Exploring mechanisms of outstanding business leadership facing transitioning environment: a life-narrative perspective

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Abstract

Purpose – Through a life-narrative perspective, this research seeks to reveal the underlying mechanisms driving and sustaining outstanding leadership among top Chinese business leaders in a transitioning environment.

Design/methodology/approach – The authors extracted primary thematic patterns of leadership activities by analyzing the qualitative data collected from in-depth semistructured interviews with 17 top business leaders in China.

Findings – Results revealed four major activities through which leaders can effectively lead their organizations toward a long-term growth, that is, balancing relationship with government, leveraging market uncertainties, reinventing and consolidating the organization and self-regulation and adaptation.

Originality/value – The findings explain how outstanding leadership can emerge in a typical transition economy through multidexterity in critical leadership activities and shed light on developing a contextually relevant theory of outstanding leadership.

Keywords Outstanding leadership, Business leader, Life narrative, Qualitative

Paper type Research paper

Introduction

Outstanding business leaders facilitate company growth and shape communities and broader social systems beyond organizational boundaries (Bedell-Avers *et al.*, 2009). Outstanding leadership refers to one's capability of achieving high collective performance through exercising exceptional influence on others, which typically emerges during unusual situations such as crisis and change (Mumford *et al.*, 2008). Despite the substantial progress on the theoretical frameworks specifying different patterns of outstanding leadership and their forming conditions (Bedell-Avers *et al.*, 2009; Ligon *et al.*, 2008; Mumford and Van Doorn, 2001; Mumford *et al.*, 2008; Strange and Mumford, 2002; Strange and Mumford, 2005), a dynamic narrative delineating the generative mechanism of sustained outstanding leadership, particularly in a fast-changing business environment, is yet to be achieved. To fill this gap, this research seeks to identify those critical mechanisms of outstanding business leadership in a rapidly transitioning economy (i.e. China) and explore how it comes into being over time as a processual result of the continuous interplay among leaders' surrounding contextual elements, their decision-making at critical life moments and the consequences of their strategic decisions.

Following rapid economic growth, the rise of emerging markets has created a turbulent and unstable business ecosystem in the Asia–Pacific region, where organizational leaders need to develop an effective combination of leadership capabilities distinct from their

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Western counterparts in order to survive, adapt and grow (Hout and Michael, 2014). Emerging leadership practices in these growing regions call for a strong need to investigate the context-sensitive elements in the local leadership phenomena, which contributes to the global knowledge of management (Tsui, 2004). Being a vast emerging market economy in a drastic transition, China has a typical East Asian business milieu different from many mature markets, providing fertile and informative contexts in many aspects for leadership studies (Roy *et al.*, 2001). We may wonder: in such a transitioning market, why some business leaders managed to maintain their excellence for decades while many others failed quickly? Thus, our research question is: What are the underlying mechanisms contributing to the sustainable leadership performance in a transitioning environment over time? Considering the enormous quantity of business organizations driving Chinese economy, answers to this important question could have profound implications on both literature and practices regarding business leadership. Despite this research imperative, the underlying elements of outstanding business leadership in transition economy have not received enough scholarly attention in leadership literature.

This paper responds to the aforementioned research question by exploring the contextual details of outstanding leadership development with qualitative evidence from top business leaders in contemporary China. We seek to reveal the critical mechanisms through which leaders can effectively lead their organization to a sustainable growth in a volatile environment. The following section presents China as a significant context for business leadership in emerging markets and reviews extant literature on outstanding leadership and life-narrative approach. Findings from a qualitative analysis reveal the behavioral components of outstanding leadership among successful Chinese business leaders. Next, contributions, implications for future research and limitations are then discussed.

Theoretical background
Business leadership in China's economic and cultural transition
Being the fastest-developing major market over the recent several decades, China's economic and cultural transition presents a unique but significant macro context for research on leadership phenomena. With an annual growth rate averaging 9.7% through 2015, China's soaring economic performance has been unprecedented ever since its transition from a planned and agricultural economy to a market-oriented and industrialized society initiated in 1978 (Chow, 2004). Its entire economic structure, political environment, legal institutions and social infrastructure have been drastically reshaped and reconstructed during decades of nationwide transformation.

The success of business leaders has been contributing to China's economic undertakings, which has, in turn, fostered promising prospects for the expansion of entrepreneurial and leadership activities. On the one hand, "Business organizations are the major engines of economic growth" (Tsui *et al.*, 2004, p. 133). The past decades have witnessed numerous successful stories in China when outstanding entrepreneurs transformed and reinvented their companies as their organizations soared into giants. On the other hand, an essentially improved legal environment, government policies and technological advancement altogether have been supporting many entrepreneurs to pursue business goals with successful precedents. However, the drastic transition of market institutions has been described as "touching stones to cross the river" (Nolan, 1994). Since regulative environment was in a rapid change, China's economic reform created gray areas where financial prospects exist, along with policy uncertainties, competitive threats and legal or ethical risks. During the past decades, it is not uncommon to observe many fiascoes among maladaptive business leaders, who had been once well known for their excellent track records or performance but eventually (and often quickly) failed. In this regard, the fast-changing economic landscape creates both

opportunities and challenges that require outstanding leadership for organizations to survive and grow.

Along with the national reform (the open-door policy) comes the gradual changes of Chinese cultural values that redirect the society into "a pragmatic blend of Confucianism, market forces and socialism with Chinese characteristics" (Warner, 2011, p. 2325). While many Chinese people still believe in and practice the Confucius' advocacy of social harmony (*hexie*), the philosophy of middle-way (*zhongyong*) thinking, the expansion of interpersonal connections (*guanxi*) and the art of saving face (*mianzi*) (Bond, 1991; Chen, 2002), it is not uncommon to see many others embrace free market, less government control and individual-oriented Western management model (Warner, 2009). Paradoxes exist within Chinese organizations, motivating a need to implement a hybrid people management system (Zhu *et al.*, 2007) that adapts to the changing relationship dynamics between people and organizations (Warner, 2011). That said, leaders have their discretion to take actions, which may or may not match the cultural values shared and practiced by most employees (Tsui *et al.*, 2006), bringing in uncertainties of leadership performance from within. Taken together, China's contemporary economic and cultural transition interplays to generate a complex context, serving as a touchstone of outstanding leadership that facilitates organizations to thrive over time such that we can observe and evaluate the leadership mechanism with a broad scope.

Literature on outstanding leadership

Research on outstanding leadership has led to the development of theoretical frameworks explaining three major outstanding leadership types, including pragmatic, ideological and charismatic leadership (Ligon *et al.*, 2008). Pragmatic leadership refers to the strategic problem-solvers focusing on analyzing information and finding solutions to immediate problems to lead the organization forward (Mumford and Van Doorn, 2001). Ideological leadership and charismatic leadership are two distinct vision-based outstanding leadership types (Strange and Mumford, 2002). Ideological leaders stress personal standards, beliefs and values, which are collectively shared visions generated in the past (Bedell-Avers *et al.*, 2009). Charismatic leadership, on the other hand, shares fundamental commonalities with transformational leadership (Mumford *et al.*, 2008) by emphasizing the need to change and communicate his/her vision for a brighter future (Strange and Mumford, 2005). While this classical threefold categorization of outstanding leadership summarizes most effective leaders, it seems not sufficiently relevant in explaining why some leadership sustained while many others failed quickly in a rapidly transforming environment. As organizational performance is a critical (and, in many cases, ultimate) outcome to gauge how successfully leaders run their companies, we are yet to know whether it is the differences among leadership types that lead to the variations in business performance. In fact, anyone including failed leaders could be classified primarily as a problem-solver, believer or vision provider. This categorization, thus, is short of the capacity to reveal the association between leadership activities and business consequences.

In addition, the categorization of leadership into different outstanding types exaggerates the positive outcomes associated with leader behaviors, but overlooks the risks and liabilities entailed (Conger, 1990). Critical literature on leader's dark side has warned of the organizational peril caused by an overemphasis of leader agency (Tourish, 2013). By extolling leaders' personal charisma in handling organizational challenges, researchers may underestimate the disastrous consequences of leader narcissism, hubris and illusory superiority, which could minimize dissents and promote corporate cultism, leading to organizational collapse (Tourish and Vatcha, 2005). Located in the context of business practices and leadership, this research will explore beyond the leadership nuances and generalize across cases the major components of leadership activities and critically discuss

leadership downsides, if any, that need further consideration and may result in organizational disadvantages otherwise. In so doing, we can gain a clearer picture about the elements that catalyze the emergence of outstanding leadership in business activities and the basis upon which high performance can be sustained over time.

Life-narrative perspective

Given the contextually sensitive nature of leadership phenomenon, the search for an appropriate explanation of what constitutes outstanding leadership should stem from the analysis of significant social and economic problems faced by entrepreneurs at different time points (Storey and Mangham, 2004). These problems can be reproduced by revisiting those events that shaped leaders' strategic decisions and their experiences afterward. Through exploring leaders' life narratives, researchers can investigate relevant events and thus theorize the problem context across leadership stories, so that the behavioral mechanisms behind their decision-making can be understood.

Life narratives (i.e. life stories), which are "overt recountings of one's life that are bound in time and social context" (Habermas and Bluck, 2000, p. 749), have been adopted by developmental psychologists to explain individuals' stability or change of personality, understand one's self-interpretation of experienced events and give meaning to certain actions and behaviors (Habermas and de Silveira, 2008; Köber *et al.*, 2015). "The self itself is a narrative production" (Lincoln and Denzin, 2003, p. 240). The approach of life narratives enables the longitudinal integration of one's life-time experiences into a coherent chain of representative events, serving as a means of reflecting personal self-identity (Gergen and Gergen, 1986; see Habermas and Bluck, 2000).

The use of life-narrative approach is sporadic in leadership research. Ligon *et al.* (2008) employed life narratives to study how developmental events are associated with leadership types. Though leaders from different fields were examined, no Chinese business leaders fell into their research scope. Shamir and Eilam (2005) applied a life-story approach to the development of authentic leadership and argued that leaders' self-concept is derived from their life stories. Sparrowe (2005) also advanced a framework of narrative self to study the emergence of authentic leadership. To our knowledge, few other studies have ever explored leadership phenomena using life narratives as a critical perspective or approach.

Life narratives facilitate an in-depth understanding of the broad leadership phenomenon and, specifically, the development mechanism of outstanding leadership. First, it provides a life-span view to study all the significant events impacting the formation of leadership. With this panoramic view, we are more able to connect past events with subsequent influences in a fine-grained manner. Second, life stories are often used for leaders to exert influence on and communicate values to their employees and remain as an effective means for leaders to acquire self-knowledge, promote identification and share common understanding with followers (Ligon *et al.*, 2008; Shamir and Eilam, 2005). Leaders' life narratives offer a first-hand opportunity to understand their self-reflective thinking and how they make sense of historical actions. Despite its unusual appearance in leadership literature, life-narrative approach helps construct a strong basis for developing a robust explanation for leadership effectiveness and performance.

Data collection and analysis

This study adopted a multiple case design, which enables an in-depth understanding of the dynamic and interactive nature of leadership phenomenon among top leaders in a real-world context (e.g. Mumford and Van Doorn, 2001) and contributes to the robustness of theory building (Eisenhardt, 1989) by controlling for the peculiarities of individual cases.

Following the principle of theoretical sampling (Glaser and Strauss, 1967), a general guideline was developed to target potential interviewees who are able to share experience of the outstanding leadership phenomenon as our research sample: The selected interviewees should be widely acknowledged among the top business leaders in their respective fields. For example, s/he has been leading one or more influential companies for decades or has been constantly receiving media exposure and rated by authoritative media sources as one of the most influential business leaders in China. Following this guideline, we reviewed biographic summary material based on information from media reports, websites and published texts and targeted 20 leaders from business organizations across various industries. These targeted candidates who were considered as representatives of outstanding leadership shared the following characteristics. First, all of them experienced significant decision-making moments, which led their organizations to expand and grow upward. Second, the organizations had all successfully evolved, under their leadership, from a small business to a large business group with a track record of sustainable development for two to three decades. Third, they had been receiving constant public attention via mass media reports and created substantial social impacts beyond their fields to the society as celebrity thought leaders. Finally, there were cross-case variances among leaders' demographic information regarding their age and career backgrounds.

We contacted these targeted leaders, discussed our academic background and asked for their interview schedule. As a result, we successfully conducted semistructured interviews with 17 of them in their offices over a three-year period since 2016. Table 1 summarizes the profile of these leaders and their firms. They had an average age of 59 at the time of our interview. Among them, 11 of them (64.71%) were the organization founders (private sector) and the other six (35.29%) were appointed as the chairman or president of a state-owned organization. Most of them (16, 94.12%) had received tertiary education by the time of our interview. Most of their companies (14, 82.35%) were founded before 2000 and located in Beijing (9, 52.94%) and had been running business across various industries such as home appliances, petroleum, electronics, Internet and others.

Before each interview, we had 1-h internal discussion among research team members to prepare a set of open questions to set the tone and for respondents to fully narrate their life events and business achievements. Using the life-narrative perspective, we prepared general questions for them to share their life experiences, such as "Can you share with us your leadership achievements?" and "Can you recall additional significant life events which influence your current leadership style?" We also devised customized questions for different leaders based on the past life events we collected about each business leader, regarding their strategic decision-making in these events and how that shaped their subsequent leadership behaviors. Other questions were directly related to their leadership behaviors, such as "How would you describe your management and leadership style?" and "How do you perform your leadership in the organization?" This interview approach allows for the mutual communication to stay on the main topics pertaining to our research question and leaves much leeway for respondents to narrate their life stories in an open manner, helping reveal crucial themes of leadership. Each interview was attended by two researchers and one research assistant and lasted for 2 h on average. As these interviewees were top-level executives in their fields, each time at least one senior professor joined our interviewer team to balance the power dynamics during the interview. We also alleviated the potential power imbalance through topic agenda setting in coconstructing the discourse in the interview (Karnieli-Miller *et al.*, 2009). Permission to publish their life stories without revealing their identity was granted by interviewees at the beginning of each interview. Interview meetings were video-recorded and then verbatim transcribed into texts averaging approximately 20 single-spaced pages per respondent.

We followed two steps to complete the data analysis. First, the transcription text of each leader was analyzed as a stand-alone case to allow unique patterns to emerge inductively.

ID	Founder	Position	Education	Ownership	Founded in	Headquarter location	Industry
1	Yes	Chairman, CEO	Bachelor	Private	2010	Beijing	Internet
2	Yes	Chairman, General Manager	Middle school	Private	1987	Zhejiang	Food and beverage
3	Yes	Chairman, president	Master	Private	1996	Zhejiang	Kitchen appliances
4	Yes	Chairman	Bachelor	Private	1998	Beijing/Chengdu	Agribusiness/chemical
5	Yes	Honorary Chairman	Bachelor	Private	1984	Hong Kong	Electronics
6	Yes	Chairman, president, CEO	PhD	Private	1996	Beijing	Internet
7	Yes	Global Executive partner	Master	Private	2005	Beijing	Investment
8	No	Chairman	Master	State-owned	1984	Shandong	Home appliances
9	No	Chairman	Bachelor	State-owned	1981	Guangdong	Home appliances
10	Yes	Chairman, CEO	Bachelor	Private	1982	Shanghai	Agribusiness/chemical
11	No	Chairman	Master	State-owned	1999	Beijing	Finance
12	No	Chairman	Bachelor	State-owned	1984	Beijing	Building material
13	No	Chairman	PhD	State-owned	1984	Beijing	Banking
14	Yes	Chairman	Master	Private	2005	Beijing/Hong Kong	Investment
15	No	President	Bachelor	State-owned	1983	Beijing	Petroleum
16	Yes	Chairman	Master	Private	1999	Guangdong	Biotechnology
17	Yes	Chairman	Bachelor	Private	1995	Guangdong	Automobile

Table 1.
Sample description and leader profile

Important themes were identified and separated from tangential and unimportant ones. Second, cross-case analysis was conducted to diagnose case-level differences and distill generalizable themes (Eisenhardt, 1989). Two researchers independently read and coded these interview transcriptions into primary themes. Both researchers were sensitive to the idiosyncratic context of each respondent as each of them had experienced a unique life course along their leadership development. Any disagreements in assessment were further discussed to obtain additional insights and achieve final consensus. We proceeded the analysis in an iterative manner until saturation was achieved (Glaser and Strauss, 1967). Our analysis of the transcription resulted in the following four major themes pertaining to outstanding leadership in the contemporary China.

Findings
Relationship with government: an art of balance
Relationship with government was a recurrent theme in our interview. Chinese government agencies having been involved in many aspects of economy and business operations.

State-owned enterprises (SOE), for example, are controlled by the central (e.g. State-owned Assets Supervision and Administration Commission: SASAC) or local (e.g. provincial or municipal) authorities. Career tracks of SOE leaders in our interview were associated with political appointments from higher authorities, as most of them were transferred from other SOEs or government authorities. In this regard, SOE leaders did not worry much about their connections with government officials as they have been considered as an economic extension of bureaucracies and enjoyed financing privileges from banks. During the initial stage of economic reform, the long arm of the state was more ubiquitous as strategic decisions were influenced by different levels of authorities (Wong and Slater, 2002). And government played the role of a mentor in their relationships with SOEs. One top executive of a large SOE told us how he dealt with government requests at different points of time:

> [In the 1980s] companies were largely directed by the government. In the municipal meetings we were advised by the government to boost our product supply to meet the market gap. But I thought the excess demand did not indicate how good your product was. It was only because the overall market supply was too low. So, I resisted the request of raising production quantity so that we could ensure the quality. (ID: 8)

> At that time, China was in a planned economy. Our decision to acquire other poorly performing firms was due to both requests from municipal officials and a practical consideration: If you were producing fridges, you could not produce washing machines unless you went through a long procedure for government approval, which was very troublesome. Thus, acquisition became a good way of diversifying our product lines. (ID: 8)

In this case, the SOE leader achieved a balance of economic interests and relational concerns with the local governments. But according to another SOE leader who later privatized his enterprise, government's opinion could be irresistible in some circumstances:

> The government did not invest on us. We developed our enterprise by ourselves. Otherwise, [if they had invested,] they might have interfered with your business. If you did well, it might be OK. If you didn't, they could lay off you. (ID: 2)

How to establish and negotiate relationships with government was another story for private companies across many industries. Whereas they had more leeway to make strategic decisions at their own discretion, they felt a greater need to enhance relationships with the government. As one informant said: "The government controls the macro economy, resource allocation, and approval. . . We need to follow government policies while doing our business" (ID: 11). But successful business leaders would ensure that relationship building did not expose themselves to legal risks. Most of them strived to balance their relationship closeness with government agencies: neither too close nor too distant. As company grows, they may find this matter easier to handle: We observed that well-performing enterprises naturally enjoyed good rapport with the local government as they paid considerable taxes and boosted the local economy. A founder of a private agribusiness group told us that he insisted on a transparent partnership with government:

> Our value proposition does not allow us to pursue short-term profits by complying with hidden rules. . .There are other companies that may do it. But we do not. Most of government officials in cooperation with us got promoted simply because our organizational performance contributed to the local economic growth. (ID: 10)

Interestingly, compared with leaders from traditional industries, Internet entrepreneurs were more likely to keep a distance from the government:

> It's important for me to feel happy about things that I'm doing. If I can earn more money by doing things that make me unhappy, I won't do it in the first place. For example, I chose not to communicate

too much with government officials. I never tried to approach to them, persuading them to release a policy good for us but bad for other companies. (ID: 6)

It appeared that the urgency of leaders' relational concern with government depended on whether the organization was state-owned or private, as well as its industrial characteristic. While a business leader from an offline private company may proactively seek for governmental attention, a born-Internet entrepreneur would attempt to keep a carefully maintained distance from government officials as Internet companies emerged at a later stage of the economic reform when China's policy environment became relatively stabilized. Taken together, SOE leaders strived to balance their economic interests with governmental requests, while successful private-firm leaders managed to hold themselves at an appropriate relational distance with the government, depending on their industrial characteristics.

Market exploration: leveraging uncertainties

Informants in our interview frequently mentioned the contemporary China as an idiosyncratic economy with uncertainties throughout stages of business operation. We discovered that these uncertainties primarily resulted from the institutional complexity constituted by the coexistence of market mechanism and planned economy (Zhang et al., 2012). As China transits itself into a more market-oriented economy, many regulations and policies were rescinded, whereas new ones were yet to be established, leaving gray areas with legal vacuum. Companies found themselves facing not only market uncertainties but also legal uncertainties due to frequent revisions in the dual institutional environment. This dual institutional logic creates a unique social reality where companies, as an informant told us, "listen to the government while serving the market." One founder of a PC giant told us:

In the past, China had its own market rules under planned economy. But after entering World Trade Organization [WTO], what you intended to do often conflicted with these old rules. You found yourself oftentimes stepping on the brink of red lines and the government would question your action plan. (ID: 5)

These structural uncertainties created systematic risks for business people and further exacerbated the external environment for organizational leaders to expand their business initiatives:

In the early years of development, we experienced many challenges. Approvals from local authorities were not even recognized by the central government. Our business operations were considered as violation of regulations and even laws. Our money was confiscated by the bank, and designers who worked for us were detained. (ID: 10)

At first, we chose the software industry to do business, which was quite difficult in China. We were facing two challenges: competition from Microsoft and threats of copyright infringement. When we almost established ourselves in this industry, the Internet era came. (ID: 1)

Facing risky situations, some companies managed to survive and grow in this dual institutional environment by being more conservative and less aggressive in their strategic decision-making, whereas others adapt themselves with a flexible approach to deal with the contradictions between the planned and market institutional logic:

We almost fell into bankruptcy. But we finally managed to overcome these hardships. Our sustainable growth was attributed to government's aid and our risk management measures prepared in advance. We adopted a few conservative approaches such that we finally made it through the hard times. (ID: 10)

Sometimes government directives and market realities were opposed to each other. Companies were caught in between. Managers didn't know which target to turn to. For me [as an SOE executive], I

adapted to both. I explored the market under government's directives and collected market data to provide feedback to government officials, so that they got to know more fresh information. I think we did a good job. (ID: 11)

In addition, it was exactly these structural uncertainties that inspired some entrepreneurs to explore the untouched markets and make the first move. A few informants shared their experiences on how to seize the opportunities and fill the market gap behind these institutional uncertainties. It may be not surprising to find insightful leaders concerned about the market prospect for their organizations (Murphy and Ensher, 2008), but these leaders we interviewed have in-depth understanding of the local markets in transitioning and leverage uncertainties to survive and grow. After years of competing within Chinese market, many of them have successfully built competitiveness and expanded business overseas:

When China started opening up, there were many foreign products not found in the domestic market. We decided to import bottled water because I predicted its future popularity in the domestic market. When we accumulated the technological capabilities we then developed our own beverage products. You need to know your consumers and detect the market change. (ID: 2)

It's an inevitable trend for Chinese enterprises to internationalize. China being a member of WTO means our market will be open to foreign competitors, and overseas market will be open to us as well. We have to go abroad to find future growth space as domestic market becomes more and more competitive. (ID: 9)

A company founder appreciated the benefits brought by continuous improvement of macroeconomic environment:

Looking back into the past three decades, we feel very lucky. Why? We are living in a transformative era. Without China's on-going reform and opening policy, we cannot succeed. (ID: 4)

Many informants maintained a sense of optimism even during the hardest organizational crisis and leveraged these uncertainties to their advantage despite potential risks. These leaders maximized their market exploration efforts while being precautious with unregulated business and/or trying to inform the government of the market needs in a flexible manner. We also found that born-Internet business leaders made little remarks on regulatory issues, while entrepreneurs in traditional industries were more attentive to the legal uncertainties especially in their early start-up years. This is mainly because China's Internet tycoons mostly emerged from the 2000s, when its industrial policy and regulations had become mature compared with the frequent regulatory changes during the 1980 and 1990s.

Internal governance: reinventing and consolidating the organization
At the early stage of China's economic transition, many companies, especially SOEs, were bogged down in high debt ratios and beset with low employee morale. Business leaders were facing the challenges of revitalizing the organizations. Many of them broke the dilemma by formulating new rules and strict enforcement, which was a recurring theme in our analysis. One SOE top leader described to us how he revived the organization by setting up and implementing new rules. The global home appliance giant under his leadership now was only a small factory in a chaos and lax in discipline back then when he was appointed by higher authorities. He shared with us the following story:

You had to create new rules and let them know you were serious. What did I do? I released a set of new regulations, and made them realize they had to abide by these rules. . . Employees thought if they could not make high quality fridges, they could still sell it as substandard products just as what they had done in the past. I identified 76 fridges with defects from the warehouse, and these workers were asked to smash these fridges they had made into pieces. They were shocked. But it worked. (ID: 8)

Another SOE leader told us how he adopted a unique way to discipline employees.

> Being late and getting off work early were quite common in SOEs like ours. I was standing at the factory gate and staring at them every morning for a week. When things got better, I posted a notice saying that they would be fined for being late. No one has dared to be late ever since. This was how they came to know they had to follow the rules. (ID: 12)

Informants told us how they created a harmonious ambience in the workplace by fostering a paternalistic culture and coordinating various interests among all the internal stakeholders.

> Employees would work hard only if you sincerely care about them. Over these years, we have kept increasing employees' salaries, and helped solve their problems of housing and education of their children. If they have decent income and no family considerations, they will take on responsibility beyond the job description. (ID: 2)

> The company is like a big family. We really take our employees as our own family members and take care of their needs. Only if employees are happy, will they serve our customers very well. (ID: 3)

Sometimes building a harmonious management team required the leader to change the strategic power structure of a company. One founder of an Internet firm told us he had been struggling in several years' tension with board members before he finally created a cohesive board.

> During the four years from 1999 to 2003, we had to deal with difficult foreign board members. They did not know about the local market but they dominated the board and gave you mandates. I spent four years to change the board attitude bit by bit and invited new members in. I was like playing Tai-Chi, indirect and no severe confrontation. Now board members trust each other, and we communicate very well. (ID: 6)

Overall, facing a tough situation from outset, these leaders reinvented and consolidated their organizations through both hard and soft approaches. Whereas hard approaches seem more aligned with an authoritarian way of exerting influence such as setting and shaping new rules, soft approaches tend to match the benevolence dimension of paternalistic leadership by which leaders showed a concern for subordinates' personal and familial interests such as eliciting employees' gratitude through a range of rewards. The way some leaders dealt with internal conflicts at the strategic level, on the other hand, demonstrated a flexible approach of confrontation avoidance along with insistence on long-term focus.

Self-regulation: learning, stoicism and adaptation
Learning was a recurring subtheme throughout the interview process. Many business leaders shared with us their advocacy for lifetime learning. A few informants told us they had learned a lot by reading management books and biographies, which enriched their knowledge and inspired them to take initiatives. They also gained new information and unique insights by interacting with peer entrepreneurs:

> I like learning and new ideas. I often communicate with and learn from other entrepreneur friends in the clubs and industrial associations. Now things change very fast. You have to keep the pace and make sure you are being updated. (ID: 4)

The founder of a Kitchen appliance giant commented on his pursuit of craftsmanship through benchmarking, whereas the founder of another automotive giant learned from business failures:

> Since China's economic explosion, fickleness and superficiality have been rampant in our society. People in startup companies are fanatically dreaming about going public, but are not focusing on

producing good products. We need to learn from Germany and Japanese, striving to improve our manufacturing with steadfastness and conscientiousness. (ID: 4)

We learned a lot from the decline of Nokia. Its failure was not due to either product quality or management system, but poor strategic decisions. (ID: 17)

With the accumulation of several decades of leadership experiences, quite a few leaders emphasized the appropriateness of integrating Eastern philosophies with Western management approaches. In their understanding, it was inevitable to establish a modernized corporation by introducing ideology and ethos cultivated in the Western context, but they had to adapt this Western management framework to fit into the indigenous context.

In terms of management practices, I learned mostly from Peter Drucker, who inspired me to build efficiency by eliminating exceptions. My philosophical thoughts [about leadership] were mainly gained from reading the Tao Te Ching [a Chinese classic text]. (ID: 8)

To achieve effective management, we have to integrate Western enterprise systems with our own value system. After many years' thinking, we identified Confucianism as the most suitable value system for our Chinese employees. Many wisdoms of Confucius were compatible with modern business ethics. As a rule, all staff in our company were required to spend 15 minutes reading the Analects of Confucius every morning. This moral education is also an effective way to teach our employees what is important in our corporate culture. (ID: 3)

We asked informants how they managed themselves. Their response included two subthemes: stoicism and adaptation. Informants expressed a tendency of stoicism with a persistence in pursing what they believe is essential for improving themselves and their business:

You chose the life direction which makes who you are. I feel very lucky I made the right choice. You have to appreciate what you already have. When trouble comes, grin and bear it, or put it aside for a while and calm down. (ID: 7)

A continuous process of adaptation could be initiated through self-reflection activities and setting new goals. As a leader, changing his/her leadership style or objectives entailed organizational changes.

I was too lenient. Those who had done a poor work did not get punishment or termination. It was not fair for those excellent performers... Company founders must reflect on their systemic deficiencies and rediscover themselves. Now things turned better. Those who are more capable feel happier in my company. (ID: 6)

If you want to achieve a long-term development, you have to constantly renew the business goals. For those who think success is to get financing and go public, they would not go very far without updating business goals. You need to keep updating your goals according to environmental changes. (ID: 5)

Our findings lead to a panoramic view that encompasses the aforementioned four major activities critical for leaders to maintain a continuous success. We tend not to establish a direct causality between any of these leadership activities and any immediate business success. Instead, we seek to unravel the components of outstanding business leadership that together contribute to organizational growth in a volatile environment. In this regard, intense engagement with these four leadership activities does not automatically guarantee purely "bright" sides of personality traits at the individual level. From a critical lens, both strengths and weaknesses could exist during leadership development (Furtner *et al.*, 2017). While leaders performing well in these critical activities are often viewed as confident, communicative and strategic thinking, they may possess selfish orientation and exploit

shared resources for personal purposes. Through organizational consolidation, learning and adaptation, for example, Machiavellian leaders can tactically navigate power dynamics to ascend to top executive positions. It is only when leaders' personal goals align with organizational needs that negative impacts of self-orientation could be alleviated and self-interested leadership behaviors may even benefit the organization by propelling employees toward accomplishing difficult targets (Schmid *et al.*, 2018). Otherwise, substantial organizational resources would be erroneously spent on supporting leaders' personal venture and facilitating collective failure. Moreover, our informants did not seem to pay much attention to the potential harm of organizational power concentration. As one leader put it: "I am the one with power, so I have to make tough decisions. This is my liability" (ID: 6). While it is true that top executives often make the final call, excess leader agency along with little accurate feedback could impair important decision-making at the organizational level. For example, confident leaders who try to leverage market uncertainties without proper data may easily mistake their personal aims for organizational goals, thus, resulting in mismatched market perceptions, distorted visions and consequently business downfall (Conger, 1990). Though some interviewees mentioned the importance of responsiveness, it would be necessary to proactively invite and promote effective upward feedbacks from subordinates (Tourish and Pinnington, 2002).

Generally speaking, these leaders we interviewed exhibited multidexterity in conducting maintenance and exploration activities in a two-way manner (i.e. both inward and outward), leading to a bidirectional ambidextrous leadership. On the one hand, they maintained outer relational balance with government as well as internal organizational discipline to consolidate current effectiveness. On the other hand, they explored external uncertainties in the market and their inner potential to build growth momentum. This resultant bidirectional ambidexterity in leadership helps build organizational effectiveness by infusing both stability and adaptability into the organization. Arguably, leaders' multidexterity is rooted in its indigenous cultural traditions, but subject to the unique transitioning environment in the contemporary China. In contrast with Western analytical mind-sets, Chinese philosophical tradition offers an integrative view that considers things in its totality (Chen, 2002), such that these leaders strived to adeptly blend every single component activity together with other activities in a synergistic way. For example, explorative efforts were performed to bring in both market and government resources for maintenance activities, which, in turn, provided a strong basis of organizational capability for further business exploration. However, China's changing economic reality, catalyzed by its continuous reform and opening (Warner, 2009), may shift leaders' holistic view to specialized focus or to alternative considerations. As a result, there could be structural changes or new elements in the future leadership model observed from successful leaders operating in the China market.

Discussion

This qualitative study adopts a life-narrative perspective to explore outstanding leadership among top Chinese business entrepreneurs. Grounded on interviews from top business leaders, the four aspects of leadership activities we identified construct the critical mechanisms through which outstanding leadership can be sustained in an ever-changing environment, that is, balancing relationship with government, leveraging market uncertainties, reinventing and consolidating the organization and self-regulation, learning and improvement. The success of their business leadership depended on their performance on these activities they were frequently involved in.

Our research contributes to the existing leadership literature and leadership practices in contemporary Chinese society. First, our case analysis reveals the four major leadership activities effective leaders are involved in driving their organizations toward a long-term growth. This finding implies that the effectiveness of business leadership is driven by leaders' success on a range of critical dimensions, which further indicates the necessity for leaders to be dexterous over multiple tasks simultaneously. This is especially the case for organizational leadership in a fast-changing economy, where leaders are simultaneously involved in leveraging external uncertainties, building rapport with government, consolidating internal governance and conducting self-adjustment. This leadership multidexterity extends findings on mixed-type leaders (Strange and Mumford, 2002), as well as the research practice in extant literature (Ligon *et al.*, 2008; Strange and Mumford, 2005), which characterizes a leader with only one *a priori* leadership category (i.e. either charismatic or pragmatic). The presumption of pure leadership styles may prevent the examination of mixed leadership and limits the generalizability of research findings. In fact, a pure leadership style can be deemed as a case in which the primary leadership component overrides other leadership elements at a certain point in one's life. In a broad sense, mixed-type leadership could be considered a more proper conceptualization approximate to the real-world situations in which leaders interact with numerous contextual influences.

Second, by investigating outstanding leadership among Chinese top business leaders in an emerging market, our findings serve as an initial attempt toward developing an indigenous explanation of outstanding leadership as a culturally and contextually relevant theory suited to local organizational leaders. Our fourfold conceptualization of outstanding leadership mechanisms constructed by critical activities corresponds to the Chinese traditional philosophy of thinking that emphasizes a harmonious status achieved by constant adjustment to simultaneously accommodate heterogeneous elements (Fang, 2012). Chen (2002) also elaborated the Chinese "paradoxical integration" (i.e. both/and) mind-set that balances the tensions between various seemingly opposite forces as they consider every aspect of life as interconnected. Rather than lay emphasis on one or two activities, business leaders in our interview simultaneously operated maintenance and explorative activities both within and across organizational boundaries. This bidirectional ambidexterity in driving outstanding leadership contributes to the literature through an *inside-out* approach (Tsui, 2006), serving as an exemplar for more studies with similar approach to exploring context-specific issues in local leadership practices.

Last, but not least, our findings generate practical implications for expatriate business leaders to understand leadership phenomena in China and then make informed decisions. Expatriates who adapt well to the local environment and stay attuned to their successful Chinese counterparts can be marked by those effectively involved in these critical leadership activities. Meanwhile, they may also bear in mind that the importance of these leadership activities is bound by China's fast-changing economic landscape. Along with the stabilization of economic environment and internationalization of market institutions, legal ambiguities would gradually diminish and business processes in Chinese companies may converge toward those in Western organizations. Thus, the relationship boundary with government and internal disciplines is expected to be clearly defined and standardized at the early stage of business development. Over time, foreign executives leading in Chinese market would be able to spare themselves from maintenance activities (i.e. balancing government relationship and consolidating organizational discipline) to focus more on explorative activities such as constructing market competitiveness, learning and adaptation.

This research is not without limitations. First, caution is advised in extrapolating our findings to leadership in other markets. Since our findings are drawn from Chinese leaders in a specific economic and cultural macrocontext, and acceptable and effective leadership behaviors could vary by culture (House and Aditya, 1997), our findings may not directly

match leadership activities in other emerging markets. When conducting leadership research in different societies with distinct social and cultural patterns, researchers may take a further step to examine whether alternative or additional indictors relate to outstanding leadership. Second, leadership as a complexity involves multiple layers, interactive processes and evolving dynamics (Avolio and Bass, 1995; Conger, 1998; Dinh *et al.*, 2014). We recognize that looking backward can be dramatically different from looking onward (Lord and Dinh, 2014). In this regard, the four major leadership activities we revealed should better be interpreted as the foundation that leadership success can be built upon, rather than direct predictors for future organizational performance. Lastly, as we only investigate successful business cases, our findings may be affected by the potential trap of selection bias (Denrell, 2005). Further research is recommended to target both outstanding and nonoutstanding cases to explore leadership phenomena from different angles.

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430

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