

# Leading the Global Economy

Integrating Chinese and Western Leadership Styles



**HOGAN**

China's role in the world economy cannot be understated. Since opening its borders to foreign businesses 35 years ago, the country has averaged nearly 10% annual GDP growth, and in 2010 surpassed Japan to become the world's second largest economy. What's more, financial industry experts predict China will supplant the U.S. as the world's largest economy in the next 15 to 30 years.

As businesses continue to expand into China, and Chinese companies establish operations around the world, employers find themselves having to integrate both Chinese and Western perspectives into their organizational leadership roles. Understanding the inherent differences between Chinese and Western leadership styles is essential for successful talent management programs.

## about the study

To pinpoint the differences between Chinese and Western leadership styles, Hogan consultants Jarrett Shalhoop and Michael Sanger collected personality data from 992 Chinese business leaders who met three criteria:

1. They were born and educated in Mainland China.
2. They were working in Mainland China at the time of assessment.
3. They had direct reports at the time of assessment.

They compared this sample to business leaders in the U.S. (4,184), Germany (1,779), and Australia (4,864), regions selected because of their large trade interests with China.

Shalhoop and Sanger examined three kinds of data: bright-side personality, also called normal personality, dark-side personality, and values. Together, these three dimensions accurately predict individuals' strengths, weaknesses, and leadership style.

## **bright-side personality**

Measured using the Hogan Personality Inventory (HPI), bright-side personality describes how we relate to work and to others when we are at our best.

There were two trends related to the HPI that distinguished Chinese from Western leaders.

# 1 Chinese leaders scored lower on HPI Ambition.

**Ambition** – an interpersonal style characterized by assertive, directive, and competitive interactions with others.

Chinese leaders are likely to favor team effort and collaborative decision making rather than the more directive and assertive style demonstrated by their Western counterparts, which could be interpreted by a Chinese manager as uncooperative. Alternatively, U.S., German, and Australian leaders may view their Chinese subordinates as lacking a degree of initiative and independence.

## 2 Chinese leaders had lower scores on HPI Interpersonal Sensitivity, and higher scores on HPI Prudence.

***Interpersonal Sensitivity** – the degree to which a person seems perceptive, tactful, and able to maintain relationships*

***Prudence** – the degree to which a person demonstrates self-discipline, responsibility, and thoroughness*

Chinese managerial style is likely to be more task-oriented and process-driven (high Prudence), with a more pointed communication style than U.S., German, and Australian leaders, who tend to expect a bit more finesse in communication and more flexibility in their leaders.

## dark-side personality

The Hogan Development Survey (HDS) describes the dark side of personality – derailing tendencies that emerge under stress. Although these tendencies represent a smaller proportion of behavior, the circumstances under which they emerge are often critical, representing crisis periods, important decisions, or other stress-inducing situations. There were four trends related to the HDS that distinguished Chinese leaders from Western leaders.

# 1 Chinese leaders scored higher on HDS Excitable.

**Excitable** – the extent to which someone becomes moody, hard to please, and emotionally volatile under pressure

Chinese managers' high score suggests a tendency towards moodiness, criticizing others, and emotional reactions when under stress.



## 2 Chinese managers scored lower on HDS Reserved.

**Reserved** - the degree to which someone seems aloof, uncommunicative, and indifferent to the feelings of others under pressure

HDS Reserved had a lower score than any other derailer in the Chinese sample, and was the only one on which Chinese managers received significantly lower scores than the other managerial samples. This finding suggests the types of behaviors associated with the HDS Reserved scale may be particularly inconsistent with Chinese perceptions that effective leaders promptly address and escalate problems and concerns.

### 3 Chinese leaders scored highest on HDS Bold.

***Bold** - the extent to which a person seems overly self-confident, arrogant, and entitled*

HDS Bold was the highest mean for the Chinese sample, and the highest mean score in the study. Under stress, Chinese managers may promote their own ideas and place high demands on their subordinates. This finding is important as it suggests that under stress many Chinese managers exhibit a substantial change in behavior from the day-to-day styles indicated by the HPI, and may reflect a higher power distance between managers and subordinates in Chinese business culture.

## 4 Chinese leaders scored higher on HDS Dutiful.

***Dutiful** – the extent to which people seem eager to please and reluctant to act independently or against popular opinion*

Finally, Chinese managers scored higher on the Dutiful scale, which includes ingratiating behaviors aimed at building alliances with those in positions of power. Consequently, Chinese managers may be especially averse to open dissent with superiors during periods of stress.

## values

Values, measured by the Motives, Values, Preferences Inventory (MVPI), are the core goals, values, drivers, and interests that determine what we desire and strive to attain. A number of significant differences emerged on the MVPI, but again we focused on key differences that we believe distinguish the Chinese managerial style most profoundly.

# 1 Chinese leaders scored significantly higher on MVPI Altruism.

*Altruism - the extent to which a person wants to help others and contribute to society*

Altruism is associated with concern for helping others and commitment to a cause. In this case Chinese leaders show a higher concern for group welfare and belief that their work is part of a larger enterprise or initiative. This finding is congruent with leadership qualities associated with establishing the Chinese cultural imperative of “guan xi,” a concept regarding influence and relative importance as derived from one’s network of relationships.

## 2 Chinese leaders had higher scores on MVPI Aesthetics.

**Aesthetics** - the degree to which someone needs self-expression, and is concerned over look, feel, and design of work products

This difference reflects Chinese leaders' concern for "face," a concept closely tied to one's reputation and prominent in Asian cultures. Chinese leaders appear to be more concerned and vigilant about how personal appearances, physical surroundings, and reputation reflect on their status. Conversely, U.S., German, and Australian managers may pay less attention to subtle indicators of status.

## 3 Chinese leaders scored higher on MVPI Recognition.

**Recognition** – the extent to which a person is responsive to attention, approval, and praise

Chinese managers indicate a value around receiving and providing feedback to others. This value is largely social in nature and may reflect a high concern for group morale.

## what does it mean?

Put simply, Chinese and Western leaders are different. Moreover, Chinese employees' and Western employees' expectations for what constitutes leader-like behavior is different. This information is critical for HR practitioners faced with the task of integrating Chinese and Western perspectives in organizational leadership roles.

1. These findings may be applied in development and coaching contexts for managers operating in a cross-cultural environment, whether it is understanding the expectations of one's manager, effectively managing one's direct reports, or relating to colleagues and peers of a similar job level.
2. These results have implications for selecting leaders for cross-cultural assignments or expatriation, as one's leadership style may be more or less suited to operating in a different cultural environment.
3. The conclusions presented suggest that one-size-fits-all approaches to talent management solutions may not be the most effective. There is tremendous appeal in having singular talent management programs with consistent applications. However, real and quantifiable differences exist, and ignoring these differences may impact the utility and ROI of these programs.



## about Hogan

Hogan is a global provider of comprehensive, research-based personality assessment and consulting. Grounded in decades of science, Hogan helps businesses dramatically reduce turnover and increase productivity by hiring the right people, developing key talent, and evaluating leadership potential.