost zero. In terms of employee hiring, there had been a hereditary inheritance of jobs (*diling*) in SOEs up to the late 1980s.

These practices were, however, largely phased out under the personnel management reforms, particularly the *sun gaige* reforms in 1992 (Warner, 1995). Vocational training also expanded as China moved to a more meritocratic education system, starting at middle-school level and continuing into the initial work period. Today, recruitment and selection is much more market-based. Many firms now select and recruit their labour force with a freedom unthinkable in the almost half a century preceding the economic reforms, although some limited personal connections (*guanxi*) persist.

Employee development Generally, training in China, where it exists, is enterprise-based. Managers are encouraged to follow self-learning programmes, as in Japan and Korea, as well as often being sent on external courses. MBA and lower-level management courses mushroomed in 1990s. In small and medium-sized enterprises (SMEs), there is little chance of such training and development on any extensive scale but in larger companies, especially larger SOEs or joint ventures (JVs), as well as larger foreign-invested enterprises (FIEs), it is more common.

Performance-based rewards Worker remuneration was formerly integrally linked with the institutional framework of the 'iron rice bowl'. Wages were predictable under this pre-reform system, based on an eight-scale Soviet template; the pace of work was steady; turnover was low, even rare (Takahara 1992). In reality, only about one in seven Chinese workers out of the huge workforce, less urban and substantially rural, enjoyed this protected status, some with greater protection than others.

By the mid-1980s, labour market reforms were implemented. In 1986, fixed-term labour employment contracts were introduced. The personnel reforms of the early 1990s extended the role of contracts, introduced remuneration according to performance criteria and made social security the workers' responsibility through the contributory principle. Evaluation became increasingly geared to performance criteria, particularly in large enterprises, whether state-owned or outside the state sector. A new labour law was codified in 1994 and implemented in 1995. By virtue of the legal norms it prescribes, an individual labour contract (*ijii hetong*) and a collective contract (*geren hetong*), possibly reminiscent of Western-style collective bargaining arrangements but mainly affecting large SOEs and JVs, was introduced with the state's blessing. As part of the reforms that have promoted labour market advances in China (Ng and Warner, 1998), the system of 'lifetime employment' was being phased out (Ding *et al.*, 2000). This was part of a potentially 'convergence' package, even if with 'Chinese characteristics', as the country entered the World Trade Organization (WTO) at the end of 2001.

Enterprise-focused employee relations Urban workers are formally unionized in Chinese industry as elsewhere but the degree of representation depends on factors such as ownership and sector. In SOEs, and to a lesser degree JVs, and FIEs, workers are enrolled