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The Successful Expatriate Leader in China

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Expatriate managers must consider the cultural dimensions of leadership.

Matthew Earnhardt

With cheap labor, the world's largest work force, and the United States as one of its principal trading partners, China offers boundless opportunities to global corporations.[1] The economic advantages of operating in China are great; however, the foreign business community faces unique challenges there, as qualified Chinese business leaders are virtually non-existent within the country's corporate world.[2]

Given the dearth of national leadership experience in China, companies are turning to expatriates to fill critical leadership roles, and promoting these leaders very quickly.[3] Consider the story of Wilson, a 35-year-old manager who was pressured to accept a promotion only one week after taking a position with a major company. The lack of national leadership was directly related to Wilson's immediate promotion.

Image: Kativ

This pressure to ascend and lead larger divisions can be difficult for an expatriate manager who does not understand the cultural nuances of operating in China. Expatriates who are unable to adapt to the country's different cultural values and interpersonal relationships suffer immediately. In fact, interpersonal relationships are often cited as a major reason for leaving a company.[4]

The cultural dimensions of leadership developed by Hofstede help provide a foundation for business leaders operating in foreign territories.[5] These dimensions of leadership include power distance, individualism, uncertainty avoidance, and masculinity.[6] For an expatriate leading a national team in China, it is essential to understand the cultural dimensions of leadership to improve productivity, increase company profits, and improve interpersonal relationships.

Power Distance

Power distance, the extent to which a society accepts that power is distributed unequally, is established through subordinates and superiors.[7] In societies with high power distance, such as China, individuals with power enjoy greater status and privilege than those without power, and subordinates are less likely to challenge or express disagreement with superiors.[8] In other words, the rank structure is clearly delineated between management and subordinates, and disagreement with management is frowned upon.

In low power distance cultures, the prevalent belief is that power corrupts and those without power have no remedy for those with power thus the belief in communal leadership.[9] In a low power distance society, communal leadership and subordinates offering greater input into decisions is a normal and accepted practice.

A leader's decision-making style varies based on several external factors that determine the amount of power distance in an organization. They include: organizational structure, culture, external threats,

relationships with subordinates, and the degree of formality of the situation.[10] In high power distance relationships, there is virtually no rapport between the leader and subordinate, and a formal contract is used to achieve goals.[11] As members of a high power distance society, Chinese managers demand unquestionable respect and loyalty, and rank structure is formalized and clearly delineated between employees and management.

China has many of the tenets of the high power distance relationships listed above, although superiors are expected to develop relationships with subordinates. This is known as "Guanxi."[12] This principle, based deeply on Confucianism, allows for a weaker member to call on a superior for favors; the superior is then obligated to respond.[13] In other words, Chinese managers are expected to operate within clearly defined lines establishing their authority, while at the same time building a rapport with workers wherein workers can ask, and expect to receive, favors. This principle allows managers to help those in weaker positions by offering support. Managers operating in China must establish clear managerial power, while concurrently developing relationships that allow subordinates to request and receive assistance when the need arises.

Consider the example of Tim, an operations manager working for a U.S. corporation in China. Tim nearly quit his lucrative position for one reason: he could not garner the respect of his employees or superiors. He was attempting to lead based on his managerial experience in the United States, a lower-middle power distance culture.[14] Tim did not understand that as a manager he needed to convey a strong presence, and that stating "I don't know" was not an acceptable answer to his subordinates who demanded leadership from him. His Chinese workers considered him the company authority with all of the answers; when Tim could not provide all of the answers, he immediately lost their respect. In addition, Tim did not understand the principle of Guanxi. By refusing requests for assistance, Tim was not able to earn the trust and respect of his employees or gain the assistance of management.

Tim was not prepared for the cultural facets of managing in China, and his lack of knowledge regarding the country's cultural nuances prevented him from achieving immediate success. If Tim had understood the principles of power distance and Guanxi, he could have established a relationship of trust and respect with his employees and with management.

Individualism

Individualism describes the relationship between the individual and the immediate community.[15] In organizations, individualism has been linked to a preference for individual decision-making; in contrast, in societies with collective values, such as China, interpersonal relationships and group affiliation are the focus.[16] In individualistic cultures, members view themselves as autonomous from the organization, whereas in collective cultures, the organization comprises part of the member's identity.[17] Studies have found that collective organizational cultures possess stronger reward systems than similar individualistic organizational cultures, and in collective cultures, managers typically give higher performance evaluations and rewards.[18]

Leadership has been linked to individualism and collectivism and varies across cultures; for example, autonomy is linked positively to leadership in some cultures and negatively in others.[19] In China, a collectivistic culture, individuals are willing to sacrifice personal goals for the good of the group. This loyalty is promoted across all aspects of Chinese culture, including the workplace. For example, a Chinese worker that has developed strong ties to the team will often not abandon the team in the midst of a project to pursue individual goals. In fact, a Chinese worker may forgo a promotion to continue work on a project, a concept that is foreign to many Western expatriates working in China. The motto of the Chinese worker is often that the needs of the many outweigh personal desires. American expatriates operating in China need to be cognizant of this principle and understand the ramifications of pursing personal agendas over those of the team.

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Uncertainty Avoidance

Uncertainty avoidance is the degree to which members in a society feel uncomfortable with ambiguous situations and take steps to avoid them.[20] Uncertainty avoidance occurs at various levels of an organization. For example, senior management may refuse to pursue a project with uncertain outcomes.[21] Uncertainty avoidance has many implications for leadership characteristics and leadership traits such as habitual, formal, cautious, and orderly is perceived as an outstanding form of leadership in some countries while a negative form in others.[22]

Photo: blueclue

In China, a country with high uncertainty avoidance, managers are more controlling, less approachable, and less likely to delegate to subordinates than their low-avoidance counterparts.[23] In other words, managers in China do not place as much trust in their employees as managers in other countries, such as the United States, France, or Sweden.

Heather, an expatriate human resource manager for a U.S. company operating in China, experienced this. She reported to a Chinese manager, Mr. Liu, who epitomized the characteristics of high uncertainty avoidance. Mr. Liu was unwilling to relinquish control of projects that were Heather's responsibility. Because Mr. Lui did not know Heather and her abilities, he felt that by relinquishing control, he was placing the company in jeopardy. Heather knew that if she confronted Mr. Lui, she would have received a response along the lines of; "The only way that I will be confident that the project will not fail is if I am in control." Instead of facing a difficult confrontation with Mr. Lui, Heather asked headquarters to clearly explain their roles and to make the power-sharing requirement clear to all parties.

Prior to headquarters' taking an active role in the situation, the high degree of uncertainty avoidance created a very difficult work environment for Heather as she did not understand the cultural influences guiding Mr. Lui's behavior. With an understanding of Mr. Lui's cultural influences, Heather might have been able to avoid an unpleasant work environment and persuade Mr. Lui to relinquish some control. Heather would have understood Mr. Lui's cultural frame of reference and would have asked headquarters to clarify their role differences. Understanding the cultural dimensions of leadership, specifically uncertainty avoidance, would have served Heather well in this situation.

Masculinity

Masculinity is the extent to which the dominant values in a society are assertiveness, money, and material possessions; caring for others and quality of life tend to be subordinate in such societies.[24] In masculine cultures, such as China, the "heroic" manager is decisive, assertive, and aggressive.[25] The manager makes decisions with confidence and directness and does not allow employees to question authority.

Although certain feminine characteristics, such as being indirect and evasive and using intuitive reasoning, are often valued in leadership, they are rejected in masculine cultures like China's.[26] However, it is important to note that honor and saving face are extremely important concepts to Chinese business people, and a direct style may be viewed as insulting and can harm employee/manager relationships.[27]

As a U.S. expatriate, Justin quickly realized that he needed to approach his employees in a different manner than he would back home. Justin knew that China, a highly masculine culture, demanded decisive action and aggressive behavior toward employees. As such, Justin was extremely direct with all of his employees and with management, despite his natural tendency to evade conflict. This approach allowed him to garner respect from his employees in a way that would not have been possible otherwise. Additionally, Justin knew that saving face was extremely important to his

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employees, and he knew that when he showed aggressiveness and directness, he had to do so in a way that did not insult the individual. In one situation, after a Chinese worker had installed an incorrect part on the assembly line, Justin took the blame for the incorrect part, but still demanded that the employee fix the mistake. By taking this approach, Justin allowed the worker to save face without compromising his authority. Justin's knowledge of Chinese culture allowed him to develop a strong rapport with his workers.

Conclusion

As studies have shown, there is a strong correlation between cultural dimensions and successful performance in organizations in different societies, which makes it extremely important to consider and perhaps modify one's management style to fit the societal norms and culture of the foreign country.[28] The cultural dimensions of leadership—power distance, individualism, uncertainty avoidance, and masculinity—are important for the U.S. businessperson to recognize and apply while operating in China. Expatriate managers should be able to identify the different cultural nuances between China and their homeland and adjust their management styles to fit cultural and business situations. Sensitivity to different cultures is also necessary to successfully establish relationships with employees and management. Imagine life as an expatriate operating in China, where employees treat you as a member of the family and are willing to do anything to ensure your success and the success of the company. A multinational company's success hinges on managers' abilities to be cognizant of different cultural values; understanding Hofstede's cultural dimensions is just the beginning.

Matthew Earnhardt is working toward a PhD in Organizational Leadership at Regent University's School of Global Leadership & Entrepreneurship. He is currently a signals analyst in the Mission Services Division of Lockheed Martin Corporation. Additionally, he serves as adjunct faculty for the Community College of Aurora in Colorado.

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