LEADERSHIP, DECISION-MAKING AND CULTURAL CONTEXT: EVENT MANAGEMENT WITHIN CHINESE JOINT VENTURES

Peter B. Smith[*]

University of Sussex and Roffey Park Management Institute

Zhong Ming Wang

Hangzhou University

Kwok Leung

Chinese University of Hong Kong

Two studies are presented of the ways in which middle-level leaders within enterprises in mainland China handle work events. A sample of Chinese managers reported much stronger reliance on widespread beliefs as a source of guidance than had been found in other nations in earlier studies. This effect was stronger in state enterprises than in joint ventures. In the second study, management of nine work events by Chinese leaders in joint venture hotels was investigated. Events were more frequently problematic when working with Western or Japanese partners than with ethnic Chinese. Respondents' reports of how they handled work events did not vary in relation to the overseas partner with whom they worked. However they did show awareness that agreement about how best to handle events does vary in relation to who is one's partner. The results are discussed in terms of the skills required of leaders working across cultural boundaries.

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The increasingly multinational nature of modern business poses in ever more acute ways the problem of how managers and their subordinates from diverse cultural backgrounds

* Direct all correspondence to: Peter B. Smith, Center for Research Into Cross-Cultural Organization and Management (CRICCOM), University of Sussex, Falmer, Brighton BN, 9QN, UK.

can most effectively work together. While this is an issue both within and between the most economically-developed countries of the world, it is perhaps even more important in societies where economic development is relatively recent. Some writers have debated leader behavior that might be appropriate within organizations in developing economies (e.g., Jaeger & Kanungo, 1990; Kanungo & Mendonca, 1996), but it is not clear that a single behavior pattern could be found that is appropriate to all circumstances within such settings. Developing economies are by no means culturally homogeneous, as the pioneering studies of Hofstede (1980) have indicated. Furthermore, many organizations in developing societies are not indigenous, but are involved in a variety of forms of collaborative linkage with businesses whose local representatives typically have rather different cultural values. Such organizations may be wholly-owned subsidiaries or they may be joint ventures, but in either case culturally-rooted assumptions of locals and expatriates about effective leadership (and many other things) are likely to differ substantially.

In addressing these issues, we must first note that there is continuing debate in Western countries as to how best to conceptualize the process of leadership. Some writers see leadership as an essentially innovative top-down process, most typically driven by some form of charismatic or transformational vision (e.g., Bass, 1985). This is contrasted with a more mundane or transactional or administrative function, to be considered as management.

The proposed applicability of this conceptualization of leadership is by no means confined to Western nations. Bass and Avolio (1993) cite replications of their findings on transformational leadership from a range of nations. Kanungo and Mendonca (1996) see charismatic leadership as particularly appropriate to organizations within developing nations. In contrast, other writers argue that the distinction between leadership and management is unhelpful, encouraging both researchers and practitioners to emphasize some aspects of an effective managerial role, with consequent relative neglect of others (e.g., Schermerhorn & Gardner, 1992). On this view, an effective leader is one who conducts interactions with superiors, peers, subordinates and other members of his or her role set in such a way as to enhance the organization's performance. This may include innovative activity and a clear vision of the future, but it will also include the handling of a continuing stream of challenges and threats to the organization's optimal performance. This type of operational leadership may well involve substantial support of subordinates' activities, but that support is unlikely to be possible without effective links to superiors and other sources of information and resources.

EVENT MANAGEMENT

This type of approach to the analysis of leadership has been further developed in the "event management" model of Smith and Peterson (1988). Within this model, an organizational event is defined as any occurrence impinging upon the awareness of a leader within an organization. All events are seen as initially ambiguous, and requiring some kind of processing before a leader can judge how they might best be handled. Some events may quickly be diagnosed as routine, while others will require sustained attention. A central element in a leader's effectiveness is likely to rest on the way in which he or she goes about

assignment of meanings, and the consequent actions which will follow (Peterson, in press). Weick (1995) analyses organizational behavior from a similar perspective.

Tests of the event management approach have focused upon leaders' handling of rather specific events and situations, as these provide a better prospect that respondents will be able to characterize more precisely how they handle them (e.g., Peterson, Smith, Bond & Misumi, 1990; Smith, Peterson & Misumi, 1994). These studies do not attempt to determine what are the actual meanings placed upon events by leaders, but focus instead upon the sources of guidance used by them as they set about assigning meanings. For instance, do leaders rely on their own experience and training, or do they consult others? This series of studies has established that there are consistent differences in the ways which leaders in a broad range of different nations accomplish the assignment of meaning (Peterson, Elliott, Bliese, & Radford, 1996; Smith, Peterson, et al., 1994; Smith & Peterson, 1995). Because of its direct focus upon a series of relatively specific situations, the procedure used in these studies has the potential to provide a more finely-tuned characterization of leader behaviors in different cultural contexts than is provided by other more widely-used ways of characterizing leadership behaviors (Dorfman, 1996; House & Wright, 1997).

LEADERSHIP IN CHINA

The predominance of state enterprise in mainland China until very recently stands in marked contrast to the predominantly Chinese economies located in Hong Kong, Taiwan, Singapore and elsewhere. Bond (1996) confirms that the values endorsed within these various Chinese national cultures are markedly divergent from each other and from mainland China. There is thus no firm guidance to be had as to leadership and leadership effectiveness from such studies of management conducted within overseas Chinese nations. Leadership in Chinese state enterprises from the late fifties until the late eighties was shared between an administrative team, trade union representatives and the local Party secretary. The Party secretary was normally dominant within this arrangement. Large-scale studies of leadership behavior at all enterprise levels were conducted during this period by the Institute of Psychology at the Chinese Academy of Sciences. On the basis of 16,000 respondents from 53 enterprises located throughout China, three dimensions of leadership behavior were identified (Ling, Chen & Wang, 1987; Peterson, 1988; Xu, 1989). Two of these echoed the task and socio-emotional dimensions identified in studies elsewhere. The third was defined as "moral character," including items such as integrity and honesty, as well as commitment to the work team and to the Party.

The introduction of reforms from the late eighties onwards has provided enterprise managers with steadily increasing autonomy (Child, 1994). However, case studies have indicated the continuing influence exerted by Party secretaries (Child & Xu, 1991). Furthermore, while there has been some adjustment in the balance of power at senior levels in state enterprises, operational leadership at middle management levels is likely to have remained strongly dependent upon direction from above. Boisot and Liang (1992) made observational studies of six enterprise directors. They were found to spend much more of their time with their superiors, and much less with peers and outsiders, than was found in Mintzberg's (1973) study of U.S. managers. Using methods similar to those of the present study, Smith, Peterson and Wang (1996) found Chinese middle managers much more

reliant upon their superiors than were samples of U.S. and British managers. Wang and
Heller (1993) found that short-term decisions were referred to senior management much
more in China than in Britain. However they found that the pattern was reversed in the case
of longer-term decisions.

Further recent studies underline the way that the influence processes upon which
Chinese leadership rests will be those favored within collectivist rather than individualist
cultures. Data locating Chinese samples directly upon Hofstede's (1980) dimensions
cannot be considered reliable (Smith & Wang, 1996). However, in a series of studies,
Earley (1989; 1993) has shown how social loafing effects found among US managers are
significantly reversed among Chinese managers. Furthermore, Chinese managers
responded better to training based on group incentives, while US managers did not (Earley,
1994). These effects were particularly strong among those who endorsed collectivist
values. While processes such as *guanxi* (the mutual exchange of favors) and the giving of
face have not been extensively studied in managerial populations, they are widely known
to be of major importance in China (Gao, Ting-Toomey & Gudykunst, 1996).

Predicting the Effect of Inward Investment on Leadership Behavior

The purpose of the present study is to consider the impact upon leadership processes
within Chinese enterprises of the current massive inward investment into the Chinese
economy. There are now more than 45,000 foreign direct investments in China (UNCTAD,
1995), so the issues we shall discuss are likely to be widespread. The first question of
interest is whether the ways in which leaders handle events within contemporary Chinese
joint ventures reflect the long-standing Chinese approaches to management and leadership
discussed above, or whether collaborative links with non-mainland Chinese partners have
led to rather different approaches. A second question is more specific: how much
difference does the cultural background of the non-Chinese partner make to the problems
which occur and the ways in which those problems are handled?

Existing studies already indicate that joint ventures in China do experience a range of
difficulties, and indeed a substantial number may not commence operation at all.
Trommsdorff and Wilpert (1991) found that only 27 of 100 German-Chinese joint venture
agreements had been acted upon, but more recently this figure is likely to have become
much higher. Difficulties within joint ventures have been reported particularly in the area
of human resource management (Child, 1994; Child, Boisot, Ireland, Li & Watts., 1990;
Henley & Nyaw, 1990; Wang, 1992; Wang & Satow, 1994). Our goal is to explore more
directly the question of cultural differences in approaches to day-to-day management
events by managers and their immediate associates, and the successes or failures which
joint ventures may experience in handling these events.

The present project requires a way of describing leadership behaviors which can be
applied to Chinese and non-Chinese partners alike, but does so in ways which do not
assume that leader behaviors have similar meanings in differing cultural contexts. In
working toward this goal, this study defines cultures as systems within which shared
meanings are placed upon events. The emphasis of this definition is upon sharedness of
meaning as the central component of a cultural group, whether that group be a nation, an
organization or a work team. There are greater possibilities for valid analyses within such
an approach than appear possible using data which are assumed to have invariant

meanings, particularly in settings where those from different backgrounds may be more inclined to interpret the same events in different ways. Our focus on shared meaning necessarily requires measures of the ways that leaders set about giving meaning to events, focusing particularly on whether leaders in different organizations or different nations do so in similar ways.

A detailed analysis of the operation of joint ventures in China is provided by Child et al. (1990). These authors noted differences between joint ventures undertaken with partners from the United States, from Europe and from Japan. U.S. partners were particularly prone to seeking to impose human resource management policies without adaptation to the local environment. The practices favored by Japanese partners were distinctively different, and more autocratic, from those typically found within Japan. European firms initially sought to introduce policies favored in Europe, but tended to make compromises when difficulties arose. These studies make clear that all foreign parties sought to influence the organizational culture and practices of the joint ventures in which they became involved. We can therefore formulate two initial hypotheses:

Hypothesis 1. Chinese leaders' reported sources of guidance in managing work events will emphasize reliance on collectively-shared beliefs and on their superiors and minimize reliance on their own experience and training.

Hypothesis 2. The sources of guidance on which Chinese leaders in joint ventures rely in their handling of work events will resemble the profile of their partner nations more closely than will the reports of Chinese leaders in state enterprises.

STUDY 1

Method

The questionnaire used in this study was the same as that employed in an ongoing study surveying event management by leaders in middle management roles in many nations (Smith & Peterson, 1995), with data currently available from 36 nations. The purpose of the questionnaire is not to elicit the actual meanings placed upon selected events, but the *sources of guidance* employed in putting meanings on events. For each of eight work events respondents are asked how much they rely upon each of eight sources of guidance. For instance, faced with the need to appoint a new subordinate, do managers consult other people, such as superiors, existing subordinates, colleagues at the same level or personnel specialists? Or, do they rely entirely upon their own experience and training? A further possibility is that they might be guided by more impersonal sources of guidance, such as books of formal rules and procedures, informal understandings about how things are usually done within the organization, or systems of beliefs as to what is right which are widespread in their society. These eight sources of guidance were intended to tap the principal ways in which managers may handle events, although there are certainly additional options which were not included. The questionnaire asks for a rating on 5-point scales of the extent to which each of these eight possible sources of guidance is used. Thus it is implied that the sources are not exclusive of another, and that one might well draw

upon several. Two ratings were also obtained of how effectively each event was seen as having been handled, in the short run, and in the long run.

The eight organizational events were selected on the basis that they would most probably occur frequently in most locations and in all types of organization. Events were selected such that some were of primary importance within the work team, whereas others referred to relations with the wider organization within which the team worked. The events were:

- Appointing a new subordinate in your department
- When one of your subordinates is doing consistently good work
- When one of your subordinates is doing consistently poor work
- When some of the equipment or machinery in your department seems to need replacement
- When another department does not provide the resources or support you require
- When there are differing opinions within your department
- When you see the need to introduce new work procedures into your department
- When the time comes to evaluate the success of new work procedures

The questionnaire was constructed in English, and then translated into Mandarin Chinese (and many other languages), with checks on the validity of translation through parallel translation and correction. The present paper is concerned only with the results for mainland Chinese respondents and refers also to results from those countries involved in joint ventures in China. Other results from this project are reported more fully elsewhere (Smith et al., 1994; Peterson, Smith, et al., 1995; Smith & Peterson, 1995).

A sample was obtained which comprised 119 managers drawn from both state-owned and joint venture organizations, with respondents from different organizations in a wide variety of industries. Chief executives and first-line supervisors were not included. Respondents were from the Hangzhou-Shanghai region of East Central China. Data were collected by Chinese-speaking researchers during individual interviews. The fullest possible demographic details of respondents were also obtained in order to facilitate subsequent comparisons of the datasets. These included age, gender, organizational ownership, organization size, organization's task, department's task, years of education, religion and ethnicity. The sample was 65% male, with an average age of 39.6. Half the respondents worked in manufacturing organizations and half in service industries. Twenty-three percent were in general management, 22% in sales and service, 18% in production and 15% in personnel.

In comparing scores obtained by managers in state-owned and joint venture organizations, analysis of covariance was used to estimate the degree to which demographic differences between the two samples influenced mean scores for ways of handling events. Adjusted means were computed, discounting differences between state owned and joint venture samples which were attributable to age, gender, organization size, organization task and departmental task, using dummy variables to represent those variables which are categorical.

In order to characterize the degree to which managers utilize sources of guidance in assigning event meaning, one needs to know how reliably they characterize what they do. Since the questionnaire refers to eight different events, there is some opportunity to test the consistency with which each source is utilized across all eight types of events. There is no

obvious reason why they should be consistently untilized. It is intuitively equally plausible that a manager would rely on different sources of meaning when handling different types of events. However, if as was postulated at the beginning of this paper, culture has to do with systems of *widely shared* meanings it is not implausible that there would be substantial consistency both within particular managers and across groups of managers in similar situations in the sources which they report using most heavily.

Results

In the international study, good reliability across events was found in all countries for those sources of event meaning which were most employed (Smith & Peterson, 1995). Within the Chinese data, the lowest of the eight Cronbach alpha coefficients was 0.79. This made it possible for scores for each individual respondent to be averaged across events. Before this was done, each subject's scores were subjected to within-subject standardization to take account of possible cultural differences in questionnaire response bias. This procedure has become standard practice within cross-cultural studies since it was first used by Hofstede (1980). The standardized scores were then adjusted on the basis of demographic differences, through the use of analysis of covariance as described above.

Table 1 gives country means for reliance on each source of guidance in handling events obtained by our sample of mainland Chinese respondents. Also included are means for samples from five of the countries most frequently involved in joint ventures in China. In all cases the expatriate samples are not drawn from those directly involved in joint ventures. Nonetheless, if cultural differences in preferences as to how manage events are relatively robust, the divergences between the figures in Table 1 provide an approximate basis for predicting the types of contrasts which Chinese managers in joint venture partnership with particular nations would be most likely to experience.

The table shows that the Chinese respondents placed strongest reliance upon their own experience and training, and upon their superiors, as do respondents in most countries (Smith & Peterson, 1995). However, considering the Chinese scores in comparison with

Table 1
Means for PRC and Non-PRC Samples on Sources of
Guidance for Event Management

	China	Hong Kong	Japan	USA	France	UK
Formal Rules & Procedures	0.26	0.35	0.37	0.24	−0.01	0.11
Unwritten Rules	−0.07	0.18	−0.27	−0.05	0.10	−0.06
Specialists	−0.36	−0.72	−0.50	−0.56	−0.46	−0.42
Subordinates	−0.51	−0.17	0.04	0.01	0.04	−0.03
Colleagues	−0.25	−0.35	−0.27	−0.23	−0.21	−0.21
Superior	0.33	0.63	0.40	0.43	0.46	0.31
Own Experience & Training	0.49	0.41	0.58	0.57	0.66	0.81
Beliefs Widespread in my Country	0.16	−0.34	−0.35	−0.40	−0.58	−0.52
Sample Size	121	83	95	277	80	140

those of the various potential expatriate partner groups, it is apparent that the Chinese score distinctively on two dimensions. They reject reliance upon subordinates and they rely strongly on beliefs which are widespread in their country as to what is right. While potential partners score relatively homogeneously along these dimensions, they diverge on others. The data from Japanese, Hong Kong and U.S. managers puts more stress on the role of the superior, while European managers in these samples laid more emphasis upon using their own experience and training. There are also large differences with regard to reliance on specialists. However, since the data in Table 1 are based upon scores which have been standardized within-subject, each column necessarily sums to zero. Means for different ways of handling events are not therefore wholly independent of one another. Testing of the significance of the differences shown in the table was therefore restricted to the three differences specified in Hypothesis 1. One-way ANOVAs show significant differences for reliance upon widespread beliefs ($5df$; $F = 20.16$; $P < 0.001$); reliance upon one's own experience and training ($5df$; $F = 14.32$; $P < 0.001$) and for reliance on one's superior ($5df$; $F = 4.50$; $P < 0.001$). Duncan tests of the means in the table indicates reliance on widespread beliefs is significantly higher in the Chinese sample than in each of the other samples. Reliance on managers' superiors in the Hong Kong sample is higher than in each of the other samples. Reliance on managers' own experience is stronger in UK and Germany than in the other samples, and the Hong Kong score is also significantly lower than those for China and Japan. Hypothesis 1 is thus supported only in relation to reliance on widespread beliefs.

The specific divergences between the Chinese and those from other nations frequently involved in joint-ventures that are shown in Table 1 provide suggestive indications that the issues likely to crop up in joint ventures will depend to some extent upon who is the partner. First, managers from Hong Kong and Japan may be expected to find that reliance on their superior as a source of autonomous power and decision-making is less effective than they would expect, since their Chinese partners are accustomed to putting more reliance on widespread beliefs. Second, European and North American partners will find that reaching decisions on their own or consulting subordinates will be less effective, again because their Chinese partners give rather more weight to widespread beliefs. We may

Table 2
Frequency of Use of Each Way of Handling Events in
Chinese Enterprises

Source of Guidance	State Enterprises	Joint Ventures
Formal Rules and Procedures	0.20	0.34
Unwritten Rules	−0.07	−0.08
Specialists	−0.30	−0.36
Subordinates	−0.48	−0.51
Colleagues	−0.25	−0.34
My Superior	0.33	0.28
Own Experience and Training	0.35	0.61
Beliefs Which are Widespread in my Country about what is Right	0.22	0.05
N	64	55

expect that joint venture partners will seek to become viable by reducing the divergence between the ways of managing events which predominate in China and in the countries of origin of the joint venture partners.

Table 2 provides a direct test of Hypothesis 2. It shows the difference in mean scores obtained from respondents in the Hangzhou-Shanghai sample working in state-owned enterprises and those working in joint ventures. Although these data are all from the same nation, the scores are based on a within-subject standardization, to maintain comparability with the country means cited in Table 1. Unfortunately, the sample size obtained does not permit further subdivision between joint ventures with differing partners. However the table does indicate clearly that there are substantial differences between the ways of handling events reported by managers within state-owned enterprises and within joint ventures. Chinese managers within joint ventures report significantly greater reliance upon their own experience and training ($t = 2.22$, $df = 118$, $P = 0.03$) and a trend toward significantly less reliance on widespread beliefs ($t = 1.70$, $df = 118$, $P = 0.09$). Thus, for the two ways of handling events which showed strong divergence between the Chinese and the non-Chinese data cited in Table 1, the scores for Chinese leaders working in joint ventures show the type of convergence with non-Chinese scores that one would predict. These results suggest that the Chinese partners in joint ventures may have accommodated rather more to unfamiliar ways of managing events than have their non-Chinese partners.

STUDY 2

Chinese Leaders' Handling of Problem Events

The second study was designed to identify more specifically the nature of problematic work events in particular joint-venture organizations and how the Chinese working within joint ventures handled them. Companies involved in joint ventures in China now have substantially more experience of the issues they may face than were available at the time when the data were collected for the Child et al. (1990) study. One way in which attempts have quite often been made to reduce cultural distance between the partners is for Western companies to hire local managers from Hong Kong or Taiwan. Furthermore there has been extensive exploration of different patterns of collaborative arrangement, often involving more than two partners in a collaborative venture. For instance, one of the organizations sampled in our second study was a venture between two non-Chinese and three Chinese organizations. For these reasons, it was decided to focus the study upon the specific nationality of Chinese and non-Chinese leaders working directly with one another, rather than upon the sometimes confused nature of organizational ownership. This emphasis is consistent with our focus upon operational aspects of leadership, rather than more strategic issues.

We did not attempt to predict the frequency of specific problematic work events. However it was our general expectation that a lesser culture distance would reduce problem incidence and lead to greater success in how problem events were actually handled. This generates three further hypotheses:

Hypothesis 3.   The frequency of reported problem events will increase with culture distance between Chinese leaders and their joint venture partners.

Hypothesis 4. Established Chinese sources of guidance will be less frequently used in handling events as culture distance increases.

Hypothesis 5. Established Chinese sources of guidance will be rated as less effective with increasing culture distance.

Method

A new questionnaire was devised which was similar in general conception to the first, but which focused upon nine events that prior interviews with Chinese managers had indicated were often problematic within joint ventures in China. Some of these "events" were not so much discrete occurrences, but issues which might well recur constantly. For instance, "language problems" were included in the questionnaire, even though their occurrence was likely to be relatively continuous, if they occurred at all. For some purposes it may well be useful to distinguish events from more continuous issues and situations (Peterson, in press). However, in the present study priority was given to the inclusion of all situations which prior interviews had indicated were both salient and problematic.

The sample of 144 respondents were middle-level Chinese employees in joint-venture hotels, working directly with a manager who was not mainland Chinese. They themselves had leadership responsibilities, but were in almost all cases of lower status than the expatriate manager with whom they worked. More than 20 hotels were sampled within the east-central region of Hangzhou, Shanghai, Ningpo, Suzhou and Wuxi. Ratings were not obtained from the non-Chinese partners, though these would clearly also have been of interest. The non-Chinese partners whom respondents identified comprised 75 from Hong Kong, 7 from Taiwan, 27 from Japan, 11 from United States, 8 from France, 6 from United Kingdom, 4 each from Italy and Australia, and one each from Germany and Austria. Datasets were assigned to three categories on the basis of the nationality of the overseas partner: overseas Chinese, Japanese and Western. Data from a further 16 respondents relating to overseas managers from further nations (Pakistan, Malaysia, Indonesia and Singapore) were excluded from the analysis, since there were insufficient cases to permit meaningful analysis.

In this study seven possible ways of handling problem events were identified, also based on prior discussion with Chinese managers, as well as the existing literature on Chinese styles of conflict management (Gabrenya & Hwang, 1996). Three of the ways of handling events were defined in terms of sources of guidance, namely the usual policies and procedures, advice from other Chinese and reliance on widespread Chinese beliefs. The remaining four ways of handling the event identified different behavioral styles which might be employed by the respondents themselves: avoiding differences, using indirect influence, direct talk and using the overseas manager's approach.

Respondents were asked if each event had been a problem to them in their work with a manager who was not a mainland Chinese. If they indicated that it had been a problem, they then rated how much they had relied on each of the seven ways of handling events on further 5-point scales. A single item rating with the following wording was also included: "How well do you and your overseas manager agree about the way in which [specified event] should be handled?". This was intended to tap the degree to which the respondent felt that each problematic event was being handled effectively. The nine events were:

Table 3
Number of respondents reporting that each event was problematic

Event	Overseas Manager was from:			Chi Square
	HK/Taiwan	Japan	Western	
	N(%)	N (%)	N (%)	
Decision-making	26 (32)	16 (54)	19 (59)	9.01**
Task Allocation	30 (37)	16 (59)	20 (57)	6.59*
Punctuality	33 (40)	18 (67)	20 (57)	6.81*
Meetings	35 (43)	17 (63)	22 (63)	5.78
Bonus Payments	35 (43)	15 (56)	25 (71)	8.28*
Appointing middle manager	27 (33)	16 (59)	21 (60)	10.28**
Evaluating poor work	37 (45)	17 (63)	21 (60)	3.75
Work Coordination	25 (30)	11 (41)	21 (60)	8.95**
Language problems	31 (38)	17 (63)	20 (57)	6.98*
N of respondents:	82	27	35	

Notes: *P <0.05; ** P < 0.01.

Ways of making decisions
Task allocation
Punctuality
Ways of holding meetings
Bonus payments
Appointing new middle managers
Evaluating poor work performance
Coordination of work
Language problems

Results

Table 3 shows that the reported frequency for all of the problematic events was much lower for Chinese managers working with managers from Hong Kong or Taiwan than it was with Japanese and especially with Western managers. The Japanese managers were seen as causing fewer problems than Western managers in relation to bonus payments and coordination of work, possibly because Japanese practices in these areas are closer to Chinese expectations. If we accept that culture distance is greatest between Western managers and Chinese and least between overseas Chinese and mainland Chinese, the data support Hypothesis 3.

Table 4 gives an overall summary of how the Chinese respondents attempted to handle those events which they found problematic. The most frequently reported approach was the use of indirect influence. However, the table gives rather little evidence that ways of handling events were adapted to the cultural origins of one's partner. With the single exception of reliance on widespread beliefs, there were no significant overall differences in the frequencies of use of different ways of handling the events with partners from different cultures. Furthermore, contrary to Hypothesis 4, it is notable that reliance on widespread Chinese beliefs was more strongly endorsed where the manager was Western. Since we

Table 4
Frequency of Reliance on Each Way of Handling Problematic Events

	Manager was from:			
Way of handling event	HK/Taiwan	Japan	Western	Sig
Usual policies/procedures	2.01	1.87	2.04	ns
Avoid differences	2.53	2.52	2.81	ns
Advice from other Chinese	2.82	2.93	2.94	ns
Use overseas manager's approach	2.71	2.60	2.63	ns
Use indirect influence	3.12	3.35	3.25	ns
Direct talk	2.70	2.61	2.83	ns
Rely on widespread Chinese beliefs	2.88^b	3.14	3.41^b	*

Note: Ratings on 5 point scales: 5 = high; 1 = low. Significances are based on one-way ANOVAs. $* P < 0.05$. ^{b}means differ at $P < 0.01$

Table 5
Evaluation of the Handling of Problematic Events

	Manager was from:			
Handling of Event	HK/Taiwan	Japan	Western	F(df)
Ways of making decisions	2.87^c	2.46^{cd}	3.04^d	$9.47(2,93)****$
Task allocation	2.76	2.61^a	3.00^a	$3.53(2,94)*$
Punctuality	2.13^c	1.88^{cd}	2.82^d	$15.31(2,96)****$
Ways of holding meetings	2.67^a	2.50^b	3.04^{ab}	$4.21(2,85)*$
Bonus payments	2.69^a	2.27^c	3.16^{ac}	$7.69(2,83)****$
Appointing new middle managers	2.78	2.42	2.80	ns
Evaluating poor work performance	2.70	2.43	2.73	ns
Coordination of work	2.82	2.53	2.80	ns
Language problems	2.79	2.47^b	3.08^b	$5.07(2,67)**$

Notes: Ratings on 5 point scales: 5 = high; 1 = low. Significances are based on one-way ANOVAs. $*P < 0.05$; $**P < 0.01$; $***P < 0.001$; $****P < 0.0001$. Means differ ^{a} at $P < 0.05$; $^bP < 0.01$; $^cP < 0.001$; $^dP < 0.0001$.

have argued that this way of handling events might plausibly be expected more where the manager is also Chinese, other explanations of the obtained effect are required.

One possibility is that there is no overall consistency between the way in which different events are handled. The list of "events" included in the questionnaire are less discrete than are those used in the international study, and they might be addressed in different ways. This possibility was checked by computing Cronbach alpha across events for each of the seven ways of handling events. Values ranging between 0.76 and 0.89, indicating that there is a good case for averaging across events, as was done in Table 4.

While there is thus little evidence of variability in the ways in which our Chinese respondents handled events, they nonetheless do show substantial awareness that different approaches are associated with differing levels of agreement about how problems are to be handled. Table 5 shows that across all events those working with the Japanese reported less agreement, while those working with Western managers were in 8 out of 9 instances more

Table 6

Significant Predictors of Rated Effectiveness of Handling of Each Event

Event	Rsquare	F	Main effects	Beta	Interactions	Beta
Ways of making decisions	.33	9.01****	Overseas manager	.23**	Direct talk (CH)	-.69***
			Direct talk	.35***	Chinese beliefs (CH)	.79****
					Chinese Beliefs (WE)	.34***
Task allocation	.11	12.29***	Direct talk	.34***		
Punctuality	.29	20.74*****	Overseas Manager	.23**	Usual policies(WE)	.44*****
Ways of holding meetings	.07	6.90**	Advice	.27**		
Bonus payments	.34	14.61****	Usual policies	.28**	Avoid (CH)	.26**
Appointing new managers	ns					
Evaluating poor work	.11	10.94	Usual policies	.33***		
Coordination of work	.19	6.91***	Advice	.28**	Direct talk (JP)	-.29**
Overseas manager	.34**		Overseas manager	.34**		
Language problems	.25	8.31****	Usual policies	.31**	Chinese beliefs (WE)	.32**
			Direct talk	.34***		

Notes: Ways of handling events are given in the table in abbreviated form. Fuller versions are given in Table 4.

CH = Hong Kong/Taiwan ; JP = Japan; WE = Western.

$*P < 0.05$; $**P < 0.01$; $***P < 0.001$; $****P < 0.0001$.

in agreement even than those working with overseas Chinese managers. This provides further indication of the failure of Hypothesis 4. The event which was rated as most notably problematic was punctuality, particularly in the Japanese hotels.

In comparing the results portrayed in Tables 3 and 5, it must be remembered that only those respondents who stated that a particular event was problematic were asked to rate how much agreement there was as to how it was to be handled. In Table 3, those who worked with the Japanese recorded rather fewer problematic events than those working with Western managers, but in Table 5 problems with Japanese partners featured lower ratings for agreement. Presumably this means that where problems did arise with Japanese partners, they were less easy to resolve.

Table 6 presents the results of separate regressions predicting agreement about the handling of each of the nine work events. Each regression equation was constructed using 31 potential predictors, namely the overseas manager's country grouping, the frequency of using the seven ways of handling events and interactions between these terms. Backward deletion was used, and since so many potential predictors had been entered, the significance criterion for deletion of variables from each equation was set at $P = 0.01$. Eighteen significant effects are obtained, compared to the three that might be expected by chance at this probability level, on the basis of the total number of predictors (31 for each of 9 events = 279) initially entered.

It is evident that there is substantial variation in the ways of handling each event that lead to agreement. Following the overseas manager's approach and direct talk are each seen positively for three of the events. This provides some acknowledgment that accomodating to the preferences and procedures favored by the overseas manager can yield agreement. However, the remaining significant main effect predictors are following usual policies and procedures and seeking advice from other Chinese. Continuing value is thus also placed upon previously existing styles of event management.

The significant interaction terms are of particular interest in evaluating Hypothesis 5. For some events, avoidance of disagreement and reliance on traditional Chinese beliefs are seen as yielding more agreement if one's overseas manager is from Hong Kong or from Taiwan. Direct talk is seen as leading to agreement with Japanese managers on one event and with Hong Kong/ Taiwan managers on another. These interaction effects are all consistent with Hypothesis 5, although they are found on only a few of the events. There are also two events for which reliance on Chinese beliefs is seen positively where one's partner is Western. This is contrary to Hypothesis 5, and requires further discussion.

DISCUSSION

In introducing this study, we placed it into the context of those students of leadership who see leadership as a process which is widely dispersed through organizations, and which involves not simply one's relations with subordinates, but the maintenance of effective working links with all members of each leader's role set. The particular nature of the samples upon whom we have focused has meant that in the present case many of the leader actions that we have sampled have been directed upwards rather than downwards. Upward and downward influence strategies were shown by Schermerhorn and Bond (1991) to differ just as much among Hong Kong managers as they did among U.S. managers. The same is likely to be true in the present case, so the data from Study 2 illuminates a

particular and relatively little studied aspect of leaders' overall activity. There can be little doubt however that if the Study 2 sample were ineffective in relation to the superiors, they would also be ineffective in relation to their subordinates, just as Pelz (1951) noted many years ago in the United States.

Previously published studies based upon an event management conceptualization of leadership have mostly utilized a generic set of events thought likely to be relevant to leaders in any organization and in any part of the world. This emphasis can make a contribution to the understanding of global similarities and differences in managers' approaches to leadership, and the first of the two studies reported here lies within that tradition. However the second study involved the design of an entirely different array of events, focused upon a specific context. In doing this, we seek to extend the applicability of this type of procedure for the assessment of the ways in which leaders manage.

Both of the studies reported here are based on modest samples, and can claim at best only to represent events occurring within a specific region of China at a point in time when that whole nation is in rapid flux. Concerning Study 1, the first point of note is the contrast in ways of managing events in joint ventures compared to state-owned Chinese enterprises. Two explanations for the differences found are possible. First, it may be the case that the joint venture partners in the sample for Study 1 set out to recruit Chinese for middle-level leadership positions whose preferred modes of working were more compatible with those which are widespread in their non-Chinese operations. Second, even if no selection of this type was in fact employed, it is evident that in at least some joint ventures the partners have nonetheless succeeded in some other way in establishing among their Chinese managers approaches to leadership which are more similar to those which they employ outside China. Likely incentives in this direction would include training, much enhanced rates of pay and delegation of responsibility for budgets. Rates of pay for instance were often three or four times as high in joint ventures as in state enterprises at the time these data were collected.

The second study has shown that Chinese managers in hotel joint ventures who work directly with managers from Hong Kong and Taiwan experience substantially fewer difficulties than do those in other joint venture hotels. Given that adaptation is less problematic within these enterprises, these joint ventures may be examples of the ones in which Chinese managers have been able to adopt the less traditional ways of handling events detected in Study 1.

The data for the Japanese partner-hotels contain several ambiguities. Fewer problems were reported in relation to work coordination, which was one of the events for which Table 6 shows that following the overseas manager's approach was perceived to be associated with agreement. However, on this and on all the other events, where there was a problem at all it was rated as handled more negatively. It was noted earlier that Japanese managers of joint ventures in China tended to act in more autocratic ways than they do with Japanese employees (Child et al., 1990). These authors suggest that Japanese managers in China do not experience the mutual trust that can occur within an all-Japanese team, and therefore become more coercive. We have no data which can directly test whether this was also occurring within the present sample, but there is indirect suggestive evidence. The event which received the poorest evaluation within the Japanese hotels was punctuality, an area of behavior in which there is wide divergence between Japanese values and typical

Chinese behaviors. Given the Japanese aversion to direct talk, such problems may be difficult to resolve once they have arisen.

The results for those working with Western managers might be expected to be diverse, given the variety of persons placed together within that category. Nonetheless, a clear pattern did emerge, and it was a pattern which provided rather little support for Hypotheses 4 and 5. As predicted, those working with Western managers did report more problem events. However, they indicated relatively high agreement about how those problems were handled, and in the case of two events reliance on widespread Chinese beliefs was helpful in accomplishing this. How can one make sense of this? A possible explanation can again be drawn from the earlier study by Child et al. (1990). These authors suggested that, at least in the case of European managers, there was evidence that compromises were made between procedures that they wished to implement and the preferences of local Chinese. It could be that in these hotels also the Western managers were less autocratic and more flexible than their Japanese counterparts. By accomodating some aspects derived from Chinese beliefs they may have achieved acceptance of the direct talk and overseas manager's approach which yielded agreement in relation to some of the other events.

The sample sizes within Study 2 are such that we cannot place great confidence in these latter interpretations. Particularly in relation to the somewhat exploratory testing of Hypothesis 5, it was judged necessary to adopt the .01 level of significance as the cut off. If we had reported our data with a .05 cutoff, we should have had 22 interaction effects to report, spread across all nine events. Only with a larger sample and more focused hypotheses can the reliability of these effects of cultural difference be adequately determined.

Perhaps the most striking finding from this investigation is the lack of relationship between the ways of handling the nine events that yielded agreement and the two relatively traditional Chinese ways that were, in fact, most often used—indirect influence and reliance on widespread Chinese beliefs. There is an evident need for training interventions which address the mismatch between what is reported as current practice and what is perceived to work best.

Since the sample in the first study covered a wide variety of industries, and the second was restricted to hotels it is possible that greater adaptation to foreign partners might be found in other industry sectors. However there is no indication from interview data that this is the case. It is notable that language problems were identified as the most widespread problem in joint ventures with non-Chinese partners. Awareness of this and of other potential benefits resulting from cultural similarity has led many Western-owned venture partners both in the hotel sector and elsewhere to appoint Hong Kong or Taiwanese managers to senior positions. The present results support the conclusion that this may be a beneficial strategy. However, reliance upon Taiwanese or Hong Kong managers does create other problems. Additional data collected from the present sample (Leung, Smith, Wang & Sun, 1996) showed that job satisfaction decreased with seniority among respondents working with Hong Kong or Taiwanese managers, whereas this did not occur with Japanese or Western managers. Interview data indicated that this was because mainland Chinese respondents compared their benefits and promotion prospects more directly with Hong Kong or Taiwanese managers than with others and were dissatisfied with the outcome of such comparisons. They felt that once they had acquired the necessary

expertise, there was no reason why they should not be promoted to positions currently occupied by overseas Chinese. With "foreign" managers, whether they be from Japan or Western nations the same process of social comparison was much less evident. At least while the present rate of economic growth persists, joint ventures with overseas Chinese managers in senior positions therefore risk losing mainland Chinese middle managers to other joint ventures as their expertise develops.

The present study has limitations both in terms of its representativeness and of its relatively modest sample sizes. However it does indicate that the much-understudied areas of upward and downward leadership relationships within multicultural enterprises brings into play a variety of issues not usually addressed within the domain of leadership theory. These issues are of continuing and urgent practical importance.

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