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PRO GRADU THESIS

**FINDING A NEW NARRATIVE OF CHINESE
BUSINESS LEADERSHIP**

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KURKI, SUVI: Finding a New Narrative of Chinese Business Leadership

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The thesis studies Chinese business leadership from the post-heroic point of view, as it tries to understand the culture that creates power dynamics in China. The thesis challenges the dominating narrative of Chinese leadership, which is the Confucian style autocratic leadership. The thesis combines cultural studies and leadership studies. The theoretical framework has been constructed by including both the Western views and the indigenous views on Chinese culture and business leadership. Special attention is given to the power distance dimension of Hofstede's cultural studies in both the theoretical and empirical work in order to understand the construction of hierarchies in the Chinese context.

The empirical work wants to give voice for the Chinese Millennials by using the method of empathy-based stories as the method of inquiry. The data was collected in Renmin University of China, Communications University of China and Nanjing University of Technology between late May 2016 and July 2016. There were in total 111 respondents from three different universities. All of the respondents were Chinese nationals between 18 to 23 year old. The responses were written by hand using Chinese characters. The data was analyzed by using thematic analysis, tabulation, discursive analysis and typology building.

The data suggests that Chinese Millennials prefer low power distance to strong power distance. Chinese Millennials have a very pragmatic and logical approach to leadership. They want to create organizations that have good co-operation between all organization levels. The opinions of subordinates are important in decision-making process. Big differences in salaries and other benefits are not accepted by the Chinese Millennials. The reward and punishment system should be performance-based and fair for everyone. Chinese Millennials have a humble attitude and they believe in continuous improvement within organizations. Similar to their counterparts in other countries, the Chinese Millennials are ethically and socially conscious. They show a high-degree of compassion towards people in weaker position.

The results pave the way for future research on Chinese business leadership. The results should be verified by a large-scale survey-study. The Chinese organizations might see a big change in the coming decades once the Chinese Millennials take over higher positions and scholars should keep up with this process. The results of this thesis might offer a good starting point for future research on studying the differences between different generations in China.

KEYWORDS: China, Chinese leadership, business leadership, method of empathy-based stories, post-heroic leadership, Millennials

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1 INTRODUCTION

The purpose of this introduction chapter is to give the reader understanding of the most important concepts used in the thesis. It also discusses the relevance of the research topic and research goals. This thesis studies Chinese business leadership from the post-heroic point of view, as it tries to understand the culture that creates power dynamics in China. Therefore, the thesis starts with introducing the field of post-heroic leadership studies in Chapter 1.1. Chapter 1.2 discusses the Chinese Millennial generation and differences between the Millennial and earlier generations. Chapter 1.3 then introduces the research goal and research questions of the thesis. The Chapter 1.4 tells how the thesis is structured.

1.1 Post-Heroic Leadership

Leadership scholars seem to have problems defining what leadership actually is. Leadership is often defined in contrast to management, which has lead leadership to be “something that is not management”. (Grint, 1990b.) In fact, an exact distinction between the concepts of leadership and management is difficult to make as in practice the two are bind together. Within organizations, the concepts are used somewhat interchangeably. (Ren, Wood & Zhu, 2015, p. 2.) Peter Drucker, an Austrian-born American management consultant and guru, said: “*Management is doing things right; Leadership is doing the right things.*” Drucker’s example can give us some kind of an idea about how people tend to differentiate these two phenomena. It is often said that managers focus on things and leaders on people; leaders create a vision, managers create short-term goals and objectives. Management processes relate to keeping things in order in terms of time and budget. Leadership processes, on the other hand, relate to changing things for the better and innovating for a brighter future. (e.g., Kotter, 1990a; 1990b; Grint, 2002.) Nevertheless, leadership is not better than management. Management cannot replace leadership and vice versa. Leadership and management are complementary and both are necessary in all organizations. (Grint, 1990b.) Moreover, is the definition of leadership actually necessary, as there seems to be as many definitions of leadership as there are leadership researchers? As there is no unanimous definition of what leadership actually is, the question “What is leadership?” could be changed to “How can we understand leadership as phenomenon?”

We must be careful how we talk about leadership and to whom we give voice through leadership research. From Plato's *Republic* to Sunzi's *Art of War* and Machiavelli's *Prince* leadership has been seen as the characteristics of an individual. The success of nations or organizations are painted as the grand work of their great leaders. We humans have written our history in a way that gives the blame or glory to individual leaders, most often men. The leaders have become our heroes; they have become our monsters; they have become our liberators. Caesar, Alexander the Great, Napoleon, Abraham Lincoln, Stalin, Hitler, Mao Zedong etc. are all names that most of us learn already in primary school. Often the name and the picture of those leaders represents the entire history of their era. Far too rarely, we ask the question: What is the community that creates such leaders? Why has leadership been such a powerful phenomenon? (Grint, 2001; 2011.) When we look at the history of leadership, we must remember that there are no leaders without subordinates, there is no power without the masses. That is why it is important to understand how we can study leadership so that we do not repeat the old patterns of forgetting the subordinates.

The traditional heroic-leadership research has focused too much on the leadership skills of individuals and on defining ideal leaders (e.g., Ladkin, 2010; Grint 2001; 2011; Carroll, Levy & Richmond, 2008). This causes a moral issue as research should not be focusing only on presenting ideals, but it should also give us a description of the reality (Crevani, Lindgren & Packendorff, 2010). In the 21st century, there has been a move from the heroic-leadership view towards post-heroic understanding of leadership. From the post-heroic point of view, leadership is no longer considered merely a trait connected to a single individual, but rather it is co-constructed between people. This means studying leadership as a collective phenomenon and switching the focus from leaders to subordinates. Leadership happens in the daily practices of organizations and communities. The emotions, human interaction and relationships form leadership as phenomenon. (e.g., Raelin, 2011; Carroll et al., 2008, Crevani et al., 2010; Denis, Langley & Sergi, 2012; Grint, 2011; Ladkin, 2010.)

Many organizations in the 21st century have gone back to the century old Tayloristic leadership ideals, where everything should be made as cost effective as possible, no matter how it affects the workers or the environment (Sauer, Salovaara, Mikkonen & Ropo, 2010, p. 12). At the same time, the leadership research is waking up to a new era, where leaders are not anymore seen as the embodiment of leadership, but instead the

success of the organizations is seen as the outcome of collaboration (Salovaara, 2015). This idea that power is co-created within societies is actually the revival of the notions of Mary Parker Follett, who was almost a century ahead of her time when she wrote that power should be seen as something that the leaders co-create together with the subordinates. Unfortunately, as she was a woman, at the time, her ideas were not supported and only in the past decade have the leadership scholars started to understand how important her notions were. (Denis et al., 2012.)

According to the post-heroic view on leadership, leadership is constructed through communication (Uhl-Bien, 2006; Crevani et al., 2010; Raelin, 2005). Leadership must be seen in its social context and as an integral part of culture (Crevani et al., 2010; Wood, 2005). The reality of organizations is a continuously changing process that people try to make sense of through language (Hosking, 2000; Bradbury & Lichtenstein, 2000). Human interaction creates relationships and gives status to people (Bradbury & Lichtenstein, 2000; Denis et al., 2012). In post-heroic leadership research, organizations are seen as cultural products (Bathurst & Edwards, 2011). Therefore, understanding national and organizational cultures is a necessity for leadership research. It is important to understand the relationship between people and how those relationships are constructed in order to make sense of the construction of leadership within a certain culture.

Leadership differs from other human action, because its main goal is to serve others. Leadership is meaningful, because it is supposed to help people; it is not meaningful if it exists only for leaders themselves. (Smythe & Norton, 2007.) Power structures are difficult to demolish or change as people give power to a person that has a high official position no matter whether that person is capable or not. The subordinates often do not realize that also they play a role in the power dynamics of organizations. On a subconscious level, subordinates act according to the norms that submit them to their leader's rule. That is why people do not often fight back even in the cases of power abuses. Being more aware of the norms in organizations and within nations can empower people to understand their own importance in creating power dynamics. (Bradbury & Lichtenstein, 2000.)

The great illusion of hierarchy is that power seemingly flows from up to down, whereas in fact exactly the opposite is true. Power is always given from the subordinates to the leader. The commitment of those below in the hierarchy defines who holds the true power.

Posts and titles are created through the institutionalization of power. Personal relationships affect the institutionalized power relations. To what extent, it depends on national culture. (Pye, 1988, p. 284–286.) Thus, in order to understand leadership in the Chinese context, we have to look into the relationship between the leaders and the subordinates. This master's thesis is part of the post-heroic leadership studies, as it is not giving voice to the leaders themselves, but to Chinese Millennials who will be the future employees in Chinese organizations. In the spirit of post-heroic leadership research, this thesis wants to understand the national culture that constructs Chinese leadership as phenomenon. By making the norms of Chinese leadership more visible, this thesis wants to empower the Chinese people to understand their own role in constructing hierarchies.

1.2 Chinese Millennials

The Millennials are a generation that is born between the early 1980s and late 1990s or early 2000s. The Millennials are the generation that follows the Generation X and are also called the Generation Y or the Echo Boomers. What separates the Millennials from the earlier generations is that they are the first generation to be born in a globalized world of international interdependence. Technology has also shaped the Millennial generation. They are the first generation that has lived their teenage years with social media and access to the internet and all of its information. In research conducted on this generation, they are described to be more loyal towards their families, friends and themselves than towards their employers compared to the earlier generations. (Pendergast, 2007; Pew Research Centre, 2010; Bucic, Harris & Arli, 2012). It has been estimated that there are around 1.8 billion Millennials (United Nations, 2005) in the world, which makes Millennials the biggest generation alive today. It is therefore very important to study this generation as it can give us important information about the future. On the other hand, it is difficult to predict the actions of the Millennials as they are by no means a coherent group and their motivations tend to fluctuate between self-gratification and making a social impact (Boyd, 2010).

The Millennials tend to share common social and economic conditions worldwide. This is thanks to the technological development and the spread of capitalism after the Cold War (Pendergast, 2007). Economically developed societies, where most people do not need to worry about meeting their basic needs, become more responsible for their behavior (Hansen & Schrader 1997 in Bucic et al., 2012). The Millennials tend to be very

much aware of ethical issues and they want to feel free to express themselves (Bucic et al., 2012). However, although there are certain global similarities between Millennials, we cannot talk about a coherent global culture among them. The worldviews of the Millennials living in developing countries differ a lot from those of the developed countries. (Bhosale & Gupta, 2006 in Bucic et al., 2012.)

Hofstede's (2001) model of cultural dimension shows how national culture affects individual values and lifestyle choices. Some have argued that cultural values tend to change with economic development (see Chapter 2 for more discussion on this topic). The norms of a national culture change over time when income levels change. (Tang & Koveos, 2008). Although in the West the differences between earlier generations and the Millennials are big, they are probably even bigger in China due to the fast social and economic changes that happened in the country after Mao Zedong's death.

China has undergone the fastest economic growth in the history of humankind. Since the death of Mao Zedong, China has undergone tremendous change. The everyday lives of the Chinese people were strictly controlled during Mao's era. For most of the Chinese population, their living conditions have improved dramatically and the people are given more possibilities for personal choice, while political control remains extremely tight. (CIA World Factbook, 2017). China under Mao was a very poor socialistic state, where farming communities were important. During Mao's rule, the lives of the Chinese people were controlled in terms of jobs, consuming goods and moving from one place to another. Jobs were appointed to people by the government and moving inside the country was very difficult, not to even mention moving abroad. Buying goods was possible only with coupons handed out by the government. (Huotari & Seppälä, 1999, p. 73–79; Saraste & Lehberger, 2010; Jakobson, 2005.)

The opening up of China started when Deng Xiaoping got into power in 1978. The socialist economy was replaced by the so-called socialistic market economy. The opening up of the economy brought foreign investments to China and with that foreign influence. This also increased competition and changed the Chinese work market for good. (Keva, Konttinen, Kurki & Paltemaa, 2010, p. 62–75; CIA World Factbook 2017; Risso, Edgar & Sanchez, 2012.)

The influence of the economic changes in China is important to note here as it has let the Chinese Millennials to grow up in a completely different society unlike their parents. The Millennials have grown up in a country where people can freely choose their own jobs. People can travel easily and even go to study abroad. Foreigners can be seen in all of the bigger cities and touristic places. More than half of Chinese live now in urban areas and only 8.6 percent work in the agricultural sector, whereas in the beginning of 1980's only 20 percent of the population lived in urban areas and around 70 percent worked in agriculture. Many Millennials have the possibility to buy their own apartments and move to work and study to a different city: a luxury their parents could not afford. (CIA World Factbook, 2017; China Statistical Year Book, 2016; Luova 2005).

The ideals of Communism are fainting and the old traditional values that derive from the classical Chinese philosophies of Confucianism and Daoism (see Chapter 3) are now living in China side by side with the Western influence and consumerism. (Fu et al., 2007, p. 886.) How much exactly has the Western thinking influenced the society? Some argue that the Western values have only had a very superficial influence in China and that China will most probably never become like the West or Western. It is more likely that the Chinese will adapt some Western practices that they see as useful. (Fu, Wu, Yang, & Ye, 2007, p. 904–906; Lee, 2003). That been said, the Chinese Millennials might be more open towards adapting Western practices especially in terms of leadership practices (Ren, Wood & Zhu, 2015).

Before China's economic reform, business leadership in Western sense did not even exist in the country as all the organizations were state owned and they followed the directions set by the party-state. There was no need for business leadership studies as the only task of leaders was to control that the factories would produce the set amount of products. Leadership studies as a field of study arrived in China only after the economic reform started when also the first business schools started to operate in the country. (Fu & Wu, 2000.) The changes in the Chinese society have increased the pressures on the business leaders. Company owners are expecting a lot from the CEOs and managers and the old Chinese traits for a good a leader might not be enough in the current business environment. (Fu et al., 2007, p. 893–896.)

Traditionally, unselfishness and faithfulness have been important values in the Chinese society. The subordinates have been expected to be loyal and respectful towards their

leaders, but these values might be changing. The societal changes and economic growth have made Chinese people become more individualistic as the state does not offer the people a secure job anymore. Especially the Millennial generation tends to be more independent and they often move to another city to study. In the working life, the people have now the possibility to change jobs, which leads to people being less loyal towards their employers. (Fu et al., 2007, p. 890.) The experiences that children have at home and at school will in the future influence the relationship between leaders and subordinates. If the children are given a lot of freedom at home and school to decide over issues concerning themselves, this is likely to reflect in a lower hierarchy at workplaces. (Hofstede, 2001, p. 82.) Not only have the Chinese Millennials been affected by the economic change and the Western influence, but also their family life has been very different from that of the earlier generations. Many Chinese Millennials have been the only child in the family due to the one child policy that started in 1979 and this has let them to be the center of attention of both their parents and four grandparents. Some have argued that the Chinese Millennials have a lower emotional intelligence than the former generations. The “little emperors” (*xiaohuangdi*), pampered only children, might be more selfish and less considered of others than the earlier generations. (e.g., Yu, 2005.)

In their book Ren, Wood, and Zhu (2015) demonstrate how Chinese businesses are facing a leadership crisis, as there are not enough qualified business leaders. China needs to upgrade its business leadership in order to be able to integrate better to the global market economy. Without high-level business leadership, the Chinese companies will not be able to manage employees and thus will not prosper. This will later make the economy to slow down significantly if the leadership issues are not tackled in time. Ren et al. (2015) also argue that the Millennial generation is more aware of the ‘leadership gap’ in China and is willing to develop the needed leadership skills. (Ren et al., 2015.) It is important to understand better the Chinese Millennials and their views to be able to tackle China’s business leadership crisis.

Recent studies indicate that Chinese Millennials tend to be more individualistic and hold less Confucian and other traditional values than the earlier generation. The Millennials are very technology-savvy and many of them embrace Western values. The Chinese Millennials also want to express themselves and are freer to make choices regarding their own lives. Furthermore, the Chinese Millennial generation seem to want more flexibility and build up a good relationship between different organization levels. On the other hand,

they tend to be more materialistic and value high salaries. The differences in the values of the different generations might lead to conflicts and misunderstanding at the Chinese organizations as the older generation that still holds the managerial posts do not understand their Millennial subordinates, who might prefer more individualistic, more equal and less authoritarian way of leadership. (Zhang, Chen, Chen, & Ang, 2014; Ren et al., 2015.)

The leaders should always adapt to the changes happening in the environment and especially to their subordinates' changing needs. In order to influence their subordinates, leaders must change their leadership behavior (Zhang et al., 2014a.), but in China this is a very difficult task as the Chinese managers find it very difficult to relate to their Millennial subordinates (Henry, 2011, p. 3). Thus, it is very important to make the different generations understand each other and give more light on how Chinese Millennials want to be lead. Therefore, studying the Chinese young people and their changing values is important for the practical implications to make Chinese business leadership more suitable for the Chinese Millennials. This will benefit both the leaders and the subordinates in the Chinese organizations.

1.3 Research Goal and Research Questions

Orientalism is a term that means the way that Europeans and Americans have come in terms with the Orient. Said (1978) separates three different kinds of orientalism that are interdependent: 1) orientalism as an academic field of study 2) orientalism as a style of thought (imaginative) and 3) orientalism as a way for the West to dominate and rule over Orient. Said's important argument is that Orient has not had itself a say on how it has been defined and what has been written about it. Orient is a European creation (later also American) that was needed for Europeans to identify themselves as a group. China and the rest of the Orient has been made to serve as the other. The other is needed in order to create the self; the West has needed the Orient to become the West. Said mentions the French and the British having the longest traditions of orientalism, especially due to their colonial rule. Orient cannot be geographically located to any particular place and it has no corresponding reality. The Orient has been born through imagination, vocabulary, history and tradition that have made it real in the minds of the Western people. Said writes that hegemony gives orientalism its strength. The European cultural hegemony relied on seeing the Oriental culture as backward. (Said, 1978.)

West has always tended to see China the way it wants to see China. Orientalism can be seen in the Western leadership research that focuses on Chinese leadership. The Chinese leadership is often simplified and it often serves as a synonym for Confucianism. Many Western scholars and business people have been expecting China to adopt more Western like business leadership style as it sees the Chinese leadership as inferior. Western scholars often neglect the diversity of Chinese leadership. (Chen & Lee, 2008; Wang & Chee, 2011.) In addition, many think that economic development and westernization go hand in hand or that globalization and westernization would be synonyms. Neither are true. (See Chapter 2.) As the naval officer, writer and politician Steven King-Hall wrote in *Western Civilization and the Far East*: “*China and the Chinese are words which embrace so vast a subject that any attempt to set out details inevitably obscures the main features of the subject... China, like statistics, can be made to supply apparent proof for any preconceived reason.*” (King-Hall in Wang & Chee, 2011, p. 3.)

This thesis wants to give voice for the Chinese people themselves and tries to avoid continuing the tradition of Orientalism in the leadership research. The theoretical framework has been constructed by including both the Western views and the indigenous views on Chinese business leadership. The empirical work wants to give voice for the Chinese Millennials by using the method of empathy-based stories. The research goal is to determine how Chinese Millennials see business leadership. The research goal is not to produce generalizable or exact results, but rather create new topics for discussion and new hypotheses to be tested in future research. It is important that new kind of discussion be awakened among Sinologists and more particularly among Western scholars who study Chinese business.

This thesis focuses on the organizational level of leadership, called in this thesis as business leadership. Political leadership is excluded in this thesis as such, but business leadership can help to understand also political leadership and what people expect from their leaders in a general level. There are two research gaps in the field of research on Chinese management and leadership. First, the focus of the studies has been on the leaders and the research has highly contrasted the differences between Western and Chinese leaders. Secondly, the young generation that has been born after Mao’s death has not been studied much. This thesis attempts to fill in these two research gaps by giving voice to Chinese Millennials.

Rather than comparing Chinese culture to any other national culture, this thesis tries to find the possible new voices among Chinese Millennials who would be able to break the stereotypes created by the cultural studies and business leadership studies. This thesis tries to challenge the heroic leader paradigm that has been dominating both the leadership research in general and even more so the Chinese leadership research.

One of the central targets of this study is to understand Chinese leadership from the aspect of power distance defined by Hofstede. This is because power distance has been said to be the national culture's element that affects leadership practices the most. It is therefore important to define to what extent do the Chinese Millennials hold the elements of strong power distance.

The research questions of this Pro Gradu thesis are:

- 1) Which indicators of power distance defined by Hofstede (2001) do the Chinese Millennials hold and to what extent?
- 2) How do Chinese Millennials talk about leadership?
- 3) What kind of leadership styles and practices do the Chinese Millennials prefer?

The future of Chinese business leadership will be discussed in this thesis. When we talk about future, two things should be kept in mind: 1) future is something that does not exist 2) the idea that we have of future will direct our current behavior. (Mannermaa, 1986.) Therefore, future is at the same time something very important and very challenging to study and discuss. Our current actions will shape our future. Therefore, it is more important to give reasons and ideas for change of action rather than predict the future. The method of empathy-based stories does not offer clear-cut scenarios of the future, but it gives interesting information on the logic that people use in their thinking. This will give us information on how people think about the future and what different aspects affect their decision-making. (Eskola & Kujanpää, 1992.) Thus, by studying the thinking of young Chinese business and management students of today by using the method of empathy-based stories, we can get some sort of picture on how will they act as leaders in the future.

1.4 Structure of the Thesis

The theoretical framework is composed of two parts: Cultural studies and Chinese (business) leadership studies. The theoretical framework starts with the cultural studies. It discusses mainly the views of Hofstede (2001) and the critique given towards his work. The third chapter is dedicated to explaining the Chinese leadership studies. The third chapter starts with looking into the different traditional Chinese schools of thought that have formed different leadership theories. The third chapter also discusses the modern Chinese leadership theories.

The methodology is discussed in the fourth chapter. The method of empathy-based stories is explained in detail. The fourth chapter also introduces the data gathering and data analysis that were used in the empirical research. Fifth chapter introduces the results. Fifth chapter begins with explaining the variety between the different responses. Chapter 5.2 introduces the results regarding the power distance dimension of Hofstede's cultural framework. Chapter 5.3 offers a more in-depth analysis of the responses.

The final main chapter of the thesis offers further discussion on the empirical research and theoretical framework. In Chapter 6.2 some practical implications of this thesis are given. The thesis finishes off by discussing the limitations of this study and gives suggestions for further research.

In appendixes, you may find the introductory scripts both in English and in Chinese.

2 (CROSS-) CULTURAL STUDIES

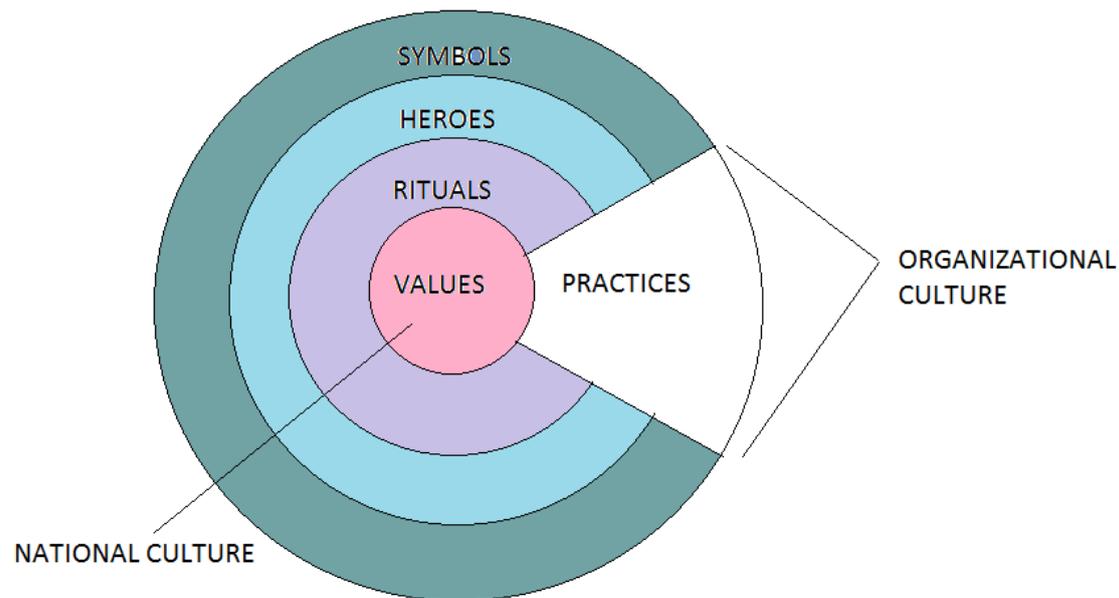
This second chapter discusses cultural studies. Chapter 2.1 starts with posing an important question about the meaning of the word ‘culture’ and it describes the famous cultural framework model created by Hofstede (2001). Special focus is given to Hofstede’s (2001) cultural framework model’s power distance dimension in Chapter 2.2 and its effects in China. Chapter 2.3 is dedicated to explaining another cultural dimension named ‘Confucian dynamism’.

2.1 Cultural Studies

First of all: What is meant by culture? There is no universal definition for the word culture. A superficial meaning of the word is used when talked about culture as the arts, but in this thesis, the focus is on the wider concept of culture. Most of the definitions do agree that one characteristic of a culture is that a certain group of people have some characteristics that makes them different from other groups of people (Chokkar, Brodbeck & House, 2007, p. 3–5). Probably the most famous definition of culture goes as follows: “*Culture is the collective programming of the mind distinguishing the members of one group or category of people from others.*” by Hofstede (2001, p. 4). Hofstede’s definition is good, but it lacks some elements, as culture is something that includes the important values of people. Culture becomes visible in rituals, symbols and individual heroes. (Kluckhohn, 1951, p. 86; Hofstede, 2001, p. 10–11.) Thus, the definition of culture used in this thesis will be the same as used by House and Javidian (2004, p. 15): “*Culture is shared motives, values, beliefs, identities, and interpretations or meanings of significant events that result from common experiences of members of collectives and are transmitted across age generations.*” Culture is therefore something that is learned in human interaction within a certain group of people.

In order to understand organizational culture, one must understand national culture first as the practices of an organizational culture derive from national culture (Hofstede, 2001, p. 11, 71). Especially studying leadership in the Chinese context, understanding the national culture becomes extremely important (Chen & Lee, 2008; Wang & Chee, 2011; Ren et al., 2015, 16). In Figure 1, the levels of organizational culture are presented. Values come from national culture. From the figure, we can see how values are the inner most layer of organizational culture and form the basis for it (Hofstede, 2001). From

values, the model moves to rituals, heroes and symbols. The practices in an organization include all of those three layers. When we move from values to symbols, we move from the most difficult noticeable elements of organizational culture to the most easily noticeable ones. Symbols are something that anyone can easily pick up when walking to an organization as they materialize in images, branding and marketing. (Hofstede, 2001; Hofstede, Hofstede, & Minkov, 2010).



The Different Levels of Culture (Hofstede, 2001)

Figure 1. Different Levels of Culture

National culture affects the way people relate to their work and managers (Gelfand, Erez, & Aycan, 2007; Tsui, Nifadkar, & Ou, 2007). Therefore, the cultural framework studies is the starting point for the theoretical framework of this thesis. Geert Hofstede and his associates have created the best-known national culture framework. Hofstede's research was first done in the 1970's in different international units of IBM originally in 53 different countries. The four dimensions of culture that were identified in the IBM studies were 1) Power Distance 2) Individualism vs. Collectivism 3) Masculinity vs. Femininity and 4) Uncertainty avoidance. Later two more dimensions were added into the model, namely long-term orientation and indulgence. (Hofstede, 2001.)

In Figure 2, we can see the scores that China gets on the Hofstede's cultural framework model. The scale goes from zero to 100 and the bigger the score the more the country holds values of that particular dimension. China gets high scores on three dimensions:

Masculinity (66), Power Distance (80) and Long Term Orientation (87). China has scores low on the other three dimensions: Individualism (20), Uncertainty Avoidance (30) and Indulgence (24). (Hofstede, 2001; 2017.)

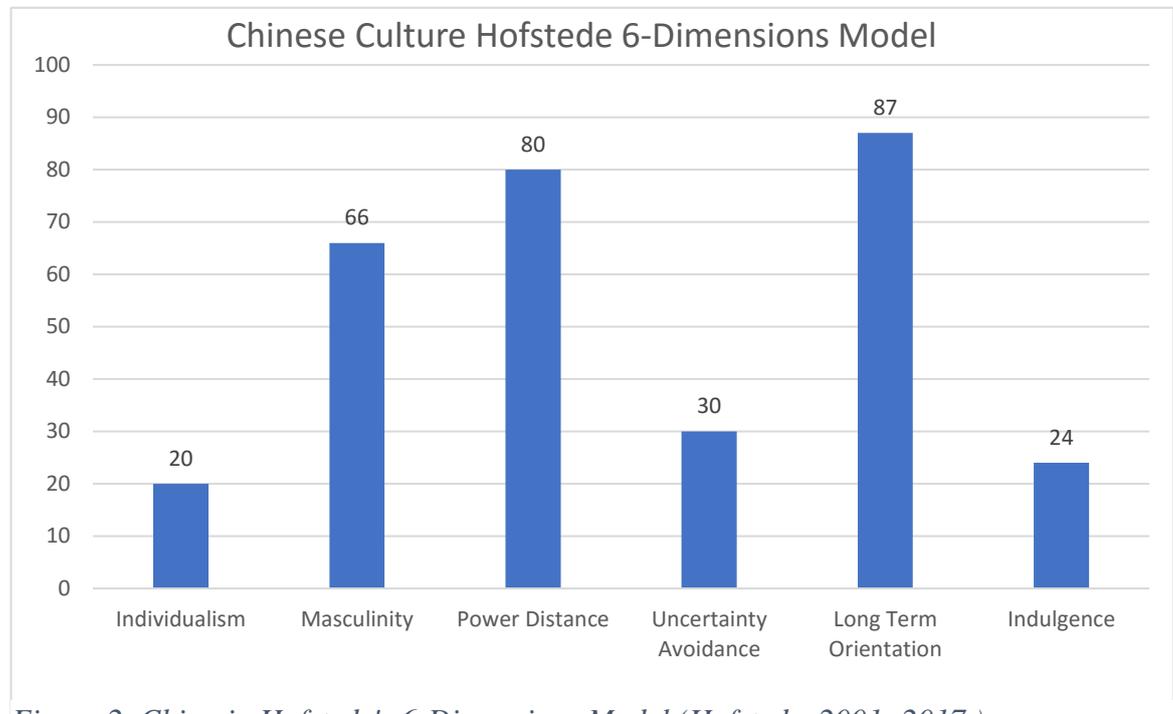


Figure 2. China in Hofstede's 6-Dimensions Model (Hofstede, 2001; 2017.)

This study will focus mainly on power distance as it affects straightforwardly the leader-subordinate relationship. Power distance means the level that people are willing to accept inequality. Countries like China that are scoring high in power distance dimension have normally centralized authoritarian regimes. In the organizations, subordinates are controlled and given direct orders and the wage differences are big. (Hofstede, 2001.) In the following chapter 2.2, the power distance dimension will be discussed in further detail. The other dimensions identified by Hofstede (2001) deal more with other aspects of life. The individualism-collectivism axis affects the function of organizations and work arrangements, but it is not tightly connected to leadership. In Chinese culture, collectivism is connected to the concepts of *guanxi* and *mianzi* (see Chapter 3.5). (Hofstede, 2001.)

The GLOBE studies have created another famous cultural value framework with a special focus on leadership. The findings of the GLOBE studies on 62 societies support Hofstede's findings in many aspects. In the GLOBE studies, power distance was also identified as one of the key cultural dimensions. (House, Hanges, Javidian, Dorfman &

Gupta, 2004.) In their article *In the eye of the beholder: Cross-cultural lessons in leadership from Project GLOBE* Javidan, Dorfman, de Luque, and House (2006) explain how national culture affects what is seen as good and effective leadership. National culture affects people's conceptions of how a good leader behaves and acts. (Javidian et al., 2006.)

The national culture frameworks have gained a lot of criticism. Especially Hofstede's arguments have been criticized for being too deterministic in the way that he assumes national cultural values to affect people's behavior. Often the differences may vary more inside a nation than between different nations. Individual values have been said to prevent more people's behavior than cultural values. (Kirkman, Lowe & Gibson, 2006).

In addition to Hofstede's studies and the GLOBE studies, there is plenty of literature available about cross-cultural management, which discusses cultural differences in relation to business leadership issues. There have been various books written about how to manage Chinese employees. These books and articles are written by Western people to be read by other Western people. (e.g., Alon, 2003; Farh, Hackett, & Liang, 2007; Newman, & Nollen, 1996; Pillai, Scandura, & Williams, 1999; Walumbwa, Lawler, & Avolio, 2007; Goodall Li, & Warner, 2007.) There is also plenty of literature that is meant for doing business in China and it compares Chinese culture with Western culture. Most often, the comparison is made to American people or organizations. (e.g., Buttery & Leung, 1998; Jia, Lu, & Heisey, 2002; Selmer, 1998; Neidel, 2010.) This kind of literature is implicitly often orientalist as it tends to simplify the Chinese culture and creates stereotypes. The cross-cultural leadership books and articles might be a good read for expatriates who do not have the time to study Chinese culture properly for years. The commercial publications are necessary as without them many expatriates would be lost when trying to lead their Chinese subordinates, but it is important to realize that often they offer simplistic advices and notions. As effectiveness of certain leadership practices depends on the cultural context (Goodall et al., 2007), it is important that cross-cultural leadership research will in the future be more in-depth and less objectifying.

2.2 Power Distance

Hierarchy and its nature in human species has been a long-debated topic. Is hierarchy natural for human species? Is it inherent or is it something that we learn? Within other animal species, leaders are the physically strongest individuals. In human species, hierarchies are created through status. Human interaction, which is made possible through the usage of language, makes it possible for us humans to give higher status for some people than for others. Pure physical power is not the determinant in most human hierarchies. (Dubreuil, 2010.) Hierarchy is present in every national culture, but its forms differ a lot from culture to another. In some cultures, it is preferred to give power to selected few, whereas some cultures prefer power to be distributed to as many people as possible. Power distance is the dimension of Hofstede's cultural model that defines in which way power is distributed within society. (Hofstede, 2001, p. 79–82.)

All organizations are hierarchical to some extent and there are many ways to divide power within hierarchies. Therefore, it is more important to look into the leader-subordinate relationship than look at the organizations' hierarchical structures. This is in fact what the power distance dimension intends to do. (Hofstede, 2001, p. 82.) Hofstede (2001, p. 79) defines power distance as follows: *“The power distance dimension deals with the fact that all individuals in societies are not equal – it expresses the attitude of the culture towards these inequalities amongst us. Power Distance is defined as the extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally.”* Power distance means the level that people are willing to accept inequality. Countries like China that score high on power distance dimension, have usually centralized authoritarian regimes. In the organizations, subordinates are being controlled, given direct orders and the wage differences are big. (Hofstede, 2001.)

According to Pye (1988, p. 182–214) the Chinese approach power as something that is given from above to the hands of one or in maximum a few supreme leaders. The public does not question the power and capabilities of their current leaders; the current leaders are treated as omnipotent. However, the former leaders might be criticized and their mistakes are admitted. Pye writes that this stems from the Chinese people's optimism towards the future of their nation. The leaders in power are given full support as the

Chinese people want to believe in the image of the great future painted by their leaders. Pye writes: “*No other political culture relies so much on the psychological pleasure of suspending disbelief.*” (Pye, 1988, p. 183). Business leaders such as Jack Ma and Wang Jianlin seem to hold somewhat similar position in the minds of Chinese people as the political leaders (e.g., Duncan, 2016).

Pye (1988) writes that the omnipotence of the leaders in China is due the Confucian family ideal, where the father was the all mighty head of the family and could rule his wife and children unquestioned by them. This then further expanded to the local villages and then further on to provinces. (Pye, 1988, p. 186.) The father is expected to keep his plans and possible worries hidden away from the other family members. The father as the family’s authority figure does not need to explain his decisions and he cannot be questioned. Therefore, from early age the Chinese learn to deal with the authority as something that cannot be shamed, but instead can be pleased and praised for getting preferential treatment. (Pye, 1988, p. 198–200.) This thus led to the importance of personal relations, *guanxi*, as the basis of dealing with officials and business leaders (see more in Chapter 3.5).

The effects of high power distance and low power distance within organization are presented in Table 1. Countries that score high on power distance often have centralized authority, which means that few people have access to power. Organizations models are often high pyramids. In high power distance cultures, hierarchy is seen to stem from existential inequality between people, in other words, people are born unequal, whereas in low power distance countries, hierarchies are seen as practicality. People are often not trusted and they are heavily controlled in countries that score high on power distance. The ideal leader in high power distance countries is a benevolent despot. The subordinates expect their leaders to be told what to do. Information is not distributed to everyone inside organizations, but it is only given to the highest-ranking leaders. The differences in wages and other work related benefits are huge in countries scoring high on power distance. (Hofstede, 2001, p. 103–110.)

Low Power Distance	Strong Power Distance
Inequality should be avoided	Inequality is natural
Several people participate in decision making	Central authority
The opinions of subordinates are important in decision making process	The opinions of subordinates do not need to be considered
Ideal leader is democratic	Ideal leader is a father figure or a benevolent despot
Organization models vary	Hierarchical pyramid model
Hierarchy exists because of practical reasons	Hierarchy exists because people are born unequal
Subordinates are given a lot of freedom	Subordinates are being controlled
Leader guides subordinates	Leader tells subordinates what to do
Information is given to everyone	Information is given only to leaders
Small differences in wages and other benefits	Big differences in wages and other benefits
Subordinates participate in creative work	New ideas are always checked by the leaders
Subordinates can easily complain about their leaders	It is difficult to complain about leaders

Table 1. Differences between low and strong power distance (Hofstede, 2001, p. 103-110).

In countries with low power distance, people have more possibilities to complain about their leaders and their misconduct. In countries with high power distance on the other hand, people are not given the possibility to express dissatisfaction and often the only possibility for them to try to make a change is to arrange a demonstration. (Hofstede, 2001, p. 103–110.) Although the Confucian leadership is based on a strict hierarchical order, it is seen as necessary for the subordinates to protest against any wrongdoing of the leaders. In fact, group protests are a commonly used way in China to try to make changes. This kind of group protests tend to act within the current rules and laws and they are targeting the leaders to act according to the common rules. There are also protests that try to make changes in the rules and laws, but those might not be as efficient as the former mentioned. The Tiananmen protest in 1989 is an example of a protest, where big changes were demanded, and therefore it was suppressed with violence. (Paltemaa, 2005.) Moreover, ‘revolution’ is understood in Chinese culture completely differently than in Europe. In the European culture, revolution bares the meaning of ridding leaders of their power and giving it to people. The Chinese revolution is far from the “equality, fraternity and liberty” ideal of the European revolutionaries. The Chinese revolution on the other

hand means that power should be centralized through collective means, and the system should be rid of competitive powers. (Pye, 1988, p. 189–190.)

In Chinese organizations, the strong power distance can be seen as strict limits in power and job tasks. Even middle-level managers do not have the authority to decide over their own work or the work of their subordinates, but instead they need to consult always the highest management level. The Chinese subordinates will not take tasks that they see as being too demanding for their skills. (Tian & Cone, 2003.) Hofstede (2001) describes effects of high power distance in China as follows: *“China sits in the higher rankings of PDI – i.e. a society that believes that inequalities amongst people are acceptable. The subordinate-superior relationship tends to be polarized and there is no defense against power abuse by superiors. Individuals are influenced by formal authority and sanctions and are in general optimistic about people’s capacity for leadership and initiative. People should not have aspirations beyond their rank.”*

Besides asking what the current situation of power distance is Fu, Wu, Yang, and Ye (2007) wanted to know what level would the Chinese people want the power distance to be. They found out in their study that people would prefer lower power distance (meaning less hierarchy) than what the current situation is. This shows that Chinese people would probably prefer a more equalitarian society. (Fu, Wu, Yang, & Ye, 2007.) Especially the Chinese Millennials might hold values that are more equalitarian. The Chinese Millennials have not yet even reached the middle-management positions, as most of them are still students. The changes in organizations will happen slowly, as it will take a decade or two before the Millennials will reach a position in the organization where they can make significant changes. The current leaders might also need to change their behavior as more Millennials enter the work market and start demanding for changes in the leadership style. (Fu et al., 2007, p. 891–892.) The results of the empirical work in this thesis will give some indication on how the Chinese Millennials’ relate to Power Distance.

2.3 Confucian Dynamism

Hofstede and associates also tried to connect national culture’s traits with economic performance already in their 1980’s publication. Individualism was then connected to economic wealth, but this could not explain the fast economic growth of the Asian

Dragons (Singapore, Hong Kong, Taiwan, Japan and South Korea). About ten years after the IBM research, Michael Harris Bond made a survey based on Chinese values. The new survey helped to identify a fifth cultural dimension which is called 5) Confucian Dynamism. This fifth dimension is tightly connected to the Confucian values. The countries that have a high score in Confucian dynamism respect those Confucian values that are future oriented. Hofstede and Bond connect Confucian dynamism to economic growth, as these countries scoring high on it are collectivistic but at the same time future oriented. Four of the five Asian dragons have top scores in Confucian Dynamism. Hofstede and Bond write that besides culture, market and political context need to be suitable in order to have strong economic growth. (Hofstede & Bond, 1988; Hofstede, 2001.)

The Chinese Value Survey in which the Confucian Dynamism dimension was identified was done only in 20 different countries. The survey included questions that were purely based on Chinese values. Already the name of the survey reveals that the researchers had strong expectations about the results they would get. Hofstede and Bond (1988) themselves also note that many of the questions asked in the surveys were not understandable for Western students. Therefore, the fifth cultural dimension is more a creation of Western researchers' preconditions than an empirical outcome. In the article, academic orientalism can be seen clearly, as Hofstede and Bond make a strong division between East and West. Hofstede and Bond talk about Eastern and Western minds and make a strong distinction in the thinking between Western people and Eastern people. Although Hofstede and Bond (1988) write about the importance of understanding how researcher affects his/her research, they themselves are not able to fight the strong hold that orientalist thinking has on them.

3 CHINESE LEADERSHIP

This third chapter discusses the Chinese leadership studies. Chapter 3.1 explains how the Chinese leadership theory has come into being and tells about the diversity of Chinese leadership theories. Chapter 3.2 discusses the influence of Western culture and theories on Chinese business leadership. Chapter 3.3 looks into the various Chinese schools of thought and how each of them forms their own theory of leadership. Chapter 3.3.6 discusses the modern theories of Chinese leadership. Chapter 3.4 discusses how some Chinese leadership scholars have created leadership theories from political leaders' ideologies and leadership practices. Chapter 3.5 introduces the importance of the concepts of *guanxi* and *mianzi* in leadership and management theories in the Chinese context.

3.1 Development and Diversity of Chinese Leadership Theory

Since the 1980's China has become one of the main global economic drivers and yet there is a lack of understanding of Chinese leadership. The Chinese leadership has made a significant contribution to the world economy, but it is only during the last decade that a theory of Chinese leadership has started to form. (Zhang et al., 2014a) As it is such a recent research topic, there is no coherent theory of Chinese leadership. Some Chinese leadership concepts come from as far as the first dynasties, from the times of Confucius and Laozi and some from the market economy that has been in the country for only three decades. Traditional values, communist ideologies, economic reform and Western management theories and practices together shape the Chinese leadership behavior (Tsui, Wang, Xin, Zhang & Fu, 2004).

Historically, the formal power structures have not been as significant as the personal relationships in China. In the past, Chinese officials were rarely loyal to the particular organization. Instead, the officials were more loyal towards personal ties and smaller in-groups. (Pye, 1988, p. 292–293.) Traditionally the Chinese people respected people with a good education. The Chinese leaders, before the Communist era, had to go through years of education in the old meritocratic society. During the last dynasty, *Qing*, the Chinese officials were supposed to follow a strict education system based on the Confucian tradition. (Fu et al., 2007, p. 893–896.) However, in the past hundred years and even more so after Mao's death, the Chinese society has changed dramatically in a

pace unprecedented by most. Chinese leadership has undergone change the same way that the Chinese society has done. The Chinese enterprises have become globally competitive and successful. The economic reform and fast changes in the societal environment has changed the values, behavior and attitudes of the Chinese people which has further changed the reality in Chinese organizations. (Zhang et al., 2014a.)

Zhang et al. (2014a) recognized three different phases in the development of recent Chinese business leadership. The first phase was during the beginning of the opening up policy in the 1980s and 1990s. Then the role of *guanxi* and good relations to the government were very important. The second phase of business leadership came about when China started to proceed with marketization in the late 1990s. This meant that the role of *guanxi* became less important and business competence and the capability to develop the organizations became more dominant. The latest phase of Chinese business leadership started when China joined the WTO in 2001 and opened up the Chinese market for foreign companies. (Zhang et al. 2014a.)

Besides the huge gap between different generations, one reason why it is difficult to find a coherent theory of Chinese leadership is that different kinds of organizations in China have very different kinds of leaders. Chen and Lee (2008) have identified three main types of businesses in China, namely state owned enterprises (SOEs), private Chinese businesses and multinational corporations. They all have their own characteristic leaders. The leaders in SOEs are governmental businesspeople. They all have a higher education degree. Private Chinese businesses are often either run by scholarly business people, who have a higher education degree and run their business in the Confucian leadership style; or there are also the uneducated former peasants who became business people already under Deng, but now many of these people have passed their businesses to their children, who have a higher education. Multinational corporations on the other hand prefer hiring Chinese students who have studied overseas. Chen and Lee (2008) note that the Western scholars have given multinational corporations most attention, which has biased the picture many have of Chinese leadership. (Chen & Lee, 2008.)

Scholars who have studied Chinese national culture and leadership have created a certain stereotype of a Chinese leader. The questions that are asked and formed in leadership research are based on the assumption about the strong power distance that was identified by Hofstede in his 1970's cultural studies. The starting point for leadership studies has

been that strong power distance and the Confucian authority chain are the current reality in Chinese organizations. The ideal Chinese leader is often described as a benevolent father like figure (Fu et al., 2007). In addition, the research interest regarding Chinese leadership has been overemphasizing Confucianism. However, Confucianism and Confucian style leadership is only one of the many philosophies that affect Chinese leadership. (Chen & Lee, 2008; Wang & Chee, 2011.) Confucianism has for sure been the most influential traditional school of thought, but there has been fluctuations in its importance. The other schools of thought must not be neglected, when discussing Chinese leadership. (Ren et al., 2015, p. 35).

Chinese scholars have on their behalf tried to create a leadership theory that would describe the leadership phenomenon in the Chinese context. This goal has not been met and the research has mostly been focusing on validating Western theories in the Chinese context. The Chinese scholars tend to choose topics that have already been widely studied internationally, which makes it impossible for them to create anything new that would be uniquely Chinese. (Zhang et al., 2014a.) In addition, most of the business leadership research in China has been focusing on micro level issues. In the Chinese business leadership research, there is a lack of understanding of larger scale socio-economic change. Even the Chinese scholars have been focusing on international mainstream 'hot topics' that actually cannot grasp the Chinese context fully.

According to Zhang et al. (2014a), there have been three streams of leadership research in the Chinese context. The first stream of research applies Western theories to Chinese context and tries to prove that the theories are applicable in China without moderation. The second stream of research modifies the Western theories and constructs and then applies them to the Chinese context. The third stream of research on the other hand has tried to create new constructs and theories to understand Chinese business leadership. (Zhang et al., 2014a.) Although Western leadership theories are often applicable when it comes to business operations, leading people requires understanding of the traditional values in China (Zhang, Chen, Liu & Liu, 2008). The heroic-leadership understanding has been adapted to the studies done on Chinese organizations, as most of the research focuses on the different levels of management, from top-managers to team leaders (Chen & Tjosvold, 2006).

The diversity of Chinese leadership style might be confusing for some. The Western leadership style tends to be that of finding the best competencies, whereas the Chinese leadership is based on schools of thought that tend to be in many ways contradictory. The Chinese thinkers and philosophers have since the times of Book of Change (*Yi Jing*), that goes back almost three millennia, thought that change is all pervasive, ever-present and everything in this world is a continuum of earlier events. Based on the Chinese traditional thinking, also leadership practices should be changed according to circumstances and no such thing as the ultimate best leadership style can be found. (Chen & Lee, 2008; Wang & Chee, 2011.) As everything is under constant change, so must the leaders be able to adapt to different situations and play different roles. Mao Zedong was a great example of a leader with many roles. He was able to incorporate the Chinese wisdom of constant change in his leadership style and this is what made him a strong leader (See more in Chapter 3.4). (Wang & Chee, 2011.)

3.2 Western Influence

The 20th century in China was the time of turbulence. The modern history of China has left the country with both the traditional and modern thought co-existing. Three major ideologies in China have been identified by scholars: 1) traditional thinking that is predominantly Confucianism 2) Marxism with Chinese socialist thinking 3) capitalism 'with Chinese characteristics' (Chen & Lee, 2008). The reality of Chinese business leadership is constructed through traditional influence, market influence and Western influence (Ren et al., 2015, p. 76).

In terms of both quantity and quality of publications, the most studied stream of Chinese leadership studies is one that draws from the Western paradigm. The research conducted by Ren et al. (2015) shows that the amount of Western theories compared to indigenous ones in Chinese leadership research is threefold. Cross-cultural and indigenous approaches have been neglected both by the Western and indigenous scholars. The problem with applying Western theories to the Chinese context is that it does not consider the cultural context nor does it consider the usefulness of the Western theories. There is no denying that the Western leadership has affected the Chinese businesses and the Chinese modernization has benefited from the Western theories, but in order to understand better the complexity of Chinese leadership one must be aware of the underlying cultural elements. (Ren et al., 2015, p. 77–82.)

There has been speculation that Chinese organizations would adapt Western kind of leadership practices and that they would adopt Western organizational culture. However, it is very unlikely that this would happen. The Western leadership theories have had an impact especially when it comes to task related management, but the traditional Chinese schools of thought have had more impact on how leaders govern their subordinates (Chen & Lee, 2008; Zhang et al., 2008). Chinese business leaders have adapted some of the Western business practices, but their leadership style has been fundamentally relying on the traditional Chinese leadership theories (Wang & Chee, 2011). In China, new theories and philosophies are not seen as challenging the traditions, but rather as something that can be added to the already vast pool of thoughts and theories. (Chen & Lee, 2008; Wang & Chee, 2011).

3.3 Chinese Schools of Thought and Theories of Leadership

Ren et al. (2015) write that where the Western mind tends to search for absolute truths with the help of scientific theory, the Chinese emphasize the importance of the way of life. Finding harmony within oneself and within society is more important than the ultimate truth. An emphasis is rather on an inward looking self-awareness and self-cultivation rather than searching final truths from doctrines or theories. (Ren et al., 2015, p. 38–39.) This is why the traditional schools of thought are of great importance in the modern Chinese leadership theories. In addition, the traditional schools of thought include many practical examples about governing and leading people. (Chen & Lee, 2008; Wang & Chee, 2011; Ren et al., 2015, p. 16.)

The Chinese leadership theories that derive from the ancient Chinese schools of thought have a few common traits that make them different from the Western ones. The basis of every major Chinese philosophy is that everything is in constant change. The Chinese philosophies reject the idea of extremes and simple right-wrong answers and black-white thinking of the West. Self-cultivation and gaining wisdom through experience are appreciated more than individual skillsets. Another common feature that can be found in Confucianism, Daoism, Mohism and the School of Yin-Yang is the concept of harmony; to maintain harmony one must try to avoid extremes such as strong emotional expressions. The traditional schools of thoughts give answers to issues in society; they were not created for any one particular leadership issue. (Ren et al., 2015, p. 34; Chen &

Lee, 2008.) However, the traditional schools of thought can be used as general guidelines on how to be a good leader. The traditional theories are not exclusive, meaning that one leader can adopt many of the theories.

In Table 2, the seven major schools of philosophy of Ancient China are presented with their application to leadership practices. The seven schools of thought are 1) Confucianism (*Ru Jia*) 2) Daoism (*Dao Jia*) 3) School of Yin-Yang (*Yin-Yang Jia*) 4) School of Name (*Ming Jia*) 5) Legalism (*Fa Jia*) 6) Mohism (*Mo Jia*) 7) Militarism (*Bing Jia*). In the second column, the founding fathers and the main representatives of each school of thought are presented. The third column discusses the focus of each school and the fourth column gives some examples of the basic theories of that school. The fifth column shows some examples of the leadership practices related to each school.

Five of the seven leadership theories will be discussed further in the following sub-chapters 3.3.1–3.3.5 as they have been most discussed in the Chinese business leadership research: Confucianism, Legalism, Daoism, Mohism and Militarism, and the five different leadership theories that have been formed from them are Humane, Institutional, Naturalistic, Altruistic and Strategic Leadership Theories. In fact, the School of *Yin-Yang* is seen by many as the foundation for all the other schools of thought. The School of Name has been the least discussed school of thought and it has not been recognized by many leadership scholars, thus it is left out from the further discussion. (Ren et al., 2015; Chen & Lee, 2008.) The Humanistic leadership approach has roots in Confucianism; the Legalistic Chinese leadership approach derives from Han Feizi; the naturalistic one has its roots in Daoism; altruistic in Mohism; and the strategic one in the Sunzi's *Art of War*. (Henry, 2011, p. 77; Seow, 2003.)

TABLE 2. TRADITIONAL SCHOOLS OF THOUGHT IN CHINA (Fung, 1948, p.30–37 and Lee, 2000, p.1066 in Chen & Lee, 2008, p.2).

Schools	Pioneers and representatives	Basic focus	Central concepts	Leadership practices
Confucianism (<i>Ru Jia</i>)	Confucius (<i>Kongzi</i>), Mencius (<i>Menzi</i>) and the literati	Social order and hierarchy	<i>ren</i> (humanity), <i>yi</i> (righteousness), <i>li</i> (ritual), <i>zhi</i> (knowledge), <i>xin</i> (trust), and <i>xiao</i> (filial piety)	People are not equal, Leaders like benevolent fathers: caring but controlling
Daoism (<i>Dao Jia</i>)	Laozi, Zhuangzi, Lie zin and the hermits	Naturalistic, Way of becoming one with the Dao	<i>Dao</i> (the Way), <i>de</i> (morality), <i>zi ran</i> (nature), <i>shui</i> (water), <i>wei wu-wei</i> (active non-action)	Hierarchy is bad, great leaders lead without being noticed, self-cultivation
School of Yin-Yang (<i>Yin-Yang Jia</i>)	Fu Xi, King Wen and the practitioners of occult arts and astronomy	<i>Yin-Yang</i> opposites	The Book of Change Five elements (metal, wood, water, soil and fire)	Accepting differences, Compromises are not necessary Everything is changing constantly
School of Name (<i>Ming Jia</i>)	Hui Shi, Kong Sun Long and the debaters	Relativity and universals	Interest in language and its relation to material world	Leaders should engage in disputation, seek what is real
Legalism (<i>Fa Jia</i>)	Han Feizi and the men of methods	Laws and rules made by man	Clear rewards and punishments	Controlling people with rules and laws
Mohism (<i>Mo Jia</i>)	Mozi and the knights	Strict organization and discipline, no war	All-embracing love ' <i>jian ai</i> ' and technology to prevent war	Centralized & authoritarian organizations, leaders virtuous, sovereign & benevolent, hierarchical & merit-based bureaucracy
Militarism (<i>Bing Jia</i>)	Sunzi (Art of War), Sun Bing, and the war strategists	War is necessary for attaining peace	The best way to win a war is to defeat enemies without actual fighting	Emphasis on strategy, leading like a war general

3.3.1 Humane Leadership Theory – Confucianism

*“If you want one year of prosperity, cultivate grains.
If you want ten years of prosperity, cultivate trees.
If you want hundred years of prosperity, cultivate people.”*
-Chinese proverb-

The humane leadership theory, which is based on Confucianism, emphasizes social order and hierarchy as the basis for leadership. The basic concepts of Confucianism are *ren* (humanity), *yi* (righteousness), *li* (ritual), *zhi* (knowledge), *xin* (trust) and *xiao* (filial piety). (Chen & Lee, 2008.) According to Confucianism, the relationship of an individual to other people and society is guided by morality, righteous behavior and the right attitude. Proper attitude, correct behavior, and morality thus determine hierarchical relationships. (Mielonen, 2005.) The aim of Confucianism is to create a harmonious society in which every person knows his or her place; everyone has a determined social role. The five basic relationships defined by Confucianism are husband-wife, father-son, big brother-little brother, leader-subordinate and older friend-younger friend. All other human relationships are extensions of these five relationships. Relationships require mutual respect, and both parties have their own responsibilities. According to Confucianism, people are not equal; in the above-mentioned five relationships, the first person has authority over the latter. The higher-ranking person must show wisdom and benevolence towards the lower ranking person; the lower ranking person must again show respect and obedience to the higher-ranking person. (Huotari & Seppälä, 1999, p. 181–196.)

According to Confucianism, laws are of secondary importance. Instead, people should be governed by morality. The right kind of behavior of both subordinates and leaders creates a balanced society. (Fu et al., 2007, p. 878–879.) Although in China in the past few decades, there has been a shift towards creating a rule of law and making the organizations follow official regulations, in some organizations, the old Confucian leadership traditions continue to flourish. (Child, 2009; Yu & Wu, 2011.) Confucianism makes the Chinese leaders not to lean on rules and laws, but instead they rely on their personal connections, abilities and power. (Child, 2009) Leaders must primarily act as a moral example for subordinates. (Le, 2003.) A traditional value that derives from Confucianism, is integrity. The Chinese associate integrity with work effectiveness and therefore they prefer leaders

with high level of integrity. (Zhang, Bai, Caza, & Wang, 2014b.) In this kind of approach to leadership, using the sense of shame is very important. When people are lead to feel shame over their wrong doings, they will eventually correct their own bad behavior and therefore neither punishment nor strict laws are needed. (Henry, 2011, p. 78; Seow, 2003.) Professional officials and leaders at Chinese SOEs often use the Confucian leadership style (Wang & Chee, 2011, p. 11).

The filial piety of the traditional Confucian thinking, which affects the family dynamics, can be seen in the way that Chinese people react in the case failures of the authority. As traditionally, Chinese are asked from a young age to suppress expressing natural negative emotions towards their father. This practice is later continued at school were children are shamed by their teachers. This suppression of emotions later in life then resolves into outbursts of anger and aggression whenever leaders fail to do their job properly. (Pye, 1988, p. 297–298.)

3.3.2 Institutional Leadership Theory – Legalism

“The enlightened ruler provides rewards that are achievable and establishes punishments that are avoidable. His charts are obvious to see, so his restraint works; his teachings are clear to know, so his words are followed; his laws are easy to practice, so his orders are obeyed. If the superior insists on these three things without any selfish motive, then the subordinates will be ruled by the law and act in accordance with the instruction of charts.”

(Han Feizi)

The basis of the institutional leadership theory is that human beings are born selfish and evil and therefore need to be governed by law. The institutional leadership theory is constructed around three main concepts: power, law and management technique. First, the leader needs to have power before law and then different techniques can be used to control the subordinates. It is important though that the laws are made clear to the subordinates. The leader does not have the ownership of the laws, but is him/herself also subjected to the law. The subordinates need to be educated about the law, or otherwise they cannot follow it. Behavior must be either punished or rewarded according to the law. (Hwang, 2008; Henry, 2011, p. 76–78.) Historically, these ideals of legalism were not fully implemented, as it was the emperor who constructed the laws and the laws were then only applicable to his subordinates.

The institutional leadership theory holds similarities to the bureaucratic leadership theory of Max Weber in the Western world. The institutional leadership theory sees that leaders should be ranked according to ability and clear rules. Rewards are given according to concrete achievements. Beautiful and empty words or flattering are not regarded highly, but instead action and results are what counts. There are some similarities between Confucianism and Legalism as the latter was born during the era of Confucian rule. The fundamental difference is that Legalism does not see tradition or family ties as important. In fact, according to the legalistic leadership theory the laws and rules must change according to situation; as times change so must laws. Instead, in Confucianism, if you had to rely on laws, it meant that you had failed in your leadership. (Hwang, 2008.)

3.3.3 Naturalistic Leadership Theory – Daoism

*“When the Master governs, the people are hardly aware that he exists. --
If you do not trust the people, You make them untrustworthy.
The Master does not talk, he acts.
When his work is done, the people say, ‘Amazing: We did it, all by ourselves!’”*
(Laozi, Chapter 17)

Daoism gives Chinese leaders the ability to cope with paradoxes. Compared to Western philosophy, where compromises and choices between conflicting opinions are made, in Chinese philosophy opposites are allowed to co-exist. Chapter 66 of *the Way of Dao* can give us an idea about the two opposites within a leader: *“All streams flow to the sea because it is lower than they are. Humility gives it its power.”* This chapter teaches us that according to the Daoist ideal a powerful person is also a humble one. The Chapter 17 of *the Way of Dao* goes: *“When the Master governs, the people are hardly aware that he exists. Next best is a leader who is loved. Next, one who is feared. The worst is one who is despised.”* Therefore, the ideal Chinese leader needs to be able to hold characteristics that are often seen as opposites such as helpful and assertive, frank and diplomatic, compassionate and enforcing. (e.g., Henry, 2011, p. 37–50; Seow, 2003.) The naturalistic leadership theory believes in following the way of Dao and it sees leaders as quiet influencers and guiders of the people, who should mainly focus on their own spiritual development (Henry, 2011, p. 76–78).

According to Lee, Han, Byron and Fan (2008) a good metaphor for the Daoist leadership style would be water. Water maintains sentient beings alive without asking anything in

return. It is subtle and humble, but at the same time all pervasive. Water is constantly adapting to the environment. The only form that it can take is the form of its container. In similar way, leaders ought to adapt to the needs of their subordinates and like water serve people without expecting anything in return. The Daoist leader is thus very altruistic and empowers people without putting him/herself in the limelight. The Daoist leader does not compete with others, but rather joys in other people's success. The Daoist leader is not pushy, but instead trusts that things will fall into place by following a natural course. This does not mean being lazy, but rather only taking action when necessary and preferably before things get out of balance. As the Daoist leader does not see decisions as being between right and wrong, but rather as both-and solutions, this gives space for other types of leadership practices to flourish alongside the Daoist principles. (Lee, Han, Byron, & Fan, 2008). Indeed, the world would largely benefit from leaders adopting more Daoist views. It would allow more space for finding win-win solutions. In the global context, understanding that there is not always right or wrong answers would be very useful in decreasing the number of conflicts between nations.

3.3.4 Altruistic Leadership Theory – Mohism

“If everyone in the World will love universally—the World will be orderly. Therefore, how can the wise man who has charge of governing the empire fail to restrain hate and encourage love?”

(Mozi, Chapter 14)

The Mohist school of thought emphasizes all-encompassing love, *jian ai*, as its foundation. *Jian ai* has also been translated as concern for everyone or universal love. Through *jian ai* the ideal of full societal harmony can be achieved. (Ren et al., 2015, p. 31–32.) In Confucianism, more love was expected to be shown towards one's family members than people outside the family. Mohism on the contrary holds the idea that all people should be loved equally. (Ren et al., 2015, p. 31–40; Burton, 1967.) People need to take only what is necessary and refrain from excessive wealth and pleasure. It is important that everybody has their basic needs covered. If everyone only takes what they need, conflicts can be avoided. (Chen & Lee, 2008; Burton, 1967.)

A good leader appoints the most qualified person to the task. Family ties should play no role in advancing in hierarchy; the leader should be ready to fire even his own son if he was not qualified to the task. Only talented people should be appointed to high positions

based on their merits. (Ren et al., 2015, p. 31–40; Burton, 1967.) The Mohist ideal leader is benevolent and virtuous. He/she is also a brave visionary who is ready to sacrifice her/himself for his people. The Mohist leader needs to act as a role model for her/his subordinates. (Ren et al., 2015, p. 33–35.)

Mohism is often neglected compared to the other Chinese major schools of thought. It has during some dynasties been less dominant than other schools, but it has seen somewhat a new revival during the past century. Many scholars have given credit to Mohism in the development of scientific thought in China. Although the extent to which Mohism has affected the development of technology and science is a question of debate, it can be credited with promoting debate and empirical analysis as a means of acquiring knowledge. (Ren et al., 2015, p. 20–39.)

3.3.5 Strategic Leadership Theory – Militarism

*“Know your enemy and know yourself, victory will not be at risk;
know both heaven and earth, and victory will be complete.”*

(Sunzi, Art of War, Chapter 10)

The strategic leadership theory is based on Sunzi’s book *Art of War*. Although written over two thousand years ago, *Art of War* is still a relevant book and used by many business leaders across the globe as it does not only contain ideas on strategies, but it also gives very practical approach to many leadership issues. *Art of War* is a timeless classic, but it is often quoted out of the context of the complete work and therefore, misinterpreted by many. For Sunzi war was more of strategic planning rather than violent fighting. His idea was that wise leaders and commanders should strategize and use clever tactics to win the enemy. (Sun, Chen, & Zhang, 2008.) The ideal leader is seen as a careful and wise planner, who counts on his intelligence rather than emotion or spiritual capabilities (Henry, 2011, p. 76–78).

The militarist ideal leader must be strict and able to create a harmonious relationship with the subordinates. A good leader is one who serves a higher purpose and sacrifices himself for the nation and people. Destroying the enemy was not the main goal, but rather gaining victory through strategic advantage. According to Sunzi, the key for winning a war was to know yourself and your enemy. Both strength and weaknesses needed to be considered. Sunzi despised acting upon emotional outburst, but rather decisions should be based on

careful and unbiased consideration. Leaders need to make decisions based on situational circumstances. On the other hand, the leader must also be able to be so intelligent that he can rise above the situation and turn it into his own advantage. (Sun et al., 2008, p. 155–158.)

Although the Art of War is a book about war, it still considers ethical issues. A good leader is also benevolent and righteous. Killing for the sake of killing was not acceptable according to Sunzi, but it was important to kill and destroy to minimal degree. The best war is one that never needs to be fought at the battlefield, but instead can be won through diplomatic means. The soldiers and even the enemies are seen in the Art of War as salient beings rather than mere pawns. In fact, Sunzi had a humanistic approach to leadership. The subordinates need to be empowered and not only commanded as this could reduce their moral. (Sun et al., 2008.)

The Chinese strategic leadership theory holds many similarities to Western theories of scientific management. Sunzi appreciated information as an important tool for winning wars. It is important to both know yourself and the enemy. (Sun et al., 2008.) This kind of thinking is very relevant in today's business environment. The biggest trending word of successful business is 'data' meaning relevant information; data is the new currency of business. China is one of the forerunners in collecting data due to its huge population. Chinese businesses have advantage when it comes to big data as many mobile phone applications have millions of users, and the most popular applications tens or even hundreds of millions. Thus, the Chinese strategic leadership theory continues to be relevant and the classic the Art of War surely be read by the generations to come both in China and abroad.

3.3.6 Modern Chinese Theories of Leadership

A very popular theory among Chinese business leadership research has been that of Paternalistic Leadership. The theory has also gained popularity outside the Chinese context among mainstream leadership scholars (Zhang et al., 2014a). The Paternalistic leadership combines authority and strict discipline with softening factors of fatherly benevolence and moral integrity (Farh & Chen, 2000). The paternalistic leadership theory draws from the patriarchal tradition in China. The paternalistic leader is one with strong central authority. He/she closely monitors the subordinates and makes decisions for them.

The paternalistic leader is self-sacrificing and benevolent, but he/she is also so wise that he/she is able to decide for others what is best for them. (Ren et al., 2015, p. 81.)

The generalizability of the paternalistic leadership theory is questionable, as was proven by Ren, Collins, and Zhu (2013 in Ren et al., 2015). They found that Chinese middle managers do not identify with paternalism as much as their counterparts in Vietnam. In addition, Sheer (2012) proved that paternalistic leadership was practiced in the companies in Mainland China, but not in Hong Kong.

The indigenous paradigm of Chinese leadership research is still taking form. Many have tried to come up with characteristics that would define the Chinese leaders. One significant study in this field has been that of Ling, Chia and Fang (2008) who identified four factors of Chinese implicit leadership, namely personal morality, goal efficiency, interpersonal competency and versatility. From these four factors of leadership, the most important one among all social groups was interpersonal competency. (Ling, Chia & Fang, 2000.) In addition, Tsui et al. (2004) identified six dimensions of Chinese leadership that they named as 1) articulating vision 2) monitoring operations 3) being creative and risk-taking 4) relating and communicating 5) showing benevolence 6) being authoritative. The study was conducted by using a survey that was given to 1500 middle-managers to describe their CEOs. (Tsui et al., 2004.)

3.4 Leadership Theories derived from Political Leaders' Practices and Ideologies

One peculiarity among the Chinese business leadership research is the discussion about political leaders. Chen and Lee (2008) write that the philosophies of Ancient China cannot alone capture the range of thought behind the Chinese leadership of 21st century. The most important Chinese leaders of the 20th century, Mao Zedong and Deng Xiaoping, and their legacy have also contributed to the modern Chinese leadership. (Chen & Lee, 2008.) The ideologies and leadership practices of the political leaders form their own theories in the field of Chinese leadership studies. Most of the comprehensive books on Chinese leadership include at least one chapter that is dedicated to political leaders. The writers tend to present the ideologies and leadership practices of each political leader as its own leadership theory. (See i.e., Lu & Lu, 2008; Ren et al., 2015; Chee & Wang, 2011; Chen & Lee, 2008; Gallo, 2011; Seow, 2003.) In order to understand the need for Chinese

leadership scholars to include the political leaders in their theories can partly be explained by the Chinese approach to power (see Chapter 2.2).

From the post-heroic point of view though, we should ask the questions: Why do the Chinese people have the tendency to make their leaders into imperial figures? Why do the Chinese people need leaders that they can worship? There are no leaders without subordinates, and many leaders are very aware of this. Even Mao Zedong himself said that *'in human beings the desire to worship and to be worshiped will always exist'*. The greatness of a great leader is in his/her subordinates. As Pye (1976, p. 222) writes: *"The politician serves a psychic function for the crowd just as the crowd performs a function for the politician. Leaders and followers are each dependent upon the other and they need to extract from the other something which fulfills their needs, and yet there is a peculiar singularity but vital difference in what each seeks."* Therefore, it should be questioned, how relevant the leadership theories derived from political leaders' ideologies and practices are. Are they really a necessity and do they only fortify the heroic leadership approach? As this thesis wants to present both the Western theories and the indigenous theories, it was seen as necessary to include the following discussion about political leaders in this chapter. It is though important for the Chinese leadership research in the future to question, how to write about the political leaders. The political leadership needs to be discussed as a phenomenon rather than emphasizing the individuals and their characteristics.

Mao Zedong has left China with a legacy for the need of an ideology that holds the Chinese nation together. Pye (1988) explains that the ideology of the leader gives the right for the Chinese nation to protect itself from outside influence. (Pye, 1988, p. 195.) The ideology does not need to be put into practice and it may vary radically from one leader to another. The ideology thus serves to legitimize the leader's absolute power. The ideology can be whatever the omnipotent leader says that it should be. The Chinese leaders must have an ideology not for that the ideology in itself would be important, but it is needed for seemingly to have a higher common purpose. Pye (1998) claims that the Chinese people need the vague ideology in order to surrender themselves to the rule of the supreme leader. As Pye (1988, p. 206) writes: *"The existence of personalized rule, rather than institutionalized procedures, makes it normal for ideology to be whatever the supreme ruler says it should be."* (Pye, 1988, p. 205–206.)

Where the ideal leadership according to Confucianism is based on hierarchy and authority, the Communist ideal of leadership is opposite. The leadership ideal in Communism is equality between all men and leaders are supposed to respect their subordinates and be ready to sacrifice even their lives for them. (Fu et al., 2007, p. 886.) However, the leadership style of Mao Zedong and Deng Xiaoping did not live up to the Communist ideal, as it was more of the Stalinist authoritarian type. However, both Mao and Deng were able to combine the traditional Chinese leadership with a more modern style of leadership. (Pye, 1976.)

One of the leading China scholars of his time, Lucian Pye (1976), writes that at the time of his death in 1976, Mao Zedong was the supreme leader of over 900 million Chinese people, which made him one of the greatest leaders of the 20th century. Leading the world's most populous country through times of change demanded great leadership skills. Being a great leader does not mean acting righteously. In fact, the leadership by Mao entails many elements from the dark side of leadership. Mao's tremendous power drove him to a point of madness and delusion especially during his latest phase of leadership during the Cultural Revolution. His greatness was also atrocious. Nevertheless, as Chinese philosophy of Yin-Yang teaches us, there are no completely bad or good leaders; even in Mao's leadership, we can find many lessons worth learning. Mao himself was great at utilizing the concept of Yin-Yang as a leader; he was full of contradictions. In fact, some scholars have argued that one of the most notable characteristics of Mao was his ability to change and recreate himself completely (Lu & Lu, 2008, p. 211–214; Schwarts, 1968 and Schram, 1973 in Pye, 1976; Short, 1999). Throughout the years, Mao changed his policies and reasoning radically and sometimes even to complete opposites. (e.g., Huotari & Seppälä, 1999; Pye, 1976.)

Pye (1976) writes how Mao's greatness as a leader came from his ability to touch people's hearts. Mao had the ability to evoke passion and direct people's emotions the way he wanted. At the time when the Chinese people wanted to move from the traditional Confucian China, that repressed emotion and passion, Mao's way of awakening that passion and emotion proved to be the most effective way of leadership. Pye argues (1976) that Mao's strategic and intellectual capacities were not what made him a great leader, but it was his capability to mobilize the feelings of the Chinese people, which gave him his greatness. Although Mao was talented in understanding the emotions of his people, in his public image we cannot see him showing emotional attachment to people or policies.

Mao's capacity to switch roles when needed was another important factor that made him a successful leader. Mao Zedong was the peasant Mao, the military commander Mao, the spokesman Mao; he was the revolutionary Mao, the philosopher Mao and the activist Mao. (Pye, 1976.)

Lu & Lu (2008) write that, where Mao was idealistic when it came to rejuvenating the Chinese nation, Deng Xiaoping on the contrary was much more result-oriented. Deng had a very pragmatic approach to leadership. He did not care much about the way that affairs were handled as long as it led to the wanted results. Deng's leadership method was to implement policies through trial and error, 'to cross the river by feeling the stones'. He had one clear agenda throughout his leadership era: economic development. During Deng's leadership, China started opening up and carried out large-scale economic reforms. Deng was a courageous leader, who was not afraid to experiment with new policies. Deng was also realistic and did not care much about great visions in the way that Mao had done. (Lu & Lu, 2008, p. 220–233.) After Deng Xiaoping, the Chinese leadership was spread among the different members of the Politburo – that is to say until Xi Jinping. Xi seems to be claiming a stronger personal power than the two presidents before him. (Saich, 2017.) Xi's leadership style and his legacy is yet to be witnessed and surely many indigenous leadership scholars will write about him. He certainly seems to hold a very autocratic leadership style, but he lacks the charisma of Mao or Deng. Xi's ideology is still somewhat unclear although he has tried to build his "China dream" – thought, but it seems not to have evoked much response in the Chinese people. (e.g., Saich, 2017.)

Each of the Chinese political leaders are seen in the Chinese indigenous leadership research as an embodiment of a certain leadership style. (See i.e., Ren et al., 2015; Chee & Wang, 2011; Chen & Lee, 2008, Lu & Lu, 2008.) To combine a leadership theory with a historical or current figure is a great risk and it often leads to simplifying the person and his/her actions. The majority of this body of Chinese leadership literature is somewhat critical towards the actions of the political leaders, but it does not show criticisms towards the amount of power that these people held/hold. If this body of theories is to be continued in the Chinese leadership research, more criticism and insight needs to be shown towards the power construction within the Chinese society that creates these leaders.

3.5 Cultural Features - Effects of *Guanxi* and *Mianzi* in Chinese Organizations

Guanxi means personal network or relationships, which is often tied to a common place of origin be it blood tied, schooling or career advancement (Pye, 1988, p. 293). Although the importance of *guanxi* is diminishing slowly, it still affects many of the leadership practices in China (Zhang et al. 2014a). Traditionally, Chinese people tend to trust people more compared to rules and laws. *Guanxi* has been important, because in the past China's legal system was not effective. As the concept of rule of law is so new to China, it will take time before people can trust the legal system, which should further reduce the importance of *guanxi*. (Fu et al., 2007, p. 884; Davies, Leung, Luk, & Wong, 2003.)

Sometimes it might be difficult to recognize the real decision makers and people with the most power in Chinese organizations. This is often due to *guanxi* as the decisions might be made inside the network. Decision-making happens based on the *guanxi* of different people and this *guanxi* might be completely different from the hierarchical structure within the organizations. Often *guanxi* goes beyond individual organizations and may trespass different hierarchy levels. (Davies et al., 2003.) Pye (1988) writes that Chinese leaders might never know how much support they in reality have, if people rely on *guanxi* rather than official hierarchy. Chinese people might turn their loyalty in an instant from the highest-ranking leader to same level colleagues, immediate superior or even to someone outside the organization. (Pye, 1988, p. 291.)

Although in high power distance countries information is often held at the highest levels of management, in China *guanxi* makes it possible for lower ranking employees to get access to important information. (Boisot & Child, 1996; Ilmonen & Puisto, 2009.) If *guanxi* between two people exists, then it often means that the relationship should be somewhat equal (Pye, 1988, p. 293) and thus, these two people can trust each other and share information. *Guanxi* makes the internal communication easier in the organizations. Hong and Engeström (2003) write that *guanxi* can also ease up the vertical information sharing and make the down-up communication easier. The balance between the hierarchical order in Chinese organizations and *guanxi* network creates different kinds of possibilities for information sharing and communication inside the organizations. In the optimal case, strong hierarchy will make the organization efficient and the *guanxi* makes it possible for people to communicate through different levels of hierarchy. This makes it

possible for people to share their opinions and ideas through an unofficial channel. (Hong & Engeström, 2004.)

The need to maintain harmony and not to lose face (*mianzi*) makes it more difficult for Chinese people to express themselves directly. Disputations are avoided in order to maintain harmony and therefore Chinese people might stay silent in a situation where they have an opinion that differs from the consensus. Pye (1988) writes that collectivism in the Chinese concept means that people are expected to dedicate their work for the larger community. Collectivism also means to work with a single-minded attitude. If a person questions the target and actions of the larger community, he/she is almost automatically condemned by the group and accused of being disloyal (Pye, 1988, p. 201–203). If a consensus cannot be found within a group, the decision-making is often pushed to the higher level of leaders. The decision has to be made so that nobody in the group risks losing their face. The decision-making might be pushed all the way to the highest levels of the organizations. This way the high power distance makes it possible for Chinese subordinates to push the decision-making for others, which makes it possible for them to maintain harmony within their own group and nobody loses their face. (Fu et al., 2007, p. 884–885.)

The stereotype of Chinese organizational culture (and Japanese for that matter) is that expressing emotions is not seen as positive. This applies as well to Western organizations, but it is more seen as a trait in East Asia. In addition, leaders should not give feedback to their subordinates in front of a group in order to protect the subordinate not lose his/her face. (e.g., Hofstede, 2001; Lehtipuu, 2010; Morry, 2010). The lack of expressing emotions does not mean that emotions would not exist. In fact, emotions might even play a more important role in China than they do in the Western countries. The Chinese subordinates might carry their negative emotions inside themselves for a long period and complain only outside the organization about their boss. The emotions might then burst out later on as it could be seen as lack of motivation or even a resigning from work. (Henry, 2011, p. 12).

The Chinese cultural features of *guanxi* and *mianzi* create an interesting combination within the Chinese organizations that makes the hierarchy more complex than on the surface it would seem. The official titles play an important role, but behind the scenes, there might be a big power struggle going on. The Chinese leaders need to be all the time

afraid that someone might throw them off their power. This phenomenon on the national level can be seen also in the modern history of China. The Cultural Revolution during Mao Zedong was actually about Mao trying to regain his power. (Pye, 1988.) More lately, Xi Jinping's campaign against corruption is not only about eliminating corrupted officials, but also about him trying to ferment his own power by eliminating the people within the party that challenge his power. (Saich, 2017.)

4 METHODOLOGY

This chapter discusses the methodology used in the thesis' empirical work. It first introduces the method of empathy-based stories in Chapter 4.1. Chapter 4.2 tells how the data gathering happened and it introduces the introductory scripts that were used for the empirical work. Chapter 4.3 discusses the data analysis used in this thesis.

4.1 Method of Empathy-Based Stories

The method of empathy-based stories was used as the method of inquiry in this thesis. As the method of empathy-based stories is a rather unknown method of inquiry, the following four chapters are dedicated to explaining it in detail. The goal is to discuss the method from various aspects: The historical development of the method; what is it about; why, when and how to use it; as well as give insight about the ethical issues regarding the usage of the method.

4.1.1 Development of the Method of Empathy-Based Stories

The method of empathy-based stories derives from the method of active role-playing. In active role-playing, the participants perform an improvised play based on a description given by the researcher (Ginsburg, 1978). Later the active role-playing turned into written form, and became the method of empathy-based stories, which has been called earlier also as passive role-playing or role-playing of the non-active sort. Especially, the Finnish scholars Juha Suoranta, Antti Eskola and Jari Eskola have developed the method of empathy-based stories into its current form. (Eskola, 1991; 1997; 1998). The method of empathy-based stories has been mainly used in educational sciences and social sciences, and it has not been used to a large extend outside Finland (Eskola, 1997) although many other similar methods of inquiry have been used more widely.

In early experiments by social scientists and social psychologists, such as the Milgram experiment on obedience to authority figures, many of the participants had to undergo great emotional stress. The method of empathy-based stories came about when social scientists wanted to find a more ethical option for these laboratory experiments. (Eskola, 1997.) The method of empathy-based stories wants to abide to the rule that research

participants should be treated as human beings and not as an object that can be manipulated under researcher's will (Harre & Secord, 1972 in Eskola, 1997). Mixon (1972 in Eskola, 1997) wrote, that if the researcher does not want to deceive the participants, the method of empathy-based stories can be an optimal choice instead of a laboratory experiment. Another problem with the laboratory experiments is that they happen in a laboratory setting or other unnatural surroundings to a human participant. In a laboratory experiment, the participant is isolated to an unfamiliar room to do a test that might feel strange or even scary. Whereas in the method of empathy-based stories the human behavior is captured in a more natural setting, and the research participant is treated as an active subject that uses multiple ways to come to a conclusion. (Eskola, 1997, p. 5–39.)

The method of empathy-based stories is part of the tradition of narrative research, which sees that reality and narrative both imitate each other (Ginsburg, 1978). The method of empathy-based stories is a way to acquire information on the experiences and ideas embedded in narratives produced by individuals (Posti-Ahokas, 2013). As narratives are stories, they are a natural way for human beings to pass knowledge to others. Our identities are built when we tell our stories. When we tell our story to others, that story becomes inseparable part of us. (Polkinghorne, 1988; Saaranen-Kauppinen & Puusniekka, 2006.)

4.1.2 What is the Method of Empathy-Based Stories about and How to Use It?

The method of empathy-based stories is a method for obtaining data, where the respondents are asked to write a story. This story will be written based on an introductory script that the researcher has constructed. The respondent either continues the situation detailed in the introductory script or describes what has taken place prior to it. Usually the researcher comes up with two to five different variations in each script. Creating the variance of the scripts allows the researcher to compare the changes in the respondents' stories. (Eskola, 1991.) When one item is varied in the introductory script, the script will have a completely other meaning, thus changing the entire logic of the script (Rajala & Eskola, 1995). The variation of the script is crucial as it gives this method its characteristics; with the variation of the scripts the method of empathy-based stories can

function similarly to a laboratory experiment and differentiate from essay writing. (Eskola, 1991.)

The method of empathy-based stories is nevertheless somewhat similar to traditional essay writing. Similarly, in both cases the respondents are given the freedom to write in the way that they want. The difference is that in the method of empathy-based stories, the topic is more clearly defined and limited. (Rajala & Eskola, 1995.) The method of empathy-based stories has been sometimes used in combination with other methods of inquiry (e.g., Halttunen, 2004; Hyrkäs, Appelqvist-Schmidlechner, and Kivimäki, 2005; Mustonen, 2006). However, writing the stories may take a lot of energy from the respondents and therefore it is suggested that no other kind of data is collected straight after or before the story writing (Eskola & Wäljäs, 1992).

Based on the earlier research, the saturation point should be achieved by collecting between ten and twenty answers per each introductory script. If quantitative analysis is conducted on the data, then collecting even more stories would be suitable. (Eskola, 1997.) Students have been often used as respondents, when using the method of empathy-based stories (e.g., Eskola & Wäljäs, 1992; Suoranta & Eskola, 1992; Eskola & King, 1995; Suoranta & Eskola, 1995; Posti-Ahokas, 2013). There seems to be two main reasons for this: 1) the researchers are often from the educational sciences field 2) the data is easiest to collect in classroom situation; thus, students are an easy group to target. When the introductory scripts have been handed out to the respondents, there are no limitations or rules given for the respondents for his/her story writing. It is important though that the answers will be handwritten and not written on a computer or any other electronic device. (Eskola, 1991; 1997.)

It is recommended that the researcher would try out several scripts before conducting the entire data gathering, as it is possible that the script does not provide enough information for the respondents to be able to write a story. The answers can easily become superficial and too short if the script has not been written well. (Eskola & Suoranta, 2014.) In addition, in order to avoid the situation where the variations are too small to make any difference in the answers, a feasibility study should be conducted. (Eskola, 1997). In previous studies, the passive voice has been more used than the active voice (Eskola 1997). It has not been studied systematically, that how writing the introductory scripts in

the first person or in the third person affects the answers, thus, both options are suitable. (Eskola & King, 1992.)

4.1.3 Why to Use the Method?

When writing the introductory script, the researcher automatically writes his/her presumptions and even prejudice into the script. With the help of the introductory script, the researcher creates a framework for the respondent and limits their writing to a certain situation. In this way, the method of empathy-based stories does not differ much from creating an outline for a structured or semi-structured interview. Nevertheless, when the respondent is writing his/her story, he/she is not limited in any way. This gives the respondent the freedom to think in a more rational and complex way, when compared to surveys or structured interviews, where the respondent has to choose between options that do not describe reality fully. The human experience is very complex and full of contradictions, and the method of empathy-based stories avoids simplifying the human experience of phenomenon. Survey scales on one to five do not allow the respondent to give contradictory answers and instead it forces the respondent to take a stance on an issue that he/she might see as very irrelevant or too complex to be expressed in numbers. (Eskola & Wäljäs, 1992; Eskola, 1997.) The method of empathy-based stories is a holistic method for data inquiry (Suoranta & Eskola, 1992), and it gives the respondent the possibility to change their mind, summarize, argue and analyze. (Eskola & Wäljäs, 1992.)

Research done by using the method of empathy-based stories can awaken new discussion on any field of study as it avoids repeating the old and already known. (Eskola, 1991.) This method is an effective way to gain new perspectives and to find new ideas for future research. The method certainly works better as a way to invent hypotheses than to test them. (Eskola, 1998; Posti-Ahokas, 2013.) With the method of empathy-based stories, it is easy to study attitudes and thinking patterns of people. The method of empathy-based stories can also be a good method to study ethical dilemmas. (Eskola 1991; 1992a; 1997.) When using the method of empathy-based stories, the researcher wants to capture different social rules and norms, cultural determinants and different logics that directs a certain scenario. It is possible to capture emotional and cognitive aspects of human behavior as well by using this method of inquiry, but that should not be the primary goal of the researcher as there other more suitable methods of inquiry for that. (Eskola, 1992a; Eskola, 1997.)

The method of empathy-based stories makes it possible to go beyond the personal level and get information about cultural elements in a certain context and at a certain moment in time (Eskola, 1997). The respondents are seen as members of their culture, who have fundamental knowledge of the culture they have grown up in. The respondents understand the underlying rules of that certain culture and when writing the stories, they use that knowledge to evaluate the imaginary situation described in the script. (Ginsburg, 1979.) When using the method of empathy-based stories, the respondents are allowed to use their own voice to tell a story. The stories might not describe reality, but they give important information of what might happen and what certain things mean in a specific cultural context. This means that the method of empathy-based stories can make the tacit cultural knowledge visible for the outsiders through accessing people's imagination. (Eskola, 1998; Posti-Ahokas, 2013.)

The method of empathy-based stories has been proven especially useful in situations, where the researcher is studying a culture unfamiliar to him/herself. As the method is fairly unstructured, it allows the researcher to capture the realities of the culture without forcing too much of his/her own interpretations of the culture on the respondents. More structured data gathering methods are suitable at the later stages of research or used by a researcher that is already familiar with the culture studied. (Posti-Ahokas, 2013; Judén-Tupakka, 2000; Tranberg-Hansen, 2005 in Posti-Ahokas, 2013.) On the other hand, it should be kept in mind that empathy is a methodological tool for acquiring information, but it is not a research method or a methodology in itself. (Eskola, 1998.)

Posti-Ahokas (2013) strongly recommends using the method of empathy-based stories in social research when studying a culture where the researcher is a foreigner. Data collected by using the method will give rich data on shared cultural meanings. The method can also break the normal boundaries between the subject and the researcher as the respondents are given very little limits for their story writing. This way the researcher will not impose his/her prejudices upon the respondents such as might be the case in interviews or surveys. Furthermore, the method of empathy-based stories is a fairly fast and cheap method of inquiry. When using the method in a different cultural context, special attention should be given to the way that the introductory scripts are written. In addition, when analyzing data and presenting results, the cultural expressions should be treated in a way that they do not get lost in translation. The data should be presented in a way that it pays tribute to

the original narratives and their way of explaining things and affecting the reader. (Posti-Ahokas, 2013.)

Although the data that is collected by using the method of empathy-based stories might present an imagined situation, it does not mean that the stories would not be present reality. If we understand that social reality is constructed not only through the direct experience, but as well as through stories that are being told and heard, the empathy-based stories can be seen as describing the reality. (Suoranta & Eskola, 1992). By allowing people to tell stories we might be able to capture something that is significant both on a moral level and societal level (Peräkylä, 1994 in Eskola, 1997). Although the answers might seem as merely small stories, they actually can give us answers to even big questions. The method of empathy stories can capture one moment in time and describe one truth among the many possible truths. There is an infinite number of stories on this planet and it is important that we listen and write about those stories in a way that dignify the complexity of reality and human experience. (Eskola, 1997.)

4.1.4 Ethical Issues and Other Problems

The method of empathy-based stories is rather (but not fully) unproblematic when it comes to ethical issues. As every research method, also the method of empathy-based stories has its ethical risks. (Eskola, 1991). First thing to notice is that the identity of the respondents must be protected, as the stories might be very sensitive in nature. Usually, in order to protect the privacy of the respondents, their names are not asked to be written on the answer sheet. (Eskola 1997, p. 5–31.) Often the gender and the age of each respondent is not relevant to mention when quoting individual stories in research. On the other hand, the different age groups or difference between male and female respondents might be compared to each other, but this should not cause significant problems (if any) in terms of protecting the identity of the respondents. (Eskola & Wäljäs, 1992.)

Method of empathy-based stories could cause some stress and emotional imbalance in the respondents as they might have to empathize themselves with an emotionally challenging situation. The researcher must be careful not to write such introductory scripts that would disturb the emotional balance of the respondent to a large extent. On the other hand, this method can also work as a therapeutic experience for the respondents. (Eskola 1997, p. 5–31.) The negative or positive feelings, that the use of the method might cause in the

respondents, are often not known by the researcher as he/she sees the respondents in most cases only once. The researcher does often not know the aftermath of the data collection and the researcher cannot tell if the story writing caused anxiety, negative/positive thoughts or emotions in the respondents. (Eskola & Wäljäs, 1992.)

Another ethical problem with the method of empathy-based stories is that the introductory scripts often describe a failure or a difficult situation. This makes the respondents think about a failure and might lead to a failure in real life. Such was the case when a volleyball team participated in a research where they were asked to write a story about a situation where their team would lose their next match. The data was collected prior to a match that the team should have easily won, but they ended up losing the match, and thus, many blamed the researcher for the defeat. (Eskola, 1988.)

It also important to note here, that the method of empathy-based stories often produces stereotypical answers. As the main character is often not described profoundly in the introductory script, nor is the background of the situation, this leaves a lot of space for the respondent to use their imagination. It is natural that when there is lack of information, the respondents tend to write very stereotypical descriptions. Stereotypes are problematic as they can have a depersonalizing effect. That means that people of a same social group, such as national culture, seem more alike than they in reality are. (Liebkind, 1988 in Eskola & Eskola, 1995.)

On the other hand, stereotypes can be seen as something positive. They can be seen as a way for people to conceptualize and summarize a culture in a way that makes it easier for people to understand their environment and their own identity. (Mero, 1991 in Eskola & Eskola, 1995.) After all, people tend to stereotype their own culture as much as they do that of the other cultures. Stereotyping is often needed to create a national identity in the first place¹. According to Brown (1986), there are a lot of misconception about stereotypes. He thinks that stereotypes are not that exaggerated, but rather tell about the characteristics of a certain group and how that group might in some situations behave (Brown, 1986 in Eskola & Eskola, 1995). Therefore, stereotypes can be very interesting to study as they reveal a lot about cultural characteristics. In fact, stereotypes can be seen as an interesting challenge and only in need of interpretation. (Eskola & Eskola, 1995.)

¹ Then completely another question is that how harmful national identities and the way that they are used to create patriotism is.

Besides stereotypes, the method of empathy-based stories can also produce very untypical and imaginative answers to both old and new research topics. (Eskola & Eskola, 1995.) The empathy-based stories may contain some information that cannot be found by using interviews. This far there has not been a study where data collected by method of empathy-based stories and thematic interviews would have been compared. In fact, this would indeed be an interesting topic for future research. (Posti-Ahokas, 2013.)

The added value, when using a narrative approach in acquiring information, should be also assessed by looking at the levels of empathy present in the stories. In addition, the researcher should evaluate how enthusiastic the respondents seemed to be about writing the stories. (Posti-Ahokas, 2013) In other words, the researcher should ask: How well were the respondents able to empathize with the story line or main character described in the introductory script?

There are several reasons why the introductory scripts might fail to arouse empathy in respondents. First, the introductory scripts can describe a situation that feels very unrealistic to the respondents and therefore is difficult to empathize with. Secondly, if the introductory script is too complex or difficult to understand, the stories written might not give answers to the research question or be low in terms of the level of empathy. Although the level of empathy might be low or the answers not relevant to research problem, the answers might still be interesting and worthwhile analyzing and give answers to other questions that researcher did not even think of. (Eskola, 1995b.) Furthermore, a different variation of an introductory script might be able to create more in-depth answers than other variations of the same script. It can also happen that the respondents do not accept the introductory script fully and try to go around the suggested scenario. Such a situation might happen, when the introductory script defines a scenario that is unpleasant to the respondent in real life and thus he/she decides to write about a scenario that pleases him/her instead. (Suoranta & Eskola, 1992).

4.2 Data Gathering

For this thesis, two different introductory scripts were written. The scripts were first written in English and after translated into Chinese (the Chinese versions can be found in appendix 3). Both of the scripts had two versions, as in the method of empathy-based

stories each script needs to have at least two different variations. For this thesis, no feasibility pilot study was conducted due to lack of time and resources. As the scripts were not tested out beforehand, a conscious risk was taken that the respondents would not be able to write proper stories or that the respondents would find writing the stories too demanding. Fortunately, the introductory scripts worked well as most of the respondents were able to write one page long answers even in quite a short time and were not complaining about the task. In fact, many of the respondents seemed to find the story writing quite interesting and pleasant.

The ethical rules of the method of empathy-based stories were considered throughout the research project. First, all the answers were written anonymously. Identification of the research participants becomes somewhat impossible as in addition neither the age nor the gender of the participants are mentioned individually in this research. The introductory scripts were written in a way that their content could not be insulting to any of the participants. One thing that is difficult to estimate though is the level of negative/positive emotions and aftermath that the writing task might have caused among the participants. This is because similar to most research where the method of empathy-based stories is used, the researcher never met with most of the participants again. At least during the data gathering the research participants did not show negative emotions. In addition, there was no complaint from the teachers of the students afterwards.

It was seen as very important that the participants were able to write the answers in Chinese characters. It was assumed that this way the participants could be able to express themselves more freely and the language would not cause barriers for their answers. People can feel sometimes embarrassed, if they are not able to write in a foreign language and they might be afraid of making grammar mistakes. That is also why it was important to let the students write the answers in a language that they were comfortable with.

4.2.1 Cases

The first script was written in a passive voice and the answers were expected to be written in a passive voice as well. The first script was written in order to find out how the respondents react to a difficult situation in a company. In the first script, it was made clear to the respondents that the employees are not happy with the situation in the company, because their bosses are getting good benefits and they themselves are working long hours

with low salaries. The difference between the script 1A and 1B is that in 1A the economic situation of the company is bad and in 1B the company is doing well in terms of profits.

With the first script, the notion of Hofstede (2001) about how strong power distance affects the way that inequality in wages and other benefits is accepted by the ones subordinate in the hierarchy, was tested out. Usually in cultures with strong power distance it is generally accepted that higher ranking personnel gets significantly better wages than those below them in ranking. In a high power distance culture, more emphasis is put on tasks than on humans. Managers do not tend to consult their workers for advice or for opinion. (Hofstede, 2001.) With the first script, all of these aspects of power distance were tried to be covered.

The first introductory script with both variations were following:

1A) A middle sized company (100 employees) has had big economic losses in the past few years. The employees are complaining that their working hours are too long and that their wages are too low and that their bosses are enjoying too big wages and other benefits. How should the CEO and other top managers react to the situation at hand and make it better? Describe how the situation in the company evolves.

1B) A middle-sized company (100 employees) has had good profits in the past few years, but employees are complaining that their working hours are too long and that their wages are too low and that their bosses are enjoying too big wages and other benefits. How should the CEO and other top managers react to the situation at hand and make it better? Describe how the situation in the company evolves.

In the second script, the context was very different from the first script. The second script was written in an active voice and it made the respondents imagine themselves 15 years from now. The second script was written in order to understand what differences arise whether the employees complain about their boss or a higher-ranking leader complains about the boss. The second script was expected to give some answers to the notion of how power distance affects communication in organizations and between different levels of organization. The Hofstede's cultural dimension model suggests that in countries with high power distance criticism from lower levels does not have a big effect on managers' behavior compared to criticism coming from upper levels of organization to lower levels (Hofstede, 2001). In addition, the second script was written in order to get information on how much freedom the subordinates can be given. The aspect of freedom is important for understanding Hofstede's (2001) claim that in a high power distance country like China,

the subordinates should be controlled instead of having freedom regarding their own work.

The second introductory script with both variations were following:

2A) Imagine yourself around fifteen years from now. You are working in an organization with around 200 employees. You are one of the highest-ranking leaders in the organization. Several of your employees complain that you are not giving them enough freedom in their work and that they are not satisfied with you as their leader. Describe how you are going to react and what kind of changes would you make regarding your own leadership practices? What would make you a good leader again in the eyes of your employees?

2B) Imagine yourself around fifteen years from now. You are working in an organization with around 200 employees. You are one of the highest-ranking leaders in the organization. Other old and high ranking leader of your organization complains that you are not giving your employees enough freedom in their work and that he is not satisfied with you as a leader. Describe how you are going to react and what kind of changes would you make to your own leadership practices? What would make you a good leader again in the eyes of the other high ranking leaders?

The data gathering took place in classroom situations. All the stories were handwritten in Chinese characters. The students were asked to write in Mandarin as it is the lingua franca in the People's Republic of China. Mandarin is either the mother tongue or second language of all of the respondents. Ninety-one of the answers were written on the spot in the classroom. Some students took the scripts home as they were in a hurry to go to their next lecture and 21 of them returned the answers a few days after. One hundred and thirty scripts were handed out in total and the response rate was as high as 86%.² The only instructions that were given to the respondents were that the answers should be preferably written on the spot, they should not be more than two pages long and they should be handwritten in clear Chinese characters. It was also mentioned to the respondent that it was not a test and that there would not be correct or false answers, but that all the answers are correct and valuable. The data was collected in Renmin University of China, Communications University of China and Nanjing University of Technology between late May 2016 and July 2016.

There were in total 111 respondents from three different universities. All of the respondents were Chinese nationals. The respondents were all 18 to 23 years old. Their

² One of the responses was after the data collection excluded, as the respondent was a student at a Canadian university and thus, did not fit the sample (Chinese students studying in Chinese universities).

majors or minors were related to business or business management. The respondents studied one of the following subjects as their major: Human resource management, economics, financing, accounting, public management, industrial management, information engineering, business trade, international business or community work management. Eighty of the respondents were female and 31 were male. The number of responses for script 1A was 29 stories, for 1B 26 stories, for 2A 26 stories and for 2B 30 stories. Each student group was given five to seven of each introductory scripts, thus there were answers from all of the different universities to each of the variations of the introductory scripts.

The usage of the method in this master's thesis is a good example of how easy it is to collect data with this particular method. The response rate is extremely high as the data gathering happened in classroom situations. In addition, the story writing is something that at least most of the respondents seemed to enjoy or have found somewhat interesting and it took only a little bit of their time. As Eskola (1997) reminds us, it is important that the method should not be used merely because it is cost- and time-effective. In fact, as in many other qualitative methods, the data analysis is much more time consuming than the data collection itself and so was in the case of this master's thesis.

All of the answers were relatively businesslike and it was clear that the writing task had been taken seriously by the respondents. Therefore, all of the answers were analyzed. There have been reported studies where the empathy-based stories were very inappropriate and therefore some of the data had been left without further analysis (e.g., Eskola & Wäljäs, 1992).

4.3 Data Analysis

As there are no direct questions asked when using the method of empathy-based stories, the data analysis will differ from that of interviews and surveys. Most often, the data collected with the method of empathy-based stories is analyzed by using qualitative analysis methods. (Eskola, 1992a.) Quantitative analysis has not been seen as very relevant for the qualitative data collected by using the method of empathy-based stories. In the case where there are many answers (hundred or more), a quantitative analysis might be fruitful, but alone is most probably not enough. The quantitative analysis can give a rough picture of the phenomenon studied, but will lack in-depth. (Eskola & Kujanpää,

1992.) There are several ways to analyze the empathy-based stories and in most cases, a few of them can be used in the same research (Eskola, 1997, p. 81–99). The following methods of data analysis were used in the data analysis of this thesis: tabulation, thematic analysis, typology building and discursive analysis. This thesis thus, uses both quantitative and qualitative methods of analyzing data. Using quantitative analysis is suitable in this research as the number of respondents exceeds the limit of 100 respondents suggested by Eskola and Kujanpää (1992).

Thematic analysis is a method for data analysis where the data is divided under different themes. Although there are many possibilities for different themes (Eskola 1997; 1998), there was a natural and easy way of dividing the data first into two sets by the two different introductory scripts. In order to get a proper understanding of the effect of the variation in the introductory scripts, the two set of stories were further divided into two data sets according to the variation.

Tabulation is one of the quantitative analysis methods that can be used to analyze the empathy-based stories. Especially at the first stages of data analysis, it can be very useful. Tabulating the empathy-based stories is not an easy task, as problems often arise when trying to name different units for further analysis. Different units should have clear definitions in order to make the tabulation feasible. (Eskola, 1997, p. 86–87). The tabulation of the stories was a combination between data driven and theory driven approach. First the most relevant expressions were written down. These expressions were then put under a main category. The main categories were formed by using the Hofstede's indicators of strong and low power distance. There were also some expressions that could not fit under the power distance indicators and thus, different category names were given to them. After creating the categories and listing the expressions used under each category the number of times each expression was used was counted. The expressions used by the respondents were modified as little as possible in order to maintain the originality of the voices of the respondents. The tabulation was done in English, because this thesis is written in English. However, already by translating the expressions, some of the original meaning was lost.

When analyzing the stories, the researcher should constantly observe him/herself. The researcher should be as aware as possible of the factors that might affect the way that he/she reads the text. The researcher should be aware of his/her own prejudices and lack

of knowledge. During the data analysis, some extent of subjectivism is unavoidable, and therefore the thought process of the researcher should be made clear to the reader. Besides studying how the variation affects the responses, the following questions are often asked, when analyzing the stories: How different situations are created in the story? When explanations are given? How actively are the characters in the story able to affect the different situations? Are the situations controlled by outsiders, are they predictable or random, controllable or uncontrollable? (Eskola & Wäljäs, 1992.)

Discursive analysis treats the data, in this case the stories, as something that cannot be separated into different units. Instead, in the discursive analysis each story is interesting in itself and as a whole can tell something relevant. The discursive analysis looks into the way that the stories are written and constructed. When using discursive analysis, it is important not to force different stories under same categories. Individual stories that differ significantly from other stories are also seen relevant and not treated only as exceptions to the rule. (Eskola, 1997, p. 96–99.) After the thematic analysis and tabulating the stories, a more in-depth analysis was done by using the above-mentioned principals of discursive analysis. In order to be able to do a proper discursive analysis, the stories were each read several times.

Stories are a natural way for human beings to pass knowledge to others. Some have even said that our identities are build when we tell our stories. When we tell our story to others, that story becomes inseparable part of us. (Polkinghorne, 1988; Saaranen-Kauppinen & Puusniekka, 2006.) Stories can be used in research in many ways. In this thesis, stories do not only work as a method for collecting data, but they are also used as a way of presenting research results as suggested by Hyvärinen (2006).

The simplest way to describe a story is to say that it has a start, middle-part and an ending. A story or a narrative, as often called, differs from a discourse in the sense that it has a clear starting point and a clear ending. A story describes a temporal situation. Stories cannot be taken out from their social context, but they are always directed to a certain audience. (Eriksson & Kovalainen, 2008, p. 210–227; Prokki, 2013). A story cannot only be a description of individual events, but instead it needs to have a story line. Unlike discourses, stories describe a temporary situation. They may be written in first-person singular or third-person singular. (Salmon & Riessman, 2013.)

Stories are always directed towards a certain audience and they are meant to be written for others to read (Eriksson & Kovalainen, 2008, p. 210–213). They should be created together with the reader by bearing the reader in mind throughout the whole writing process. The writer of the story has a moral duty to write the story in a way that it does not insult the reader or the people described in the story. (Salmon & Riessman, 2013.) In addition, stories need to awake emotion in their reader. Stories are supposed to take us directly to the emotional level of knowing, whereas single phrases, numbers and tables are detached from emotion and the lived world. Stories are therefore an interactive way to transmit information, because it is easy for people to relate to stories. (Eriksson & Kovalainen, 2008, p. 210–225; Prokki, 2013; Polkinghorne, 1995.)

Typology building is a method for data analysis where the contents of the stories from different themes are analyzed further. The stories are summed up into a *type story*, which represents all of the stories under the same theme. (Eskola, 1997; 1998). Typology building is often done after thematic analysis, as the problem with thematic analysis is that it easily becomes only a group of citations, which might be interesting, but do not give profound analysis nor give any kind of conclusions (Eskola, 1997; 1998). If only analytical methods are used to present results, this often leads to losing the story and the possible emotional impact it has on the reader. The abstract categorizations become merely descriptive, but cannot explain the true nature of the stories. (Bleakley, 2005.) This is why creating type stories are important, when using the method of empathy-based stories. The type stories can more straightforwardly affect the emotional side of the reader and give more direct understanding of the nature of the stories. Type stories make the richness of the data observable to the reader. The type stories allow the scholar to use the voice of the respondents. In structural analysis, the important nuances of storytelling are lost (Posti-Ahokas, 2013). Using type stories the researcher can provide the reader with a coherent and self-referencing social-realist fiction (Bleakley, 2005). The type stories of this thesis are presented in Chapters 5.2.2 and 5.2.4.

5 RESULTS

This chapter introduces the results of the empirical work of the thesis. The results are divided into three subchapters: Variety between different stories (5.1), indicators of power distance (5.2) and discursive analysis (5.3). Chapter 5.1 gives an overall understanding of the variety of the data and the difference between responses. Chapter 5.2 is dedicated to introducing the results to the two of the data analysis used: tabulation and typology building. Chapter 5.3 gives a more in-depth look into the responses by discussing the results of the discursive analysis.

5.1 Variety between Different Stories

The length of the stories often reflects how difficult it has been for the respondents to answer to the introductory scripts; the longer the answer the easier it is usually for the respondent to write the story (Eskola & Wäljäs, 1992; Eskola & Kujanpää, 1992). In table 3, the number of Chinese characters of the responses are shown. The shortest answer to script 1A was only 25 characters and the longest 360 characters. The average lengths of script 1A answer was 178 characters and median 187, whereas the shortest answer to script 1B was 40 characters and the longest 272 characters. The average lengths of script 1B answer was 170 characters and median 193. The shortest answer to script 2A was 34 characters and the longest 436 characters. The average lengths of script 2A answer was 202 characters and median 193, whereas the shortest answer to script 2B was 54 characters and the longest 352 characters. The average lengths of script 2B answer was 176 characters and median 172. There is no significant difference between the lengths of the answers between different scripts. In addition, the average and median values of the number of characters used shows that it was rather easy to the respondents to write the stories.

	1A	1B	2A	2B
No. Responses	29	26	26	30
Min	25	40	34	54
Max	360	272	436	352
Average	178	170	202	176
Median	187	193	193	172

Table 3. Number of characters in the responses

There was a lot of variety between different stories. The lengths of the answers varied from few sentences or in a few cases from few bullet points to full page long well-constructed stories. In some cases, the major of the respondents was clearly affecting the answer of the respondent. A lot of special terms and thinking patterns from the respondents' field of study could be seen in their stories. Although it was made clear to the respondents that the introductory scripts do not have correct or incorrect answers and that every story is valid and correct, it could be seen from many of the stories that the respondents were writing in a way that they would write for a school exam or school task. Some of the stories were in fact exactly like straight from a human resource textbook. Some of the stories were on the other hand very innovative and imaginative.

The fact that some of the answers were very textbook like does not cause a problem, but instead it is a good result in itself. Those people who gave textbook-like answers are most probably going to be textbook-like leaders as well. Meaning that they will follow the instructions that they learned during their studies and from the books they read instead of following their natural instinct.

5.2 Indicators of Power Distance

This chapter answers the research question: Which indicators of power distance defined by Hofstede (2001) do the Chinese Millennials hold and to what extend? It presents the results of tabulation in Chapters 5.2.1 and 5.2.3. The type stories of the responses are presented in Chapters 5.2.2 and 5.2.4. Chapter 5.2.5 summarizes the results regarding power distance indicators.

5.2.1 Responses of the First Introductory Script

Tables 4 and 5 show the tabulation of the responses. The first column comprises of the indicator of low and strong power distance according to Hofstede (2001). The second and third column show how many stories included that indicator. The fourth column lists the way that the power distance indicator was mentioned in the stories. The fifth and sixth column indicate the number of times that each of the certain expression was used in the stories.

Table 4. Tabulation of Results, Introductory Scripts 1A (n=29) and 1B (n=26)

<i>Indicators of low power distance according to Hofstede (2001)</i>	1A	1B	<i>In which way was mentioned in the stories</i>	1A	1B
<i>Inequality should be avoided</i>	7	7	The situation is unfair/unequal and should be changed	7	5
			The leaders should be punished for their unequal practices	0	1
			All people within the company should be treated equally	1	2
<i>Several people participate in decision making</i>	1	3	Subordinates and leaders should review each other's performance	1	0
			Formulate a new system together with the subordinates and leaders	0	3
<i>The opinions of subordinates are important in decision making process</i>	6	13	The opinions of the subordinates need to be consulted	4	11
			Conduct a study at the company, make all the employees answer a questionnaire	0	2
			Improve the connection and communication between the lower and higher levels of organization	2	4
<i>Organization models vary</i>	2	2	The organization model should be made flatter	1	1
			Create a flexible and elastic system	1	0
			Increase job circulation	0	1
<i>Hierarchy exists because of practical reasons</i>	5	4	Promotions should be made fair for everyone	3	2
			Increase the internal co-operation	2	2
<i>Leader guides subordinates</i>	7	1	Leaders should set an example for the workers	4	1
			Leaders need to encourage workers	3	0
<i>Information is given to everyone</i>	4	1	The situation should be explained to the workers	1	0
			There should be good communication between different organizational levels	1	1
			The salaries of all organization levels should be made public	1	0
			The achievements of the leaders should be made public	1	0
<i>Small differences in wages and other benefits</i>	25	23	The wage gap between the low level and managers is too big	1	4
			The wages and benefits of the managers should be cut down/adjusted	9	4
			The wage cuts from the managers should be transferred to lower levels	4	0
			The wages and/or benefits of the workers should be raised	17	13
			The working hours of the subordinates should be cut down	4	7
			Compensation for overwork is necessary	3	4
			Salary should be performance based (not position) <i>anlaofenpei</i>	13	12
			In terms of salary and benefits, the subordinates should be treated equally to leaders	4	3
The salary and work hours should be adjusted fairly	5	4			
<i>Subordinates participate in creative work</i>	0	1	Develop the creative power of the workers	0	1

<i>Subordinates can easily complain about their leaders</i>	0	1	The lower levels should evaluate their managers	0	1
<i>Subordinates are given a lot of freedom</i>	2	1	Create a free and open working environment	1	1
			The subordinates should bear responsibility themselves	1	0
<u>Indicators of Strong Power Distance</u>	1A	1B	<u>In which way was mentioned in the stories</u>	1A	1B
<i>Central authority</i>	0	1	CEO and other high-ranking leaders should formulate a new system	0	1
<i>The opinions of subordinates do not need to be considered</i>	6	5	(Only) the CEO and other high-level managers should make the decisions	6	5
<i>Ideal leader is a father figure or a benevolent despot</i>	3	2	Leaders should appease the negative feelings of the subordinates	3	2
<i>Big differences in wages and other benefits</i>	0	2	Increase the salaries based on seniority	0	1
			The salaries of the workers should be kept low	0	1
<i>Information is given only to leaders</i>	1	2	Don't allow the subordinates to discuss their salaries with one another	0	1
			The salaries should be kept as a secret	1	1
<u>Other themes that came up</u>			<u>In which way was mentioned in the stories</u>		
<i>Practical solutions</i>	8	13	Investigate the situation first thoroughly	4	5
			Increase competition within the organization	2	1
			Introduce a bonus system	2	5
			Provide fair possibilities for promotion	0	3
<i>Profitability issues</i>	12	0	Some of the workers need to be fired	6	0
			Increase efficiency	8	0
<i>Atmosphere and Motivating workers</i>	12	13	Increase the sense of unity/team spirit	2	3
			Increase motivation and enthusiasm of workers	10	9
			The company could provide workers with extra benefits i.e. childcare, snacks, travelling	0	4
			Improve the work environment and atmosphere within the company	3	3

The differences between the answers to the introductory scripts 1A and 1B were quite small. The biggest affect that the modification in the introductory script had can be seen in issues related to profitability. The profitability issues were considered by more than third of the respondents who wrote the stories based on the introductory script 1A and by none based on the 1B. This is very natural as in the introductory script 1A the economic situation in the company was described to be bad. Six respondents to the script 1A wrote

that some workers need to be fired and eight respondents wrote that efficiency needs to be increased. There were zero of such notions in the stories to script 1B.

Many of the traits that are connected to countries that score high on power distance were not found in the answers to the first introductory scripts. In fact, many of the answers were quite opposite of what is expected of strong power distance. The only indicator of low power distance that was not found in the stories was “subordinates are given a lot of freedom”. Whereas six indicators of strong power distance were not to found in the stories. Those were namely 1) Inequality is natural, 2) Hierarchical pyramid model, 3) Hierarchy exists because people are born unequal, 4) Leader tells subordinates what to do, 5) New ideas are always checked by the leaders, 6) It is difficult to complain about leaders.

It is clear that big differences in salary is not widely accepted by the Chinese Millennials as there was only one respondent to script 1B who wrote that the salaries of the workers should be kept low and one who wrote that salaries should be raised based on seniority. Instead, 86 percent of the respondents to script 1A indicated that there should be small difference between wages and other benefits; the same number for script 1B was 88.5 percent. There is thus no significant difference between stories 1A and 1B in this indicator. Many suggested making the wages of the lower level employees higher and that overwork should be compensated. In the answers to the introductory script 1A, there was more emphasis put on reducing the salaries of the high-level managers (nine respondents); there were only four answers to 1B where the same was suggested. In addition, four respondents to 1A wrote that the money should be redistributed to the lower level workers. It is surprising that so many respondents were willing to raise the workers’ salaries even when the economic situation was bad. In addition, an interesting result is that there were 13 respondents to script 1A and 12 to script 1B who wrote that the salaries should be performance based. In Chinese, the term is called *anlaofenpei* (按劳分配) which is a principal of the reform era of the Chinese economy. This principal became to replace the traditional communist idea of that salary should be paid according to need.

However, the fact that many of the respondents wrote that the salaries of the workers need to be higher, can be also seen as an indication of strong power distance. The need for fair pay derives according to Hwang (2008) from the Legalistic authoritarian tradition. As the subordinates are being obedient to authority, their work motivation is tied to the salary

and to whether or not they are being paid fairly. As the subordinates are subjected to the paternalistic style of ruling, in the case of unfairly distributed salaries the workers will easily leave for another job as they see no way of influencing the leaders. (Hwang, 2008.) In fact, many of the respondents wrote that the salaries of the workers must be adjusted fairly in order to avoid them leaving the company.

There were only a few responses to introductory scripts 1A and 1B that indicated strong power distance. However, the most significant indicator of strong power distance was that the opinions of subordinates do not need to be considered in decision-making. Twenty-one percent of the respondents to script 1A thought that subordinates can be left out from the decision making process and the decisions should be made among the CEO and other high-level managers. The same number for script 1B responses was 19.2 percent. The number of respondents who thought that subordinates need to participate in the decision making process was over double as big in 1B than in 1A responses. This might tell us that subordinates may participate in the decision making process at times of good economic performance, but when profits are low, there should be more authority. This indicates that there is still somewhat big percentage of Chinese Millennials who believe in autocratic decision-making and see it as a natural way of getting things done in companies.

In a few answers, it was suggested that the organization model should be changed. One answer suggested creating a new small team for creating a plan to improve the situation at the company and that there should be a few lower level workers in this team. One answer suggested creating a flat organization model, which means that the hierarchical pyramid model should be demolished. Both of these suggestions show very low level of power distance. In addition, five respondents stated the importance of giving the subordinates information. There were seven respondents who wrote to 1A that leaders should guide subordinates, which is an indicator of low power distance. Four people wrote to 1A that leaders should set an example to the workers and three were of the opinion that leaders should encourage workers.

In the responses to both of the scripts, the motivation of the workers and atmosphere within the company were considered important. There were many who seemed to be worried for the overall moral of the workers. In responses to both 1A and 1B script every third respondent wrote that the motivation and enthusiasm of the workers need to be increased. In addition, four respondents to script 1B wrote that the company should

provide some extra benefits to increase their motivation such as possibilities for travelling or childcare.

5.2.2 Type Stories of the First Introductory Script

In this thesis, type stories were created based on the tabulation of the stories. The type stories presented below and in Chapter 5.2.4 were drawn from extracts of the answers. They emphasize the different themes that are presented in the table 4. The type stories were written by using the expressions of the original stories. The type stories try to draw together the tone and most important message of the majority of the original responses. Of course, the type stories neglect some of the voices among the respondents, as it is not possible to be completely inclusive. When reading the type stories, it is important for the reader to recognize the tone of the stories and analyze the emotions that the type stories possibly arouses, as the meaning of the type stories is to bring the reader to the emotional level of understanding.

Below are the type stories to both variations of the first introductory script:

1A) *The unfair situation at the company has caused the employees' moral to drop. Thus, the employees first need to be reassured and calmed down. It is important to motivate the workers to increase their enthusiasm and make them work more effectively. The leaders should act as an example for the workers.*

The CEO and other high-level managers need to formulate a new salary and bonus system. The big salaries and benefits of the higher-ranking managers should be cut down and some of that money should be transferred to the lower level workers. The working hours should not be too long and overwork should be paid accordingly. The salaries of the workers should be raised reasonably. Salaries should be performance based.

Workers need to be more effective. The internal competition should be increased and the performance of employees of all levels, even managers, needs to be evaluated regularly. Ineffective workers need to be fired. If the situation in the company is not changed, this will eventually lead to bankruptcy.

1B) *First, the situation should be discussed with the workers in order to understand their demands properly. Adjustments need to be made after discussing the situation with workers. The lower and higher levels of the organization need to co-operate more; there should be good relationship between all the organization levels.*

The unequal payment system should be changed and the wage disparity needs to be reduced. Salaries should be raised and they should be performance based. The working hours of the workers should be cut down. A bonus system would be good to motivate workers.

The economic situation of the company is good, but as the workers have low work motivation, the situation cannot continue as in the future the workers might leave the company and this might cause huge losses. The company could also offer the worker some other benefits such as free childcare or snacks. More motivated workers will be more productive and thus further benefit the company's future development.

The above type stories present the straightforward and practical approach of the respondents. There is not much difference in the tone of the type stories. The biggest difference between the two is that there is more emphasis on the economic performance in the first type story. The attitude towards the workers is slightly more demanding in the first type story. There is more room given for negotiating with the employees in the second story, and there is no similar feeling of urgency to deal with the matter as in the first story. This difference stems from the economic situation of the company as many of the respondents to the 1A variation of the introductory script were speculating about a possible bankruptcy of the company, if quick actions were not taken to deal with the situation.

5.2.3 Responses of the Second Introductory Script

Table 5 presents the tabulation results for introductory scripts 2A and 2B. Equal to table 4, the first column comprises of the indicator of low and strong power distance according to Hofstede (2001). The second and third column show how many stories included that indicator. The fourth column lists the way that the power distance indicator was mentioned in the stories. The fifth and sixth column indicate the number of times that each of the certain expression was used in the stories.

Table 5. Tabulation of Results, Introductory Scripts 2A (n=26) and 2B (n=30)

Indicators of low power distance according to Hofstede (2001)	2A	2B	In which way was mentioned in the stories	2A	2B
<i>Several people participate in decision making</i>	6	19	Make decisions based on opinions of the subordinates and other leaders	4	14
			Formulate a new system together with the subordinates and leaders	4	5
			I would give subordinates more power in decision making	0	3
<i>The opinions of subordinates are important in decision making process</i>	22	23	I would discuss my leadership practices with the subordinates	4	3
			I would listen to the views and opinions of subordinates	16	20
			I would profoundly talk over the issue with subordinates	8	1
			Conduct a study at the company, make all the employees answer a questionnaire	3	5
			Improve the connection and communication between the lower and higher levels of organization	5	3
<i>Ideal leader is democratic</i>	7	5	Ask everybody's opinion and try to find a common understanding	1	1
			Create a democratic decision making system	1	0
			I would make decisions according to opinions and views of the majority	5	4
<i>Organization models vary</i>	2	2	Create a flexible and elastic system	2	2
<i>Hierarchy exists because of practical reasons</i>	3	7	Increase internal co-operation	1	6
			Deregulation is needed	1	0
			Build a close relationship with the subordinates	1	2
<i>Leader guides subordinates</i>	4	8	I would encourage the workers to come up with their own ideas and suggestions	0	6
			Leaders need to encourage workers	4	2
<i>Information is given to everyone</i>	5	12	The situation at company should be explained to the workers	2	4
			There should be good communication between different organizational levels	0	6
			I would explain my decisions to the employees	3	2
			I would make my decisions on new adjustments public	2	1
<i>Small differences in wages and other benefits</i>	4	4	The wages and/or benefits of the workers should be raised	4	4
<i>Subordinates participate in creative work</i>	1	0	Develop the creative power of the workers	1	0
<i>Subordinates can easily complain about their leaders</i>	7	4	An opinion box where feedback on leaders and general matters can be put anonymously	2	1

			Subordinates should give feedback and comments on leadership practices	3	3
			The lower levels should evaluate their managers	2	0
<i>Subordinates are given a lot of freedom</i>	14	16	Freedom may be given if it does not affect efficiency negatively	8	3
			The subordinates should be able to decide for themselves	2	2
			I would give subordinates more freedom	4	13
			Subordinates should be able to decide for their working hours	2	0
<u>Indicators of Strong Power Distance</u>			<u>In which way was mentioned in the stories</u>		
<i>Central authority</i>	1	4	the high-ranking leaders should formulate a new system	0	4
			The leaders should have absolute decision making power	1	0
<i>The opinions of subordinates do not need to be considered</i>	4	7	(Only) the high-level managers should make the decisions	3	2
			I would discuss the matter only with other high level managers	1	5
			The position of everyone in the organization should be made clear and everyone should act according to it	2	1
<i>Ideal leader is a father figure or a benevolent despot</i>	2	1	Leaders should appease the negative feelings of the subordinates	1	1
			Show loving care towards subordinates	1	0
<i>Subordinates are being controlled</i>	1	0	I would strictly make demands from my subordinates	1	0
<i>Leader tells subordinates what to do</i>	3	3	Subordinates can be given the freedom to decide only on very small issues	2	3
			Give freedom according to post	2	0
<u>Other themes that came up</u>			<u>In which way was mentioned in the stories</u>		
<i>Practical solutions</i>	5	6	Investigate/study the situation properly first	5	5
			I would become a subordinate for a day to investigate the situation	1	1
<i>How to become a good leader?</i>	16	6	Listen constantly to the opinions of subordinates	10	4
			Continuous self-improvement	4	1
			Modestly admit your own mistakes	2	2
<i>Profitability issues</i>	5	2	Some of the workers need to be fired	1	0
			Profitability is an important factor to be considered	4	2
<i>Atmosphere and Motivating workers</i>	10	3	Increase harmony within the organization	1	0
			I would encourage the workers	5	0
			Arrange travelling and activities for workers	7	3
			Improve the work environment and atmosphere within the company	3	0

The stories were very rational and showed a very logical approach to problems. Majority of the respondents wrote that they would first investigate the issues profoundly by either conducting a study or by discussing with subordinates and managers. In the case of both the script 2A and 2B, the complaints were clearly taken seriously. The respondents clearly seemed to be concerned about the employees and they wanted the employees' opinions to be heard. The issue was not seen as a merely temporary problem that could be fixed at once, but instead many of the solutions suggested long-term plans for making sure that the problems do not surface again in the future.

Similar to the responses of the first introductory scripts, the answers indicated very low power distance. The only indicator of low power distance that was not found in the responses was 'inequality should be avoided'. Instead, five indicators of strong power distance were not mentioned in the responses: 1) Big differences in wages and other benefits, 2) Information is given only to leaders, 3) Inequality is natural, 4) Hierarchical pyramid model, 5) Hierarchy exists because people are born unequal.

The biggest difference between the responses to the introductory script 2A and 2B is that in the responses to script 2B more people are included in the decision-making. Twenty-three percent of the respondents to 2A thought that several people need to participate in the decision-making where as 63 percent of the respondents to script 2B thought the same. Differences between the responses to the different scripts indicate that when the subordinates are complaining the leaders need to make changes, but without consulting both the subordinates and other leaders. Then on the other hand, when the higher-level manager is making demands, changes need to be made together with subordinates and other leaders.

Surprisingly, the tone of the stories was slightly more positive in the answers to script 2A than to script 2B. There was more sympathy shown towards the employees than the high-ranking manager. Perhaps the fact that there was only one high-ranking manager (2B) compared to several employees (2A) who were complaining, made the respondents react the way they did. It would be interesting to see how the answers would have changed if there would have been many senior managers making the complaint.

It is also significant that how many of the respondents wanted to consider the opinions of the subordinates when making decisions. Eighty-five percent of the respondents to script

2A indicated that the opinions of subordinates are important and 77 percent of the respondents to script 2B. In addition, some hold a very democratic ideal of a leader, as in total twelve respondents would have used a democratic way of solving the issue at hand. Furthermore, twelve respondents to 2B and five to 2A saw it as important that information within the organization is shared. This shows that Chinese Millennials would not act based on the opinions of the few but would rather like to understand the views of the majority.

What comes to giving freedom to workers, not many of the respondents were ready to give more freedom without investigating the situation properly and discussing the matter with both the subordinates and other leaders. After all, only four respondents to 2A wrote that they would give subordinates more freedom without adding any terms for that; the same figure for 2B was over three times bigger, 13. Giving freedom to workers was seen as feasible by eight respondents to script 2A in the case that it does not affect efficiency negatively; three respondents to script 2B wrote the same. The respondents seemed to be somewhat hesitant about giving freedom to workers. They did not say that the subordinates would need to be controlled either, but they were clearly not ready to do such changes without proper evaluation. It is clear that the respondents were less hesitant to give more freedom when the complaint came from the higher-level manager than the subordinates themselves. Many expressed some doubts about the subordinates becoming inefficient if they were given more freedom. Some respondents only considered the issue of freedom in terms of working hours or some very small issues such as what to do during breaks. Not many respondents talked about giving complete freedom for the subordinates to decide for themselves.

Many respondents wrote that it is necessary to communicate continuously with the employees in order to adjust one's own leadership practices. Ten people (2A) wrote that they would become good leaders in the eyes of their subordinates by listening constantly to their opinions. Four people (2B) wrote that they would do the same in order to become good leaders in the eyes of the other high-ranking leaders. In total five people wrote (2A+B) that continuous self-improvement is the key for becoming a good leader and four people wrote, that you need to admit modestly your own mistakes.

There were several interesting solutions given on improving the atmosphere within the company and for motivating the workers. Seven respondents to 2A wrote that they would

arrange some activities for workers and five wrote that they would encourage the workers. Only three respondents to 2B script wrote that they would arrange activities. In general, the respondents to the script 2A were more innovative on how to make the situation at the company better and how to be a good leader. A rather funny solution to solving the problem was proposed by two respondents who wrote that they would switch jobs with one subordinate in order to understand the issue better and investigate the situation properly.

5.2.4 Type Stories of the Second Introductory Script

Equal to the type stories of the first introductory scripts, the type stories of the second introductory script were created based on the tabulation of the stories. The type stories presented below were drawn from extracts of the answers. They emphasize the different themes that are presented in Table 5.

Below are the type stories to both variations of the second introductory script:

2A) In order to make proper adjustments, it is important to investigate the situation in the entire organization first. I would discuss the matter in detail with my subordinates to understand their views and feelings better. I would make decisions based on their opinions. All the adjustments that I would make I would also explain to the staff.

Based on the results of the study and discussions with the employees I would create a plan for necessary changes within the organization. More freedom and independence could be given to the subordinates as long as it would not affect their work effectiveness. I could also arrange company trips and even possibilities to go abroad for the subordinates in order to motivate them.

The subordinates should be able to give feedback to myself and other managers. It is important that there is a close relationship and communication between the different organization levels. In order to become a good leader, I would encourage my subordinates and listen constantly to their opinions.

2B) *I should take this critique seriously, but I need to confirm whether the senior manager's complaints are true. I need to ask for the opinion of other leaders and the opinion of the subordinates as well. I need to understand how many subordinates agree with the senior manager and what their complaints are exactly.*

To get a proper understanding of the bigger picture, I would conduct a study within the organization. The questionnaire would be anonymous. I would need to understand first what level of freedom would be suitable.

After conducting the study and discussing with others, I would do some changes. The subordinates need to be given more freedom and their opinions need to be heard. As a leader, I would need to encourage the workers to come up with their own views and suggestions. It is important to have a good atmosphere within the company. There should be good co-operation between different organization levels.

The above type stories give a good overall understanding of the responses. The type stories capture the emphasis that there was in the responses on including the subordinates in the decision-making process. The opinions of the subordinates are seen as important and the subordinates should be even encouraged to express their views. In both of the type stories, it becomes evident how little emphasis there was on giving the subordinates more freedom, as the concept of freedom was brushed aside in many of the responses or it was only shortly mentioned. The democratic leadership style that was portrayed in many of the answers is hopefully seen in the above type stories. Both of the type stories demonstrate how understanding the core issue behind the complaints was important for the respondents. As can be seen from the type stories, the respondents had a very hands-on pragmatic approach to the issue. The style of writing is very clear-cut. The type stories to all of the introductory scripts (1+2) try to capture, how universal the leadership approach of the respondents seemed to be. In fact, it might be rather difficult to detect elements that would be particular only to Chinese culture.

5.2.5 Summary of the Power Distance Indicators

Table 6 combines all of the responses; it summarizes the results regarding power distance indicators. The first column presents the low power distance indicator and the fourth column the corresponding strong power distance indicator. The second and fifth column

tell that in how many stories the indicator was mentioned and third and sixth column show that how many percentage points that corresponds from all of the answers.

Low Power Distance	NT	%	Strong Power Distance	NT	%
Inequality should be avoided	14	12,6%	Inequality is natural	0	0%
Several people participate in decision making	29	26,1%	Central authority	6	5,4%
The opinions of subordinates are important in decision making process	64	57,7%	The opinions of subordinates do not need to be considered	22	19,8%
Ideal leader is democratic	12	10,8%	Ideal leader is a father figure or a benevolent despot	8	7,2%
Organization models vary	8	7,2%	Hierarchical pyramid model	0	0%
Hierarchy exists because of practical reasons	19	17,1%	Hierarchy exists because people are born unequal	0	0%
Subordinates are given a lot of freedom	33	29,7%	Subordinates are being controlled	1	0,9%
Leader guides subordinates	20	18%	Leader tells subordinates what to do	6	5,4%
Information is given to everyone	22	19,8%	Information is given only to leaders	3	2,7%
Small differences in wages and other benefits	56	50,5%	Big differences in wages and other benefits	2	1,8%
Subordinates participate in creative work	2	1,8%	New ideas are always checked by the leaders	0	0%
Subordinates can easily complain about their leaders	12	10,8%	It is difficult to complain about leaders	0	0%

Table 6. Number and Percentage of Stories Where Each Power Distance Indicator was Mentioned

From the table we can see clearly that there was more emphasis on low power distance than strong power distance. Nevertheless, it is still important to note that many elements of strong power distance can be found in some of the stories. This gives us an indication that while most Chinese Millennials might prefer low power distance, there are still some individuals who prefer stronger power distance. It is also important to note that some Chinese Millennials might approach some problems with practices that are seen as belonging to low power distance cultures, but then other problems with practices that

belong to strong power distance cultures. As in most of the stories, the solutions proposed were clearly not related to either low or strong power distance, but instead included elements of both.

It is very natural that the two indicators that consider freedom and wages were mentioned in many of the texts. This is because these issues were mentioned in the introductory script. It is slightly surprising though how many respondents mentioned the importance of opinions of subordinates in decision-making. In total in 64 stories, it was mentioned that the opinions of subordinates are important in decision-making process. On the other hand in 22 stories the opinions of subordinates were not considered in decision-making process. This was the most common strong power distance indicator.

5.3 Discursive Analysis

It was difficult to grasp the leadership style by reading the responses. Perhaps, the introductory scripts did not give enough space for emotional expression. As can be seen from the type stories, the style of the majority of the responses was very straightforward. There were nevertheless a few stories that showed great amount of sympathy towards the subordinates. A very caring and compassionate style of leadership was portrayed in those stories. Yet again, there were several stories where the tone was very cold. The most important thing was the efficiency and profitability, and little compassion was shown towards the employees.

One element of strong power distance that can be found in some of the stories, was the Confucian ideal of the father like leader. The leader was expected to be a role model for the subordinates and set an example with his/her behavior. The leader was expected to appease the burden of the subordinates and consolidate their negative feelings in a fatherly way. In addition, integrity and accountability were seen as an important trait of a leader in most of the responses. According to the stories, leaders should be ready to take the blame on themselves and take the responsibility for their own actions. Many responses also showed great degree of humbleness. Constant listening to other people and admitting your own mistakes was seen as important.

Regarding the traditional schools of thought, often the individual respondents seemed to hold several elements from them. Probably the most common elements were of the

strategic leadership theory of Sunzi. The way that planning and information gathering was an important issue for many of the respondents can be seen as a reflection of militarism. Majority of the respondents were hesitant to take action before either investigating situation first or/and discussing it with others. This is the mindset of a strategic leader, who does not act upon emotion but rather on information, exactly as Sunzi suggests. An important Confucian element in the leadership described by some of the respondents was the paternalistic leadership ideal. In addition, the notion of continuous self-improvement being the key for becoming a good leader is very Confucian kind of thinking. Some respondents on the other hand seemed to have embodied the naturalistic leadership theory, as their ideas or leadership style were contradictory. Moreover, some of the respondents seem to hold elements of the Legalistic approach, as they wanted the rules and adjustments to be made clear for everybody within the organization.

Many of the respondents saw leadership as a two-way dialogue between the subordinates and leaders. However, there was a handful of respondents, who hold a completely different view of leadership. These respondents described the leadership as top-to-down process, where leaders had the control over everything. It was only the top leaders, who were able to have a voice in decision-making. In addition, there were a few responses, where leadership was described as a hybrid of the above two views of leadership. These respondents saw leadership as a construct of hierarchy, where everyone should be able to have a voice, but still the top leaders should have power over subordinates rather than power with subordinates.

It is interesting that how the concepts of *guanxi* and *mianzi* could not be found in the responses. One could have expected there to be some elements from either one of them. Especially, the concept of *mianzi* could have come up in the responses for introductory script 2A and 2B. The respondents could have written that, how it is important that they do not lose their face in front of the employees or in front of the other high-ranking official. Instead, majority of the respondent seemed to be willing to admit their own mistakes openly and a few respondents even wrote that they would like to give a public apology. In addition, some respondents (2B) could have written that how the face of the senior leader needs to be protected, but there were no such notions. When it comes to *guanxi* instead, it could have been more difficult to detect from the answers. Probably, the introductory scripts did not give enough information for the respondents to elaborate

on issues related to *guanxi*. One element that is though loosely related to *guanxi*, is the way that the respondents wrote about creating a good relationship between the different levels of organization. This element cannot be related to *guanxi* in the aspect of personal network, but it can be understood in the wider concept of Chinese people preferring working with people whom they know rather than trusting rules and regulations.

When analyzing the responses in terms of the leadership theories derived from the political leaders' ideologies and practices, the leadership by Deng Xiaoping could be seen in several of the responses. The Chinese Millennials seem to be very pragmatic similar to Deng. There was more emphasis on results rather than ideology among the respondents. Especially, many respondents to the first introductory script wrote about different options that could be taken to ensure the profitability of the company. The respondents wanted to create good conditions for the employees without compromising the profitability of the company. Many saw this being possible by not using only one measure, but rather trying out several, just like Deng's 'to cross the river by feeling the stones' -method. In addition, one element from the leadership by Mao, was the fact that many respondents did not have a clear leadership style or role. The role of the leader was described in these responses as varying according to the situation.

6 DISCUSSION

This final chapter of the thesis elaborates on the theoretical framework and the results of the empirical work discussed in all of the previous chapters. Chapter 6.1 draws together the most important conclusions of the thesis. The practical implications of the results are discussed in Chapter 6.2. The Chapter 6.3 discusses the limitations of the thesis. It also gives suggestions for future research.

6.1 Conclusions

It is important not to simplify the complexity of Chinese leadership. This thesis has proven that there is not only one type of Chinese leadership or ideal Chinese leader. Exactly like leadership in general, Chinese leadership is a continuum of different kinds of theories. The ideal Chinese leader is not only the caring father-like figure of the Confucian tradition, but instead every major school of thought holds its own ideal. The paternalistic leader might be one ideal and for sure fits some situations, but that is not the whole reality of Chinese leadership. We need to adopt a more Eastern kind of philosophy when we look at leadership issues. The traditional heroic leadership research that has tried to define what is good and bad leadership is outdated and does not fit the complex reality of organizations in any part of the world. Instead, we need to adapt the *yin-yang* philosophy to leadership research and leadership practices. Similarly, leaders should master different leadership theories: according to the situation, one leader can be altruistic, strategic, naturalistic, paternalistic, humane or bureaucratic. The Chinese Millennials themselves seem to have understood well, how to adapt the different traditional schools of thought to leadership problems, as most of their responses hold elements from several of the schools.

The results show that the Chinese Millennials seem to differ from the earlier generations at least in terms of power distance, as most of the respondents preferred low power distance compared to strong power distance. The answers of the Chinese Millennials embodied both some traditional elements from old schools of thought as well as some elements from the Western leadership theories. Overall, the leadership style that was portrayed in the responses was not the stereotypical authoritarian Confucian style nor was it the Western democratic style either. What stood out was a logical and pragmatic approach to leadership issues. The following can be concluded from the responses: The

Chinese Millennials as leaders would be very logical in their decision-making. They would investigate the situation at hand properly before taking action. They try to consider many aspects of the problem and try to include many people in the decision-making process. Chinese Millennials have a humble attitude and believe in continuous improvement within organizations. They show a high-degree of compassion towards people in weaker position. Chinese Millennials want to treat their subordinates fairly and give them good salaries and humane working hours. They see that power and responsibility go hand in hand. It is unlikely that the Chinese Millennials would fully integrate Western leadership styles and practices. However, as there are more Western influence and multi-cultural corporations in China, we can surely expect Chinese Millennials to learn from the Western practices. The Chinese Millennials will most probably use a leadership style that draws from both the Eastern and Western traditions.

The notion that Chinese Millennials would be selfish and have less emotional intelligence (Yu, 2005) was not supported by the results. On the contrary, the respondents seem to want to create a fair working environment for all the workers. They seemed to be very willing to listen to other people's opinions and showed a high degree of humbleness in face of critique from both subordinates and other leaders. The Chinese Millennials want to create a working environment where employees feel enthusiastic about their work and are highly motivated. Leaders are supposed to act as role models and set an example for the subordinates. Exploitation of workers is highly condemned. However, the harsh reality of organizations often does not give space for the leadership ideals that one might hold when still being a student. The norms and the rules of the organization will further shape leadership. People with power never step into a vacuum, when they become leaders. We must understand the post-heroic view of leadership that the subordinates define what kind of leader is suitable for them. Especially in a highly competitive environment such as China, the Millennials might end up behaving according to the norms of the organization and give up their personal ideals.

6.2 Practical Implications

By looking into the empathy based stories of the Chinese Millennials, some conclusions can be drawn on how they themselves want to be treated as subordinates. These practical implications might not be of value for only the Chinese older generation business leaders when trying to manage their Millennial subordinates, but also to foreign managers, as one

of the biggest issues for European foreign invested enterprises operating in China has been to get and keep qualified workforce (EU Chamber of Commerce in China, 2017).

Several studies in the past have concluded that the most important motivator for Chinese workers is the salary (e.g., Huseman, Hatfield, & Yu, 1991; Bu & McKeen, 2001; Yu, Taylor & Wong, 2003; Frecklington, 2003). The results of this thesis did not state that the salary would be the *most* important motivator, but it was given significant amount of importance. In addition, the respondents emphasized the importance of corporate activities and improving the general atmosphere within the company. This might indicate that as the minimum wages in China have reached higher level in the past decade, the salary alone is no longer enough to motivate the employees. The Chinese Millennials certainly expect fairness from their leaders. Thus, if the business leaders want to motivate the Chinese Millennials, they have to implement equitable and performance-based reward systems. The working environment should be at the same time competitive and just for everyone. It might be challenging to balance these elements and it requires good understanding of social dynamics and the effects of reward systems on them.

The Chinese Millennials emphasized the importance of good co-operation and communication within the company. The leaders have to make sure that the Chinese Millennials feel that their opinions are taken into consideration. There were many practical solutions given by the Millennials for decision-making process within the organization:

- Conduct a study to collect to understand the common opinion
- Have an opinion box
- Discuss often face to face with the subordinates
- Encourage the subordinates to come up with their own ideas
- Become a subordinate for a day.

If the Chinese businesses want to succeed and keep good workers, the leaders need to listen to their subordinates. They have to let their subordinates voice out their needs and opinions. Participative leadership, that gives space for the autonomy and individuality of the workers (Ou et al. 2014), needs to be adapted into Chinese organizations, if they want to keep their Millennial employees motivated.

The Millennial generation has been noticed to be ethically and socially conscious by several studies (see i.e., Smith, 2011; Bucic et al., 2012). This thesis has proven nothing different when it comes to Chinese Millennials. Corporate social responsibility (CSR) should not be something that can be used merely to apply a beautiful coverage on deeper problems as in the long run, properly implemented CSR will result in lower employee turnover and better performance (see i.e., Vitaliano, 2010). This means that organizations need to develop corporate social responsibility in order to gain a good reputation among the Millennial workers and customers. In China, this might prove to be very challenging as the fast economic growth often demands fast expansion and large profits in the expense of CSR (Buyaert, 2012). The empathy-based stories included some practical solutions in themselves for CSR issues:

- Treat everyone within the organization equally.
- Working hours should be decent and overwork needs to be compensated.
- The organization should take care of the employees' well-being on a large scale by providing for example childcare and offering travelling opportunities abroad.

6.3 Limitations and Suggestions for Future Research

It is not possible to get statistically significant results by using the method of empathy-based stories as the data collected by using the method is strictly bound to a certain place and time. Although the number of respondents was high considering the research method used, the sample is not big enough to draw conclusions that would be applicable to the whole population. However, the results of this thesis are theoretically significant and can offer many possibilities for future research. The results of this thesis should be verified with a quantitative survey study, for example a questionnaire with a sample of around 2 000 students.

Values have less effect on the behavior of young people than on the behavior of old people. As people get older, they start to act more based on their cultural values. (Taras, Kirkman & Steel, 2010.) Therefore, it would be interesting to study, how the Chinese Millennials will act in managerial position and what kind of leadership styles they will apply in practice. It takes time to bring down the old hierarchies and norms within Chinese organizations. When in the future the Chinese Millennials will hold high leadership positions, they might not be able to be the kind of leaders they wished to be when they were still students. When entering the workforce, the Chinese organizations might also

mold the Millennials to become more like the earlier generations. Most probably there will be a two-way process going on within the organizations, where the Millennials are affecting the older generations and vice versa. It would be important to study, how the reality in Chinese organizations has changed twenty years from now, when the Millennials have reached senior manager positions. It is very important for scholars to keep up with the process and keep on studying the Chinese employees, leaders and organizations as they might see a big change in the coming decades once the Chinese Millennials take over higher positions.

The empirical part of the thesis did not consider many aspects of leadership. The introductory scripts were by no means all-inclusive and made the respondents focus on one topic. The introductory scripts were mainly used to test the level of power distance. Important elements of Chinese leadership theories such as harmony, *guanxi* and collectivism were not tested in the empirical research. Thus, in the future research, it would be important to study other elements of leadership by using the method of empathy-based stories.

The sample was taken from only three universities. As there are big regional differences in China, it is possible that if the study had been conducted within other universities, the results could have been different. Now the sample consisted of students from universities in Nanjing and Beijing, which are economically well-developed cities with long history of renowned universities. It is possible that students that go to university in a smaller and less developed area in China, would have answered differently. Although there seemed not to be significant differences between the male and female respondents' stories, the fact that 72 percent of the respondents were female might have biased the results. In addition, the introductory scripts were not tested beforehand. This caused the answers to be somewhat too similar between the two variations of the introductory scripts. Thus, for future research it is recommended to do a preliminary study in order to test the introductory scripts.

According to Ren et al. (2015), the current generation of Chinese business leaders lack the skills to deal with human resources in a manner that takes the individual needs of the personnel into consideration. This might cause conflicts in the Chinese organizations as the Chinese Millennials seem to prefer more open and flexible working environment. There might be a huge gap between the Chinese Millennials and the earlier Chinese

generation. This difference between the two generations would be an interesting research topic that would have significant practical implications as the Chinese business leaders need to be better informed on how to develop their leadership skills to match the needs of their Millennial subordinates. The results of this thesis might offer a good starting point for future research on studying the differences between different generations in China. Future research should also take into consideration the effect of organization size and type. Chinese start-ups might already be ahead of SOEs in implementing less hierarchical practices and thus, might have a competitive advantage in getting the best Millennial graduates to work for them.

It would be interesting to study the differences between Chinese students who have studied in China and those who have studied abroad. The same introductory scripts that were used in this study could be used on overseas students and then compare the results to the results of this study. This would give further implications on how much the education affects the Chinese Millennials. In fact, one answer written by an overseas student was left out from this study, as the respondent did not fit the sample (Chinese students studying in China). The response of the overseas student differed in content from the other responses as it was written in English and it was very technical³. It did not consider much the humane side of leadership like most of the other responses. It was mainly focusing on creating a compensation and incentive program in the company.

The future research on Chinese leadership should have a post-heroic approach. It is important to continue to study leadership as a phenomenon that is co-constructed between people. In practice, this means that it is important to study both the Chinese leaders and the subordinates and most importantly the relationship between the two. In addition, studying business students is important for the post-heroic leadership research, as students have not yet been molded by the organizations. Students have a fresh mindset of looking at leadership questions. Otherwise, leadership research will take a step backwards, if it continues to repeat the pattern of studying only the leaders and ideal leadership practices. Chinese philosophers have long understood that it is necessary to see the world as different shades of gray rather than black and white. It is about time that leadership scholars do the same.

³ The respondent answered to introductory script 1B.

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APPENDIX 1**First Introductory Script in English**

1A) age: female/male: university: major:

A middle sized company (100 employees) has had big economic losses in the past few years. The employees are complaining that their working hours are too long and that their wages are too low and that their bosses are enjoying too big wages and other benefits. How should the CEO and other top managers react to the situation at hand and make it better? Describe how the situation in the company evolves.

1B) age: female/male: university: major:

A middle-sized company (100 employees) has had good profits in the past few years, but employees are complaining that their working hours are too long and that their wages are too low and that their bosses are enjoying too big wages and other benefits. How should the CEO and other top managers react to the situation at hand and make it better? Describe how the situation in the company evolves.

APPENDIX 2**Second Introductory Script in English**

2A) age: female/male: university: major:

Imagine yourself around fifteen years from now. You are working in an organization with around 200 employees. You are one of the highest-ranking leaders in the organization. Several of your employees complain that you are not giving them enough freedom in their work and that they are not satisfied with you as their leader. Describe how you are going to react and what kind of changes would you make regarding your own leadership practices? What would make you a good leader again in the eyes of your employees?

2B) age: female/male: university: major:

Imagine yourself around fifteen years from now. You are working in an organization with around 200 employees. You are one of the highest-ranking leaders in the organization. Other old and high ranking leader of your organization complains that you are not giving your employees enough freedom in their work and that he is not satisfied with you as a leader. Describe how you are going to react and what kind of changes would you make to your own leadership practices? What would make you a good leader again in the eyes of the other high ranking leaders?

APPENDIX 3

Introductory Scripts in Chinese

1A 请用端正的汉字书写，谢谢。因为我是外国人：)

年龄： 性别：男/女

学校： 专业： 年级：

一家中等规模的公司（100 个员工）在过去几年中有较大的经济亏损。员工抱怨他们的工作时间太长，而工资很低；但是他们的上司却享有丰厚的工资和其他福利。那么公司的 CEO 和高层经理们面对这种情况，该做出何种反应？如何处理这种情况使之改善呢？请描述公司这种现状的发展情况

1B 请用端正的汉字书写，谢谢。因为我是外国人：)

年龄： 性别：男/女

学校： 专业： 年级：

一家中等规模的公司（100 个员工）在过去几年中效益很好。但是员工抱怨他们的工作时间太长，而工资很低；但是他们的上司却享有丰厚的工资和其他福利。那么公司的 CEO 和高层经理们面对这种情况，该做出何种反应？如何处理这种情况使之改善呢？请描述公司这种现状的发展情况。

2A 请用端正的汉字书写，谢谢。因为我是外国人：)

年龄： 性别：男/女

学校： 专业： 年级：

想像一下 15 年后的自己。你在一家大约 200 人的组织工作。你是这个组织的最高层领导人之一。你的一些员工向你抱怨说你在工作中没有给他们足够的自由，他们对于你这个领导不满意。请描述你下你将如何应对以及你将如何在你的领导决策中做出相应的调整。如何在你的员工眼里重新成为一个好领导。

2B 请用端正的汉字书写，谢谢。因为我是外国人：)

年龄： 性别：男/女

学校： 专业： 年级：

想像一下 15 年后的自己。你在一家大约 200 人的组织工作。你是这个组织的最高层领导人之一。其他老资格的高管向你抱怨说你在工作中没有给员工足够的自由，他对于你作为领导不满意。请描述你下你将如何应对以及你将如何在你的领导决策中做出相应的调整。如何在其他高管面前眼里重新成为一个好领导？