EQ and CQ of Expatriate Transformational Leaders: a Qualitative Study of Cross-cultural Leadership Effectiveness for Australian Business Managers Working in China

A thesis submitted in fulfillment of the requirements for the degree of Doctor of Philosophy

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GLOSSORY OF ABBREVIATIONS

TL = Transformational Leadership

EQ = Emotional Intelligence

CQ = Cultural Intelligence

PDI = Power Distance Indicator

UAI = Uncertainty avoidance
Based on the investigations presented in this thesis, the following papers were published:


DECLARATION

I certify that except where due acknowledgement has been made, the work is that of the author alone; the work has not been submitted previously, in whole or in part, to qualify for any other academic award; the content of the thesis is the result of work which has been carried out since the official commencement date of the approved research program; and, any editorial work, paid or unpaid, carried out by a third party is acknowledged.

Signed:

…………………

Ling Deng

26 June 2008
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ABSTRACT

As the world’s most rapidly developing trading economy, China is a highly attractive destination for foreign direct investment, especially to Australia with which it has a strong complementary commercial relationship. Moreover, although the need for cross-cultural leadership effectiveness presents a major challenge to Australian businesses operating in China, most extant studies emphasize cultural dimensions and cultural influences on expatriate leadership effectiveness. In contrast, this study investigates the importance and implementation of transformational leadership (TL), emotional intelligence (EQ) and cultural intelligence (CQ) as key components of cross-cultural leadership capabilities within the context of Australian-Chinese cultural differences. Specifically, it answers one overarching question: What key factors contribute significantly to cross-cultural leadership effectiveness in Australian businesses operating in China?

Following an interpretivist research philosophy, this inductive study employed qualitative individual and focus group interviews with a final sample of 32 expatriate managers and 19 local Chinese managers working in 30 Australian organizations. The individual participants were top- and middle-level executives of Australian businesses operating in China in different industry sectors, including minerals and energy, manufacturing, consulting, building and construction, banking, legal services and education. Participants based their responses on their own experiences and observations. These perspectives were supplemented with equally important input from the focus group interviewees, who were Chinese local managers that work closely with the expatriates.

The study found that both TL and EQ contribute significantly to leadership effectiveness, with
particular emphasis on idealized influence through role modelling, inspirational motivation through vision and individualized consideration through mentoring of TL, which are associated with self-awareness, self-management, empathy and EQ social intelligence. Cross-culturally, rather than identifying cultural differences, the findings emphasize the differences made by people and cultural adaptation skills. Specifically, they confirm the CQ’s important role in cross-cultural leadership effectiveness, and identify cultural awareness, motivational cultural adaptation, adaptive behavioural skills and effective cross-cultural communication (with both local managers and head office) as important abilities for expatriate leaders dealing with cultural differences. Finally, the findings identified three ways in which effective management localization contributes to Australian expatriate leadership effectiveness in China: achieving management localization balance, encouraging Chinese managers’ commitment to the company and creating an open environment.

From these findings, the researcher developed a holistic pragmatic heuristic model of cross-cultural leadership effectiveness for Australian businesses operating in China, which emphasizes the developmental process underlying the emergence of effective expatriate leadership. This model defined and categorized three sets of cognitive, attitudinal and behavioural characteristics of effective cross-cultural leaders: personal (intrapersonal) competencies, social (interpersonal) competencies and cross-cultural competencies. Because the model is pragmatic as well as heuristic, its framework provides practitioners (e.g. Western and especially Australian expatriate leaders) with an informed understanding of the complexity of cross-cultural leadership issues in China, the importance of having theoretical knowledge on this topic, and the need to be flexible and pragmatic in applying this knowledge in daily practice. Thus, the model offers Australian firms currently investing or intending to invest in China a specific strategy to assist expatriate selection and leadership development in that the competencies it contains can be used to recruit and develop suitable candidates and
training criteria. Likewise, the model provides business coaches or business consultants serving Western organizations in China a comprehensive fundamental framework for developing competent global leaders. Hence, future research should concentrate on developing and validating cross-cultural leadership effectiveness in China model using diverse approaches.
PART ONE

INTRODUCTION, LITERATURE REVIEW, RESEARCH METHODOLOGY
CHAPTER 1
INTRODUCTION

1.1 Background

In this era of globalization, foreign direct investment (FDI) has played a highly significant role in the world economy. As the world’s sixth largest and most rapidly developing trading economy (American Business in China White Paper 2003), China has ranked among the world’s top 10 destinations for FDI for decades, with a cumulative FDI of over US$400 billion since 1979 (American Business in China White Paper 2002). Since its accession to the World Trade Organization (WTO) on 11 December 2001, China has been seen as one of the most attractive destinations for FDI.

A considerable part of this major investment in China has come from Australia, most especially because of the strong complementary commercial relationship between the two countries. Continuing the trend of the last 30 years – during which China has been Australia’s third largest trading partner (China Embraces the World Market by Ministers Office, Australian Trade Community 2002; Vaile 2002) – Australian firms are now very active in niche areas of the Chinese economy including architecture, consulting, medical and health services, mineral processing and environmental products and services. As a result, Australian investment in China has grown rapidly and expanded considerably over recent years and is
expected to continue increasing greatly in the future (China-Australia Chamber of Commerce in Beijing Business Issues Paper 2003). Nevertheless, although this rapid growth brings great opportunities, it also creates challenges, one of the most difficult of which is how to maximize the expatriate managerial effectiveness in the cross-cultural complexity of Australian investment businesses in China.

In addressing this issue of western expatriate managerial efficiency in China, many researchers have emphasized cross-cultural management competency. For example, Selmer (1999) provided a U-curve adjustment pattern of culture shock related to western expatriate business managers in China, while Pan and Zhang (2004) attempted to clarify Chinese cultural characteristics by applying Hofstede’s (1980; 2001) cultural dimensions and their impact on managerial performances. Similarly, Sergeant and Frenkel (1998) emphasized the importance of applying knowledge of cultural differences to enhance expatriate managerial effectiveness. Conversely, in an analysis of the expatriate-local relationship and its role in organizational effectiveness, Li and Kleiner (2001), suggested that personnel localization is the solution to avoiding cultural conflicts and achieving business success in China.

The cultural differences between China and Australia and their influence on the organizational effectiveness have been studied from various perspectives. For instance, whereas Australia has a western, Anglo-Celtic cultural background, China follows Confucian culture. Such cultural differences may lead to different management styles and practices (Wang & Clegg 2002). Thus, Hutchings (2002) pointed out that Australian organizations should pay more attention in expatriate selection to cross-cultural preparation and adaptability. In her later research (Hutchings & Murray 2002, 2003), however, she argued that the significance of Chinese cultural attributes like guanxi (business networking relationships), mianzi (face), xinyong (trust) and renqing (favour) is determined by company size and the
individual expatriate’s length of service in China. Meanwhile, Liang and Whiteley (2003) stressed that it is both rational and practical for Australian businesses in China to search for cultural synergy and optimise cultural interactions.

Despite such insights, many extant studies suffer from clear weaknesses. For example, some compare the behaviour of Westerners and Chinese and attribute differences to cultural values without actually measuring them (Weldon & Vanhonacker 1999); others simply gather related data and ideas from other studies or present the authors’ assumptions. In addition, researchers use western models to measure and examine values without checking their validity in China. Moreover, despite its focus on cultural influences as a complicating factor in the effectiveness of foreign businesses in China, existing research pay insufficient attention to the expatriate managerial competencies relevant to leadership dynamics within the context of cultural differences. Thus, a clear need exists for genuine, primary empirical research into the challenges of expatriate leadership effectiveness in China both from a cross-cultural and from a leadership perspective.

To address this research gap, this study aims to investigate the key components of cross-cultural leadership capabilities within the context of Western-Chinese – and particularly Australian-Chinese – cultural differences.

1.2 Research Objective and Research Questions

1.2.1 Research Objective

The primary objective of this research is to explore and conceptualize key factors in the expatriate leadership effectiveness of Australian business managers working in China and, based on that foundation, to design a pragmatic framework of cross-cultural leadership effectiveness for Australian businesses operating in China that will be of use to practitioners.
1.2.2 Research Questions

To achieve the above-mentioned objective, this research is framed by the following overarching question:

What key factors contribute significantly to cross-cultural leadership effectiveness in Australian businesses operating in China?

In-depth answers to this primary research question are derived using the following three sub-questions:

1. What do current practitioners experience as key to expatriate leadership effectiveness? In particular, what is the importance of emotional intelligence?

2. Are there certain skills or key experiences for expatriate managers in regards to cultural adaptation and dealing with cultural differences while working in China?

3. What are the key issues of management localization effectiveness? How can expatriate leaders effectively contribute to management localization?

1.3 Scope and Location of the Research

This research focuses on Australian/Western expatriate managers who are currently working for Australian investment businesses operating in Mainland China. Beijing and Shanghai, as central cities for foreign investment in China, have been chosen as the location for the study.

1.4 Significance of the Research

The significance of this research is one of both knowledge and application. First, the investigation aims to contribute to the existing body of knowledge in the field and to offer a
useful application tool for the real business world. Second, it will contribute empirically to cross-cultural leadership research from both a cross-cultural and a leadership perspective. Thus, its results will also offer a theoretical framework that researchers may test in order to further develop understanding of the relationship between cross-cultural theories and leadership theories. The research findings will also provide both researchers and practitioners with valuable insights into the most crucial issues related to Western expatriate leadership effectiveness in China. Indeed, current Australian expatriates’ understanding of, and experience with, specific aspects of Chinese business cultures is a particularly significant part of knowledge building in this area.

From an applied point of view, given Australian firms’ large and increasing interest in doing business in China, this research is also intended to provide useful information on the extent and nature of the adjustment hazard to which Australian and Western expatriate managers are exposed on the Chinese mainland and, as important, to indicate how such potential problems may be dealt with. To this end, the key research findings will form the basis of a proposed pragmatic heuristic model that reflects cross-cultural leadership effectiveness in China and may prove an effective application tool for both pre-arrival and post-arrival training that facilitates the cross-cultural adjustment of Australian and Western expatriate managers in China. In addition, this research aims to offer Australian firms currently investing or intending to invest in China a specific strategy to assist expatriate selection and leadership development.

1.5 Qualitative Investigation

Because this study seeks to develop a deep understanding of leadership practices in a particular industry within a particular context (i.e., Australian businesses operating in Mainland China), it must acquire a great deal of information on these business organizations. Accordingly, the experience and viewpoints of the individuals working in these organizations
constitutes a very rich resource for such acquisition, one perhaps best tapped by a qualitative research approach that enables the researcher to both understand and explain participants’ personal experiences and also experience the issues from their perspective (Ticehurst & Veal 2000). Given these considerations, the investigation adopts an inductive approach that employs qualitative interviews to explore the key factors that contribute to effective leadership in the cross-cultural contacts of Australian businesses.

In addition, the research objective requires data collection and techniques that allow for both an understanding of the phenomena observed and, most particularly, the exploration of meaning construction. This prerequisite is best met using qualitative data collection methods that can investigate complex phenomena in great detail and hence contribute to the desired in-depth understanding of the issues being considered (Vallaster 2001).

These individual interviews will therefore focus on expatriate managers working in Australian investment businesses in different industries in the Chinese cities of Beijing and Shanghai for the primary purpose of gathering information on both successful and problematic experiences. These in-depth interviews with Australian expatriate managers will provide rich, personal descriptions of the managers’ experiences working in China. The qualitative approach will facilitate this initial step by enabling managers to express their reactions in their own words and allowing the development of themes for further in-depth study. At the same time, open-ended and flexible focus group interviews with local senior Chinese managers will throw light on these individuals’ ‘perceptions, feelings and opinions, and their own terms and frameworks of understanding’ (Williamson 2002, p. 252) the managerial issues faced by local managers in the organization. This input will help stimulate different ideas and creative concepts and thus increase the credibility of the research.
1.6 Structure of the Thesis

The thesis structure flows from the research objective and is divided into three parts:

Part One provides the foundation for the research and comprises three chapters: an introduction, a literature review and the research methodology.

This current chapter, Chapter 1, has introduced the background\(^1\) of this research and presented an overview of the research objective, research questions and research scope and location. It subsequently discussed the research significance, provided a brief justification for the research method selection and outlined the thesis structure.

Chapter 2 selectively reviews and analyses the literature that is most relevant to the primary research problem of leadership effectiveness in a cross-cultural context. Specifically, it integrates current theories of transformational leadership (TL), emotional intelligence (EQ), culture dimensions and cultural intelligence (CQ), with particular attention to the linkages across these domains. The chapter concludes by outlining a comprehensive cross-cultural leadership model based upon the literature review, a model that provides a clear conceptual framework for the empirical research and analysis.

Chapter 3 then begins with an overview and rationale for the selection of the qualitative research methodology, followed by a detailed description of the data collection methods and data analysis process. It also discusses the selection of the research participants, the role of the researcher and ethical considerations, as well as the reliability and validity of the research design.

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\(^1\) This research was commenced in early 2004, therefore the figures provided in the section of background was 2003 and forwards.
Part Two presents, interprets and discusses the research findings based on the data gathered through participant responses to the interview questions. This part consists of four chapters arranged around the three research sub-questions (Chapter 4, 5, 6) and the overarching primary research question (Chapter 7).

Chapters 4, 5 and 6, respectively, address the issues reflected in the three sub-questions: expatriate leadership effectiveness issues, cross-cultural adaptation issues and management localization effectiveness issues. Based on these findings, Chapter 7 develops a holistic pragmatic heuristic model for cross-cultural leadership effectiveness in Australian businesses operating in China.

Part Three, which concludes the thesis, is made up of only one chapter, Chapter 8, which summarizes the entire research project, indicates its key contributions and limitations and concludes with a discussion of its implications for practice and future research.
CHAPTER 2

REVIEW OF THE LITERATURE

2.1 Introduction

Rather than surveying the current state of knowledge in the field through a mere summary of ‘an endless series of theories and studies’ (Yukl 2002, p. xvii) on leadership, this review selectively analyses that part of the literature which is most relevant to the central research problem: leadership effectiveness in the cross-cultural context. Thus, it is intended to be incisive rather than comprehensive. Therefore, after first defining the concept of effective leadership, it integrates current theories of transformational leadership (TL), emotional intelligence (EQ), culture dimensions and cultural intelligence (CQ) to produce an integrated theoretical framework based on the linkages across these domains. To provide a complete and pragmatic understanding of effective cross-cultural leadership, it also identifies its key elements and aspects. This framework is illustrated in Figure 2.1.
Over 350 definitions exist for the term *leadership* (Daft & Lane 2005), the most representative of which for the purposes of this study are listed below:

Leadership is leaders inducing followers to act for certain goals that represent the values and the motivations – the wants and needs, the aspirations and expectations – of both leaders and followers (Burns 1978, p. 19).

Leadership is the process of influencing others to understand and agree about what needs to be done and how it can be done effectively, and the process of facilitating individual and collective efforts to accomplish the shared objectives (Yukl 2002, p. 7).

Leadership is a process in which leaders and followers interact dynamically in a particular situation or environment (Hughes, Ginnett & Curphy 2002, p. 46).
Leadership is the ability of an individual to influence, motivate, and enable others to contribute toward the effectiveness and success of the organizations of which they are members (House et al. 2004, p. 15).

Leadership is an influence relationship among leaders and followers who intend real changes and outcomes that reflect their shared purposes (Daft & Lane 2005, p. 5).

Even though none of the hundreds of definitions of leadership in the literature are agreed upon as the so-called correct definition, most reflect the notion that leadership involves ‘an interaction between the leader, the followers, and the situation’ (Hughes, Ginnett & Curphy 2002, p. 22). In addition, the core of almost all such definitions concerns an influence process – that is, the way(s) in which leaders influence others to facilitate performance towards organizational objectives (House et al. 2004; Yukl 2002).

Clearly, these three components – the leader, the follower, and the situation – are extremely relevant for understanding leadership effectiveness (Yukl 2002), and the interactions between them significantly affect leadership effectiveness. Thus, to outline a comprehensive theoretical framework that reflects the role of these domains in cross-cultural leadership effectiveness, the following literature review focuses not only on TL, EQ, CQ, and the linkages between them but also on these three leadership components and their interactions. The resulting model therefore incorporates the key elements and aspects of cross-cultural leadership effectiveness and, as such, is intended to provide an integrative theoretical framework for this research. It should also be noted that in the cross-cultural context of this research, the term ‘leader’ refers to western expatriate personnel while ‘followers’ refers to Chinese local managers.
2.3 Interaction Between Leader and Followers: How Does the Leader Influence Followers Effectively?

2.3.1 Transformational Leadership (TL) – an Effective Influence Leadership Style

Because the core of leadership effectiveness lies in the influence process between the leader and the followers, there is an emotional aspect of human nature that must be taken into account. Indeed, Hughes, Ginnett and Curphy (2002) argued that leaders are more effective when they influence people at both the emotional level and the rational level. Specifically, they proposed that ‘leadership includes actions and influences based on reason and logic as well as those based on inspiration and passion’ (p. 8). Thus, unlike traditional leadership theories, which emphasize rational processes, theories of transformational leadership (TL) emphasize emotions and values (Yukl 2002).

Since its initial conceptualization by Burns (1978), empirical study has shown TL – in which leaders inspire followers to achieve shared objectives by transforming their attitudes, beliefs and values (Bass 1985) – to be a crucial and effective leadership style (Antonakis, Avolio & Sivasubramaniam 2003; Bass 1985, 1999; Brown, Bryant & Reilly 2006; Masi & Cooke 2000; Rafferty & Griffin 2004; Sashkin & Sashkin 2003). Originally, Burns (1978) identified the transactional and transformational leadership concepts as a result of studies on political leaders. Specifically, transactional leadership focuses on an exchange process between leaders and followers, a leader-follower relationship based on the fulfilment of contractual obligations, within which followers behave in ways desired by their leaders in exchange for specific, tangible and calculable goods (Bass 1985; Burns 1978). Thus, transactional leadership comprises four components (Bass 1985; Bass & Avolio 1994): (a) contingent reward leadership (i.e., constructive transactions), (b) management-by-exception active (i.e., active corrective transactions), (c) management-by-exception passive (i.e., passive corrective transactions) and (d) non-transactional laissez-faire leadership. The first three components
indicate that the leader clarifies role and tasks; promises material or psychological rewards in exchange for the fulfilment of contractual obligations; and actively monitors deviancies from standards, mistakes and errors in the follower’s assignment and takes corrective actions as necessary, although only after non-compliance has occurred or when mistakes have already been made. The last component refers to a ‘do nothing’ style of leadership in which the leader abandons responsibility, avoids making decisions or taking actions, and does not use his or her authority. This style, which results in a negative relationship between leader and followers (Gardner, L. & Stough 2002), is generally considered the most passive and ineffective leadership type.

Thus, transactional leadership is not a relationship that ‘binds leaders and followers together in mutual and continuing pursuit of higher purpose’ (Burns 1978). For example, transactional leadership may involve values, but they are values relevant to the exchange process, such as honesty, fairness, responsibility and reciprocity(Yukl 1998, 2002). In contrast, according to Burns (1978), transformational leadership ‘occurs when a leader engages with one or more in such a way that leaders and followers raise one another to higher levels of motivation and morality’ (p. 20).

Indeed, the core of one TL model for organizational leaders is that these leaders motivate followers to achieve performance beyond expectations rather than simply gaining compliance(Bass 1985; Yukl 1998, 2002). Accordingly, TL is categorized into four components, commonly referred to as the ‘four I’s’: (a) idealized influence, (b) inspirational motivation, (c) intellectual stimulation and (d) individualized consideration. The first two components reflect the idea that the leader provides vision and a sense of mission, energizes followers by presenting an optimistic future and earns their trust and respect. In turn, followers idealize and emulate the behaviours of their trusted leader and are motivated by
achievement of a common goal. The third component, intellectual stimulation, embodies the concept that the leader helps followers become more innovative and creative by encouraging them to break away from old ways of thinking and question their values, beliefs and expectations. Finally, the leader who believes in individualized consideration pays attention to the individual needs of followers and thus allows them to develop and self-actualize. Hence, followers’ needs are addressed both individually and equitably.

In brief, TL is a process through which leaders influence followers’ values and emotions, motivate followers’ commitment to shared objectives and empower followers to accomplish these objectives (Yukl 2002). Thus, TL is based on trust and commitment between leaders and followers (Bass 1985), and leadership effectiveness is achieved through follower motivation to do more than they originally expected.

2.3.2 Emotional Intelligence (EQ) – a Key Factor in Leadership Effectiveness

Good leadership is more than just calculation and planning, or following a ‘checklist’, even though rational analysis can enhance good leadership. Good leadership also involves touching others’ feeling; emotions play an important role in leadership too (Hughes, Ginnett & Curphy 2002, p. 9).

Since Mayer and Salovey (1990) initially identified the concept of emotional intelligence (EQ) as people’s ability to deal with emotions, an increasing number of scholars (Goleman 1995; Goleman, Boyatzis & McKee 2004; Macaleer & Shannon 2002; Mayer & Salovey 1990; Miller 1999; Ryback 1998; Wolff, Pescosolido & Druskat 2002) have focused on the influence of emotion itself. Accordingly, Salovey and colleagues later developed the definition of EQ in terms of the following four cognitive components: the abilities ‘to perceive emotions, to access and generate emotions so as to assist thought, to understand emotions and emotional knowledge, and to reflectively regulate emotions so as to promote
emotional and intellectual growth’ (Salovey & Sluyter 1997, p. 5). In contrast, Bar-On (1997) defined EQ as ‘an array of non-cognitive capabilities, competencies and skills that influence one’s ability to succeed in coping with environmental demands and pressures’ (p. 14). Finally, according to Daniel Goleman, author of the international bestseller *Emotional Intelligence* (Goleman 1995), EQ is ‘the capacity for recognizing our own feeling and those of others, for motivating ourselves, and for managing emotions well in ourselves and in relationship’ (Goleman 1999, p. 317).

Despite these different conceptualizations of and perspectives on EQ, however, many studies have confirmed the linkage between EQ and effective leadership (Boal 2000; Day 2000; George 2000; Goleman, Boyatzis & McKee 2002a, 2002b; Hooijberg, Hunt & Dodge 1997; Kerr et al. 2006; Rosete & Ciarrochi 2005; Wong & Law 2002) and scholars agree that EQ is a core factor affecting leader performance. Indeed, as regards the essential linkage between EQ and leadership, Wong and Law (2002) explained that

> leadership concerns the interaction of leaders with other individuals. Once social interactions are involved, emotional awareness and emotional regulation become important factors affecting the quality of the interactions (p. 244).

Day (2000) also highlighted the importance of EQ in leadership effectiveness but distinguished between intrapersonal competence in *leader* development and interpersonal competence in *leadership* development, Whereas intrapersonal competence includes self-awareness (e.g., emotional awareness, self-confidence), self-regulation (e.g., self-control, trustworthiness, adaptability), and self-motivation (e.g., commitment, initiative, optimism); interpersonal competence includes social awareness (e.g., empathy, service orientation, political awareness) and social skills (e.g., bond building, team orientation, catalyst for change, conflict management). Similarly, George (2000) claimed that EQ, the ability to understand and manage moods and emotions in oneself and others, plays a significant role in leadership.

At the same time, by incorporating the concept of EQ into leadership theories, Hooijberg, Hunt, and Dodge (1997) provided a framework of the cognitive, social and behavioural complexities of leadership. Specifically, they demonstrated that the social complexity of a leader’s ability is associated with two key components: social differentiation and social integration. The first, social differentiation, is a leader’s capacity to differentiate and identify various aspects of a given social situation over time and thus is ‘a function of a leader’s ability to discern existing and potential patterns of social relationships; the leader's ability to regulate emotions within self and recognize emotions in others; the number and degree of independence of a leader’s value preferences; and the leader’s level of self-complexity’ (p. 385). The second, social integration, involves a leader’s capacity to combine the various aspects of a social situation by improving understanding or changing action–intention. Boal (2000) not only agreed but reinforced this idea by adding that social intelligence is a core factor of leadership effectiveness. That is, effective social intelligence allows a leader to acknowledge the available social complex establish and enforce norms, win trust and reputation, and achieve objectives.

Three major theoretical model types exist for the construct of emotional intelligence (see Table 2.1): ability models (Mayer & Salovey 1993; Salovey & Sluyter 1997), non-cognitive models (Bar-On 1997; Bar-On & Parker 2000) and competency-based models (Cherniss & Goleman 2001; Goleman, Boyatzis & McKee 2002a, 2002b).

In Mayer and Salovey’s (1993) ability model, emotional intelligence is regarded as a cognitive intelligence like other intelligences; that is, a set of mental abilities related to
emotions and reason used to solve problems by enhancing emotional and cognitive information processing (Mayer & Salovey 1990; Mayer & Salovey 1993; Salovey & Sluyter 1997). These abilities, which are incorporated hierarchically from basic psychological processes to the more integrated psychological complex, are believed to develop like other abilities with age and experience (Mayer & Salovey 1993). More recently, Caruso and Salovey (2004) identified four emotional skills for the emotionally intelligent manager:

1) **Identifying emotions** (reading people) refers to accurately identifying emotions in others, and accurately conveying and expressing emotions to others so as to communicate with them effectively.

2) **Using emotions** (getting in the mood) refers to using emotions to influence thoughts and matching emotions to the task.

3) **Understanding emotions** (predicting the emotional future) refers to recognizing what emotions mean and having the ability to conduct an emotional what-if analysis.

4) **Managing emotions** (doing it with feeling) refers to incorporating emotions intelligently into reasoning, problem solving, judging and behaving.

In contrast, Bar-On’s (1997) non-cognitive mixed model defines emotional intelligence as ‘an array of non-cognitive capabilities, competencies and skills that influence one’s ability to succeed in coping with environmental demands and pressures’ (Bar-On 1997, p. 14). Thus, even though placed under the rubric of emotional intelligence, this model implies a relatively wider and more generic concept that the author refers to as ‘…emotional and social intelligence’ (Bar-On & Parker 2000, p. 363). Not only do these components of emotional intelligence develop with time and change throughout life, they relate to the potential for performance rather than performance itself and can be improved through training and development programs Bar-On (2000). The five main components (consisting of 15
conceptual sub-components) of emotional and social intelligence in Bar-On’s (1997; 2000) model are as follows:

(1) **Intrapersonal emotional intelligence** (comprising self-regard, emotional self-awareness, assertiveness, independence, and self-actualisation) represents the abilities, capabilities, competencies and skills that connect to the inner self.

(2) **Interpersonal emotional intelligence** (comprising empathy, social responsibility, and interpersonal relationship) represents interpersonal skills and functioning.

(3) **Adaptability emotional intelligence** (comprising reality testing, flexibility, and problem solving) represents how successfully the individual can cope with environmental demands by effectively sizing up and dealing with problematic situations.

(4) **Stress management emotional intelligence** (consisting of stress tolerance and impulse control) refers to the ability to manage and cope effectively with stress.

(5) **General mood emotional intelligence** (made up of optimism and happiness) refers to the ability to enjoy life and maintain a positive attitude.

Compared to the above two alternative models, Goleman’s (2001) competency-based model of emotional intelligence focuses more on leadership effectiveness applications. By integrating the concept of EQ and social intelligence, Goleman (2002a; 2002b) proposed that emotional intelligent leadership involves a set of EQ competencies within the four key domains of self-awareness, self-management, social awareness and relationship management. The first two are intrapersonal; the latter two, interpersonal:

(1) **Self-awareness** refers to the ability to understand feelings and accurate self-assessment:

i) Emotional self-awareness: reading one’s own emotions and recognizing their impact; using ‘gut sense’ to guide decisions;
ii) Accurate self-assessment: knowing one’s strengths and limits; and

iii) Self-confidence: a sound sense of one’s self-worth and capabilities.

(2) Self-management refers to the ability to manage internal states, impulses and resources:

iv) Emotional self-control: keeping disruptive emotions and impulses under control;

v) Transparency: displaying honesty and integrity; trustworthiness;

vi) Achievement: the drive to improve performance to meet inner standards of excellence;

vii) Initiative: readiness to act and seize opportunities; and

viii) Optimism: seeing the upside in events

(3) Social awareness refers to the ability to read people and groups accurately:

ix) Empathy: sensing others’ emotions, understanding their perspectives, and taking an active interest in their concerns;

x) Organizational awareness: reading the currents, decision networks, and politics at the organizational level; and

xi) Service orientation: recognizing and meeting follower, client and customer needs.

(4) Relationship management refers to the ability to induce desirable responses in others:

xii) Inspiration: guiding and motivating with a compelling vision;

xiii) Influence: execute effective tactics for persuasion;

xiv) Developing others: cultivating and maintaining a relationship network;

xv) Change catalyst: initiating, managing, and leading in new directions;

xvi) Conflict management: dealing with disagreements; and

xvii) Teamwork and collaboration: cooperation and team building.
Most particularly, as Cherniss and Goleman (2001) pointed out, these emotional competencies can be learnt – that is, people have the ‘potential to become skilled’ (p. 27) at them – which results in outstanding performance in leadership.

**Table 2.1 Comparison of the Three EQ Models**

<table>
<thead>
<tr>
<th></th>
<th>Ability Model</th>
<th>Non-Cognitive Model</th>
<th>Competence-based Model</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Emotional perception</strong></td>
<td><strong>Intrapersonal skills</strong></td>
<td><strong>Self awareness</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Identifying and expressing emotions in one’s physical states, feelings, and thoughts.</td>
<td>• Self-regard,</td>
<td>• Emotional self-awareness</td>
</tr>
<tr>
<td></td>
<td>• Identifying and expressing emotions in other people, artwork, language, etc.</td>
<td>• Emotional self-awareness, Assertiveness</td>
<td>• Accurate self-assessment</td>
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<tr>
<td></td>
<td></td>
<td>• Independence</td>
<td>• Self-confidence</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Self-actualization</td>
<td></td>
</tr>
<tr>
<td><strong>Emotional facilitation</strong></td>
<td><strong>Interpersonal skills</strong></td>
<td><strong>Social awareness</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Translating feelings</td>
<td>• Empathy</td>
<td>• Empathy</td>
</tr>
<tr>
<td></td>
<td>• Using emotions to make judgments</td>
<td>• Social responsibility</td>
<td>• Organizational awareness</td>
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<tr>
<td></td>
<td></td>
<td>• Interpersonal relationship</td>
<td>• Service</td>
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<tr>
<td><strong>Emotional understanding</strong></td>
<td><strong>Stress management</strong></td>
<td><strong>Self management</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Defining emotions, Understanding complex emotional blends, transitions</td>
<td>• Stress tolerance</td>
<td>• Self-control</td>
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<td></td>
<td></td>
<td>• Impulse control</td>
<td>• Transparency</td>
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<td>• Adaptability</td>
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<td>• Achievement</td>
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<td>• Initiative</td>
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<td></td>
<td></td>
<td></td>
<td>• Optimism</td>
</tr>
<tr>
<td><strong>Emotional management</strong></td>
<td><strong>Adaptability</strong></td>
<td><strong>Relationship management</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Managing own emotions</td>
<td>• Inspiration</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Managing others’ emotions</td>
<td>• Influence</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Promoting emotional and intellectual growth</td>
<td>• Developing others</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>• Change catalyst</td>
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<tr>
<td></td>
<td></td>
<td>• Conflict management</td>
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<td></td>
<td></td>
<td>• Teamwork and collaboration</td>
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<tr>
<td><strong>General mood</strong></td>
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<td></td>
<td>• Optimism; Happiness</td>
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2.3.3 Linkage between EQ and TL

Numerous studies have provided support for the strong positive relationship between the key components of TL and the core factors of EQ, including self awareness, social awareness, empathy, motivation and communication (Barling, Slater & Kelloway 2000; Butler 2005; Gardner, L. & Stough 2002; Leban & Zulauf 2004; Mandell & Pherwani 2003; Palmer et al. 2001; Sosik & Megerian 1999). For example, in an exploratory study of 49 managers, Barling, Slater and Kelloway (2000) showed that EQ is related to three TL components: idealized influence, inspirational motivation and individualized consideration. Most particularly, they found that followers ascribe more leadership behaviours to leaders that have high EQ. Likewise, in an assessment of 43 managers, Palmer et al. (2001) found significant correlations between the idealized influence (charisma) component of TL and the EQ competency of monitoring emotions within self and others and between the inspirational motivation and individualized consideration components of TL and the EQ competencies of monitoring and managing emotions within self and others. Nevertheless, both studies reported finding no link between EQ and TL’s intellectual stimulation component.

In contrast, Gardner and Stough (2002), in a study of 110 senior level managers, concluded that all TL components (including intellectual stimulation) correlate significantly and moderately with the EQ components. These authors criticised the Barling, Slater and Kelloway (2000) and Palmer et al. (2001) studies on the grounds of either methodological limitations in measuring EQ or for only testing small samples (49 and 43 participants, respectively). More recently, Hoffman and Frost (2006) argued that emotional intelligence actually appears most similar to the transformational component of individual consideration.
The correlation between EQ and TL has also been studied from other perspectives. For example, given the increasingly influential role of project management in accomplishing organizational objectives in today's business environment, Leban and Zulauf (2004) examined the linkage between EQ abilities and TL components using this approach. Based on the work of 24 project managers and their associated projects in six organizations, their study showed a significant positive correlation between EQ abilities and the TL components of inspirational motivation, idealized influence and individual consideration. As a result, the TL of project managers had a positive impact on project implementation, while their EQ ability contributed significantly to leadership effectiveness. Mandell and Pherwani (2003) examined this EQ–TL linkage using the additional variable of gender (differences). Whereas they found that without exception a significant predictive relationship exists between these two constructs, there is no significant effect interaction between gender and EQ when predicting TL style.

In sum, both TL and EQ emphasize the role of human emotions and values in leadership effectiveness, and both consider motivation an essential element. In addition, both TL, as an effective influence process between leader and followers, and EQ, as an effective leadership capacity, contribute significantly to leadership effectiveness. Nevertheless, the effectiveness of either of these two theories in a cross-cultural context has yet to be determined; therefore, Section 2.4 discusses the third component of leadership – followership in a cross-cultural context.

### 2.3.4 Effective Followers: an Inevitable Factor of Leadership Effectiveness

As emphasized previously, the core of leadership is a process of influencing others (i.e., followers), which has two implications: first, leadership cannot occur without followers,
making followership an inevitable component of the leadership process; second, influencing implies the leader’s ability to motivate followers (Hughes, Ginnett & Curphy 2002). Such motivation, as an essential component in both TL style and leadership and EQ competence, has been discussed intensively in previous sections, but it is now necessary to discuss another factor that plays a significant contributory role in leadership effectiveness: the characteristics of effective followers.

Overall, followers are more effective if they view themselves as active and independent rather than passive and dependent on the leader (Kelley 1992). In reality, followers have two opposing responsibilities in an organization: to implement decisions made by a leader and to challenge decisions that are misguided or unethical (Yukl 2002). Likewise, as Chaleff (1995) argued, effective followers must be courageous, responsible and proactive. Thus, effective followers display the following characteristics:

(1) **The will to assume responsibility**: The effective follower feels a sense of personal responsibility and ownership in the organization and its mission.

(2) **The will to serve**: The effective follower recognizes the needs of the organization and actively seeks to serve these needs.

(3) **The will to challenge**: The effective follower challenges the leader’s decisions or actions on the grounds that they contradict the best interest of the organization.

(4) **The will to participate in transformation**: The effective follower confronts and supports the changes and the work towards transformation of the organization.

As a result of these traits, effective followers can play a significant role in improving leadership effectiveness by providing accurate information, challenging weak decisions, resisting inappropriate influence attempts, giving support and encouragement, and providing
coaching and advice (Yukl 2002).

In a cross-cultural context, local followers in the host culture must obviously play a more important role in expatriate leadership effectiveness. Nevertheless, like the term ‘followership’ itself, cross-cultural leadership interaction between expatriate managers and their local subordinates has been little studied. Bearing this in mind, the current research will therefore also explore how local managers influence the effectiveness of expatriate leadership; that is, the effectiveness of management localization.

2.4 The Cross-cultural Context

2.4.1 Cultural Differences – a Crucial Situational Factor

Leadership can be seen as a process in which the situation can influence which leadership behaviour or style is most effective (Ayman 2004; DuBrin & Dalglish 2003; Hughes, Ginnett & Curphy 2002). That is, some leadership emergence or behaviours may appear effective in one situational context but be seen as ineffective in another (Avery 2004). Because one major situational factor is that of culture (Yukl 2002), it is important to understand how the relationships between leadership performance and follower expectations of the leader are dependent on broader cultural aspects (Dickson, Den Hartog & Mitchelson 2003).

Even though culture is a vast topic and a variously defined concept, most scholars agree that culture stems from the environment in which a person is socialized, or in other words, culture is a ‘powerful social construct’ (Shenkar & Punnett 2003, p. 99) with which individuals share common experiences that outline the way they understand the world. In general, culture comprises a ‘relatively stable set of inner values and beliefs generally held by groups of people in countries or regions and the noticeable impact those values and beliefs have on the people’s outward behaviors and environment’ (Peterson 2004, p. 17). Thus, culture consists of
‘shared motives, values, beliefs, identities, and interpretations or meaning of significant events that result from common experiences of members of collectives that are transmitted across generations’ (House et al. 2004, p. 15). Yet, according to Hofstede (1997), such intergenerational transmission does not imply a genetic element; rather, culture is a collective mental programming, a software of the mind that derives not from genes but from the social environment in which it is learned.

2.4.2 Cultural Dimensions and Cross-cultural Leadership

In a cross-cultural context, leaders are increasingly confronted with the need to influence people from other cultures. Thus, not only does successful influence depend on a good understanding of these cultures, but leaders must also be able to understand how people from different cultures view them and interpret their actions (Yukl 2002). Such perception is complicated by the fact that successful leadership behaviours may even differ within cultures (House et al. 2004). As regards international management, Miroshnik (2002) pointed out that the first major contributor to problems and failures of business abroad is cultural differences. Similarly, Dickson, Den Hartog and Mitchelson (2003) explained that different cultural environments require different managerial behaviours: strategies and structures that are appropriate in one cultural setting may lead to failure in another. Thus, as Schein (1997) argued, ‘culture and leadership are two sides of the same coin’ (p. 15), meaning that in cross-cultural contact, cultural difference is a crucial situational factor in leadership effectiveness.

One approach to researching the relationship between cultural differences and leadership – one developed and refined by many researchers (Hofstede 1980, 2001; House et al. 2004; Trompenaars, F. 1993; Trompenaars, F. & Hampden-Turner 1997) – is the identification and measurement of culture dimensions (Dickson, Den Hartog & Mitchelson 2003). Both
Hofstede (1980; 2001) and Trompenaar (1993; 1997) have used such methodology to clarify cultural differences at the national level, the former based on his assumption of culture as collective mental programming and the latter by distinguishing between corporate culture and the national (or regional) culture that places higher in the cultural hierarchy.

Hofstede (1980), in a seminal empirical study of IBM employees in 40 countries during the 1970s, identified four cultural dimensions and then developed a fifth in a later study (Hofstede 2001):

(1) **Power distance** refers to the extent to which a society accepts the fact that power in institutions and organizations is distributed unequally.

(2) **Uncertainty avoidance** refers to the extent to which members of a society feel uncomfortable in ambiguous and uncertain situations and take actions to avoid them.

(3) **Individualism versus collectivism** refers to the degree to which individuals are supposed to look after themselves or remain integrated into groups, usually around the family.

(4) **Masculinity versus femininity** refers to the distribution of emotional roles between the genders; it contrasts ‘tough’ masculine with ‘tender’ feminine societies.

(5) **Long-term versus short-term orientation** refers to the extent to which a culture programs its members to accept delayed satisfaction of their material, social and emotional needs.

Nevertheless, Hofstede’s conceptualization of culture has been criticized as rather simplistic and of limited dimensionality because, being based on a sample from a single multinational corporation (IBM), it ignores the existence of extensive within-country cultural heterogeneity (Sivakumar & Nakata 2001). To develop an alternative, Trompenaars and Hampden-Turner
(1997) derived data from a large number of executives from different organizations and subsequently identified seven fundamental dimensions of culture:

1. **Universalism versus particularism** refers to a universalist approach that applies what is defined as good and right, versus a particularist approach that pays more attention to the obligations of relationships and unique circumstances.

2. **Individualism versus communitarianism** denotes whether people regard themselves primarily as individuals or primarily as part of a group.

3. **Neutral versus emotional** refers to whether the nature of people’s interactions should be objective and separated or whether emotional expression is acceptable.

4. **Specific versus diffuse** refers to the extent of a person’s involvement in a business relationship, whether a real and personal contact or some specific relationship prescribed by contract.

5. **Achievement versus ascription** describes how status is accorded, whether by nature (e.g., birth, kinship, gender, age, education) or by achievement.

6. **Human–time relationship** refers to the way a society looks at time.

7. **Human–nature relationship** refers to the way a society sees the world.

Some of these seven dimensions can be regarded as almost identical to Hofstede’s. For example, communitarianism/individualism is virtually identical to Hofstede's collectivism versus individualism; universalism/particularism can be interpreted as part of Hofstede's uncertainty avoidance dimension on the one hand, and to some extent the collectivist versus individualist dimension, on the other; and achievement/ascription appears to be partly linked to Hofstede’s power distance dimension in that accepting status as accorded by nature rather than achievement reflects a greater willingness to accept power distances. Trompenaars and
Hampden-Turner’s other dimensions offer different perspectives that focus more on certain effects of fundamental value dimensions; however, these differences can be attributed to questionnaire design. Whereas Hofstede’s questionnaire measured respondents’ degree of agreement with various statements, Trompenaars and Hampden-Turner presented their respondents with specific situations and asked their opinions about the right ways to do things. Therefore, Trompenaars and Hampden-Turner’s analysis was able to take into account middle positions on the axis, while Hofstede’s model perceived cultures as static, and thus mutually exclusive, points on a dual axis.

The latest cross-cultural research endeavour is the global leadership and organizational behaviour effectiveness (GLOBE) project, a long-term, multi-phase and multi-method research program whose 150 researchers have been collecting data from 18,000 middle managers in 62 countries (Javidan & House 2001). Based on Hofstede’s (1980; 2001) cultural dimensions, combined with other researchers’ theories on (a) the temporal mode of society and human nature (Kluckhohn & Strodtbeck 1973), (b) the need for achievement and the conceptualization of the affiliative motive (McClelland 1987), and (c) the civic society (Putnam, Leonardi & Nanetti 1993), House et al. (2004; 2002) identified the following nine cultural dimensions from project GLOBE data:

1. **Power distance** is the degree to which members of an organization or society expect and agree that power should be unequally shared.

2. **Uncertainty avoidance** is the extent to which members of an organization or society strive to avoid uncertainty by reliance on social norms, rituals and bureaucratic practices to alleviate the unpredictability of future events.

3. **Collectivism I: societal collectivism** reflects the degree to which organizational and societal institutional practices encourage and reward collective distribution of resources.
and collective action.

(4) *Collectivism II: in-group collectivism* reflects the degree to which individuals express pride in, loyalty to and cohesiveness with their organizations or families.

(5) *Gender egalitarianism* is the extent to which an organization or a society minimizes gender role differences and gender discrimination.

(6) *Assertiveness* is the degree to which individuals in organizations or societies are assertive, confrontational and aggressive in social relationships.

(7) *Future orientation* is the degree to which individuals in organizations or societies engage in future-oriented behaviours such as planning, investing in the future and delaying gratification.

(8) *Performance orientation* refers to the extent to which an organization or society encourages and rewards group members for performance improvement and excellence.

(9) *Humane orientation* is the degree to which individuals in organizations or societies encourage and reward individuals for being fair, selfless, friendly, generous, caring and kind to others.
### Table 2.2 Comparison of the Three Models of Cultural Dimensions

<table>
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<tr>
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<tbody>
<tr>
<td>Power distance</td>
<td>Achievement vs. ascription</td>
<td>Power distance</td>
</tr>
<tr>
<td>Uncertainty avoidance</td>
<td>Universalism vs. particularism</td>
<td>Uncertainty avoidance</td>
</tr>
<tr>
<td>Individualism vs.</td>
<td>Individualism vs. communitarianism</td>
<td>Societal collectivism</td>
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<tr>
<td>collectivism.</td>
<td></td>
<td>In-group collectivism</td>
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<tr>
<td>Masculinity vs. femininity</td>
<td></td>
<td>Gender egalitarianism</td>
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<tr>
<td>Long-term vs. short-term orientation</td>
<td>Human–time relationship</td>
<td>Future orientation</td>
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<td>Performance orientation</td>
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<td></td>
<td>Human–nature relationship</td>
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<td>Neutral versus emotional</td>
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<td></td>
<td>Specific versus diffuse</td>
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</table>

As shown in Table 2.2, except for the national-level cultural variations, GLOBE’s model involves dimensions at the organizational level. Thus, this model provides a theoretical rationale for the cross-level effects being studied (e.g., the variety of potential mechanisms for national/societal culture – leadership – organizational culture effects), which is little touched upon by Hofstede or Trompenaars and Hampden-Turner.

To address the specific context of this current study, table 2.3 outlines Hofstede’s (2001) model of the cultural differences between Australia and China: First, in terms of power
distance, the score of China is over twice that of Australia, which indicates that China is centralized while Australia is relatively decentralized. Second, China is a society with high uncertainty avoidance, whereas the value for uncertainty avoidance in Australia is low. Third, China is ranked as having very low individualism (i.e., strong collectivism), while Australia demonstrates strong individualist values. Finally, Australia has a short-term orientation in contrast to China’s long-time orientation. The only dimension on which no diametrically opposite findings emerge for the two countries is the masculinity score.

Table 2.3 Cultural Differences between Australia and China

<table>
<thead>
<tr>
<th>Cultural Dimensions</th>
<th>Australia</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>power distance</td>
<td>Low (36)</td>
<td>High (80)</td>
</tr>
<tr>
<td>uncertainty avoidance</td>
<td>High (51)</td>
<td>Low (30)</td>
</tr>
<tr>
<td>individualism</td>
<td>High (90)</td>
<td>Low (20)</td>
</tr>
<tr>
<td>Masculinity</td>
<td>Medium (61)</td>
<td>Medium (66)</td>
</tr>
<tr>
<td>Long-term orientation</td>
<td>Low (31)</td>
<td>High (118)</td>
</tr>
</tbody>
</table>

*Source: adapted from Hofstede (2001)*

*Note: the Figures in brackets are the country index scores.*

Whereas many cross-cultural researchers (e.g., Den Hartog et al. 1999; Dickson, Den Hartog & Mitchelson 2003; Dorfman et al. 1997; Earley 1999; Eylon & Au 1999; House et al. 2004; Morris 1998; Offermann & Hellmann 1997; Shane 1995; Smith & Peterson 2002) have explored the relationship between cultural dimensions and leadership in cross-cultural contexts, the findings can be summarized as follows. In a high PDI and low UAI society like China, people tend to prefer leadership that is more authoritarian and directive and seek detailed planning and agreement (Dickson, Den Hartog & Mitchelson 2003). At the same time,
Den Hartog et al. (1999) suggested that to be effective in a high PDI society, transformational leaders may need to be directive. Moreover, in a collectivist and long-term orientation society like China, people tend to show a strong attachment to their organization by subordinating their individual goals to group goals and are more motivated by long-term visions (Dickson, Den Hartog & Mitchelson 2003). In addition, Jung and Avolio (1999) found that collectivists with a transformational leader are more effective in an organization.

Notwithstanding, finding the best way to understand and implement the dimensional approach to the cross-cultural leadership domain presents a distinct challenge; one explained in the following discussion of the effective management of cross-cultural differences.

2.4.3 Cultural Intelligence (CQ) – Achieving Leadership Effectiveness in a Cross-cultural Context

Because most cross-cultural leadership research has seemingly been based on various cultural dimensionalities (Hofstede 2001; House et al. 2004; Trompenaars, A. & Hampden-Turner 2002), the study of cultural dimensions has undoubtedly been of particular value to any search for a deeper understanding of the situations faced by leaders working in unfamiliar cultures. Nevertheless, a general understanding of cultural differences and cultural dimensions alone is insufficient to achieving leadership effectiveness in the cross-cultural context, and therein lies the challenge in seeking the best way to understand and apply the dimensional approach to cross-cultural management and particularly the leadership domain. To address this challenge in the face of an increasingly global and diverse workplace, researchers (Earley & Ang 2003; Peterson 2004; Thomas & Inkson 2004) have begun to present a new perspective on effectively managing cross-cultural differences – that of cultural intelligence (CQ).
CQ measures ‘a person’s capability for successful adaptation to new cultural settings, that is, for unfamiliar settings attributable to cultural context’ (Earley & Ang 2003, p. 9). This definition reflects the concept’s dynamic nature in that CQ is made up primarily of the differences and characteristics of an individual who is supposed to adapt effectively to an unfamiliar cultural environment. Thus, according to Earley and Ang (2003), cultural intelligence comprises three interactive fundamental components: cognitive, motivational and behavioural.

(1) The **cognitive component** refers to an individual’s specific knowledge of how to perceive and understand a new culture based on the various types of cue provided.

(2) The **motivational component** refers to the individual’s self-motivation and commitment to adapt and adjust to a new cultural environment.

(3) The **behavioural component** refers to an individual’s ability to generate the behaviors/actions needed to appropriately reflect cognition and motivation.

Because Early and Ang’s (2003) CQ model emphasizes the interactive linkage of the three components, CQ requires that a person perceive, understand, oblige and act to adapt to a new cultural setting. Thus, an individual with high CQ is able to keep learning in a new cultural environment and is interested in dealing with new cultures. In addition, and more important, without successful execution, a person’s CQ remains unrealized. Hence, CQ requires effective behavioural adjustment to a new culture, not simply ‘thoughts, intentions, or wishes’ (p. 11). Early, Ang & Tan (2006) later developed their CQ model to that shown below in Figure 2.2.
Similarly, Thomas and Inkson (2004) demonstrated that CQ involves (a) **knowledge**: understanding the fundamental of intercultural interaction, (b) **mindfulness**: developing a mindful approach to intercultural interactions, and (c) **behavioural skills**: building adaptive skills and a repertoire of behaviours so that one can be effective in different intercultural situations.

Thus, rather than being a new concept in cross-cultural study, CQ is a new perspective that focuses more on cultural adaptation. For example, Hofstede (1997) suggested that effective intercultural communication requires three phases: awareness, knowledge and skills. With awareness, the individual may be able to observe the relevant clues about the relativity of the culture. Knowledge, on the other hand, concerns the other culture’s symbols, heroes and
rituals: ‘While we may never share their values, we may at least obtain an intellectual grasp of where their values differ from ours’ (p. 231). Finally, skills, as the term suggests, are practices based on the awareness and knowledge needed to adapt in the new environment. In the same vein, Peterson (2004) recommended three steps to improve individual CQ: (a) learn about cultural facets and traits, (b) build awareness of self and others, and (c) adjust behaviours. As the above makes clear, the first attribute of CQ is knowledge of the culture, while the cultural dimensions identified by Hofstede (1980; 2001) provide the fundamental knowledge required to understand cultural differences.

Like culture itself, however, CQ is not inherent. Rather, it is a basis by which the cognitive, motivational and behavioural components of effective intercultural adaptation can be comprehended and thus learned (Bailey 2004). Hence, Peterson (2004) discussed CQ in terms of the abilities/skills of cultural adaptation, defining it as ‘the ability to engage in a set of behaviors that uses skills (i.e., language or interpersonal skills) and qualities (e.g., tolerance for ambiguity, flexibility) that are tuned appropriately to the culture-based values and attitudes of the people with whom one interacts’ (Peterson 2004, p. 89). Specifically, based on Howard Gardner’s (1984) multiple intelligences theory, Peterson (2004) identified four dimensions of CQ: (a) **linguistic intelligence**: the language skills needed to interact with people from other cultures, even though one need not speak a second language fluently to have cultural intelligence; (b) **spatial intelligence**: the ability to adapt spatial behaviours in other cultural settings; (c) **intrapersonal intelligence**: the ability to know one’s own cultural style (i.e., self-awareness); and (d) **interpersonal intelligence**: the ability to respond appropriately to others. Among these four dimensions, intrapersonal intelligence, which is equivalent to the EQ already discussed, even though seen as a dimension of CQ, reflects not only an individual’s ability to connect to the inner self but also social skills. Therefore, the relationship between CQ and EQ is discussed in more detail in Section 2.4.4.
Meanwhile, it should also be pointed out that even though a number of researchers in the field (Bibikova & Kotelnikov 2004; Earley & Ang 2003; Earley & Mosakowski 2004; Janssens & Brett 2006; Peterson 2004; Thomas & Inkson 2004; Triandis 2006) have claimed that CQ can help leaders deal successfully with different national, organizational and professional cultures, it is a relatively new entrant in the field of leadership research. Thus, most particularly because of its increasing significance for cross-cultural leadership and the extent to which it remains unexplored research territory, there is a clear need for more thorough empirical research based on CQ theory.

2.4.4 Correlation Between CQ and EQ

As pointed out by Thomas (2006), emotional intelligence may be meaningful in one cultural setting but inapplicable in another; most particularly, because it assumes the extent of an individual’s familiarity with a culture that may differ greatly from another (Earley & Peterson 2004). This observation implies that individuals with high emotional intelligence in their native culture may totally lose direction across cultural settings. Thus, emotional intelligence is related to cultural intelligence, but whereas the former focuses on the individual capacity to perceive and manage the emotions of self and others independent of the influence of cross-cultural settings, cultural intelligence emphasizes the ability to succeed in intercultural interactions. Yet to date, despite recognition that CQ differs from EQ in revealing individual ability to perceive, interpret and act on cultural clues across cultural settings or in a multicultural situation (Earley & Ang 2003), little research has examined the effects of emotional intelligence on leadership effectiveness in a cross-cultural context (Dickson, Den Hartog & Mitchelson 2003).

As apparent from the above discussion, CQ and EQ do share one key element: the ability to judge, motivate and act (Earley & Mosakowski 2004), which is crucial for leadership
effectiveness. Nevertheless, unlike CQ, EQ is not presented as a cross-cultural concept, while CQ, unlike EQ, does not exclusively address what is involved in changing followers’ attitudes and behaviours. In other words, EQ plays an important role in leadership effectiveness in a general sense, but CQ in combination with EQ enhances the effectiveness of expatriate leaders in cross-cultural workplaces. Therefore, EQ and CQ can be treated as mutually supportive key factors having a significant impact on leadership effectiveness in cross-cultural workplaces.

### 2.5 Conclusion: Combining TL, EQ and CQ: a Conceptual Framework of Cross-cultural Leadership Effectiveness

This chapter has discussed leadership in relation to cross-cultural contact from three perspectives: those of the leader, the followers and the situation. Combining all the points discussed enables the development of a more integrative framework for interpreting cross-cultural leadership effectiveness. That is, this incisive (rather than extensive) review of current theories of leadership effectiveness in relation to cross-cultural contact, with particular attention to the significant role that transformational leadership (TL), emotional intelligence (EQ) and cultural intelligence (CQ) play in cross-cultural leadership effectiveness, results in the conceptual framework outlined in Figure 2.3. Most particularly, this model is derived from and modified by Bass’s (1985; 1999) TL components, Goleman’s (2002a; 2002b) EQ leadership competencies and Earley and Ang’s (2003) CQ facets.

In the resulting framework, which encompasses the key elements of cross-cultural leadership effectiveness, TL, EQ and CQ contribute a set of necessary and significant conditions for the development and enactment of effective cross-cultural leadership. In other words, the central proposition of this conceptual framework is that each of these elements contributes significantly to leadership effectiveness in cross-cultural context, meaning that conversely,
cross-cultural leadership effectiveness cannot be achieved without any of these contributions.

Figure 2.3 Conceptual Framework of Cross-cultural Leadership Effectiveness

Although the comprehensive model (Figure 2.3) as presented above has considerable heuristic value because it highlights that EQ, CQ and TL must all be developed as contributors to effective cross-cultural leadership, it nevertheless fails to reveal enough about how such contribution occurs. For example, the model does not yet reveal whether TL or EQ should be seen as nesting within CQ – meaning that CQ would be conceptualized as broader in its consequences than EQ or TL – nor does it emphasize the correlation between cultural dimensions and cross-cultural leadership effectiveness. Likewise, the model currently provides no intimation of whether each sub-component of these three components is equally significant in contributing to cross-cultural leadership effectiveness, nor does it prioritize the sub-components’ importance.
Most especially, even though TL is an effective leadership style for reflecting on the interaction between the leader and the followers, it is not yet known whether it is universally effective when expatriate leader influence local followers. Therefore, as Yukl (1999) urged, more attention must be paid to identifying the facilitating and limiting conditions for TL. In other words, even though TL seems widely relevant, situations may exist in which it is unnecessary or has negative consequences together with the positive ones. Moreover, even though the relative importance of different transformational behaviours probably does depend on the situation, Spreitzer, Perttula and Xin (2005) argued that TL may not be the best style for cross-cultural use. If so, how can CQ be incorporated into the interpersonal recognitions, explanations and actions of TL?

Not only will all these issues be explored as this research proceeds, but the current model will gradually be redesigned so that it can better reflect the specific interplays between each of these three components that, when integrated, enable effective cross-cultural leadership. Thus, although the model given in Figure 2.3 will serve as an initial conceptual framework for this research, given the open-ended nature of the research question, the researcher will keep an open mind throughout the investigation as to the exact nature of the dynamics. Moreover, because real cross-cultural leadership interaction between expatriate managers and their local followers has been little studied, the current research will also explore how expatriate leaders contribute the effectiveness of management localization.

Finally, it should be noted that most studies related to the leadership domains discussed in this chapter, such as those on TL, EQ CQ and the cultural dimensions, are based upon quantitative questionnaire surveys, which cannot provide the depth of insight afforded by qualitative methods (as discussed in the next chapter). To fill this void, and given the objective as well as the context of this research, this study will qualitatively investigate both the effectiveness of
TL style in a cross-cultural situation and the role of EQ and CQ in cross-cultural leadership effectiveness.

2.6 Summary

This chapter has presented a selective review of the broad body of literature on the nature of and interaction between the three components (leader, follower, and situation) relevant to understanding cross-cultural leadership effectiveness. The chapter concluded with the development of a comprehensive model – one in which TL, EQ and CQ all work together to predict effective cross-cultural leadership – which will serve as a conceptual framework for this research. It is anticipated that this theoretically based model, together with the qualitative methodology detailed in the next chapter, will assist in filling the gaps in current knowledge in the field.
CHAPTER 3
RESEARCH METHODOLOGY

3.1 Introduction

Business research, like all other empirical work, involves selecting a method for collecting, analysing and presenting the data (Ticehurst & Veal 2000). Because this current research seeks an understanding of leadership practices within a particular context (i.e., Australian businesses operating in Mainland China), the research design must be capable of rendering a great deal of in-depth information about these business organizations. At the same time, the experience and viewpoints of the individuals working in these organizations constitute a very rich resource to inform the researcher’s understandings. Understanding and explaining theses individual’s personal experience at the same time as experiencing the research issues from the participants’ perspective is best enabled by a qualitative research approach (Ticehurst & Veal 2000). Therefore, this research adopts an inductive approach that employs qualitative interviews to explore the most effective leadership style for the cross-cultural contact of Australian businesses.
This chapter begins with an overview and rationale for the selection of qualitative research methodology, followed by a detailed description of the data collection methods and data analysis process. It also discusses the procedure for participant selection, the role of the researcher, ethical issues, and the validity and reliability of the study.

An overview of the research methodology is provided in Figure 3.1, which makes clear that the literature review in the previous chapter significantly facilitates not only the process of data collection and analysis but also the theoretical development. This linkage between the methodology and the literature is extremely important because, as Kvale (1996) pointed out, ‘developing the interview as a research method involves a challenge to renew, broaden, and enrich the conceptions of knowledge’ (p. 10). Thus, unclarified theoretical assumption may cause methodological problems.
Figure 3.1 Research Process Model for the Project

Research questions

Interpretivist qualitative methodology

Literature review

Data collection:
- In-depth interviews
- Focus groups

Conceptual framework

Data analysis:
- Main themes

Further literature review

Discussion: theory development

Research conclusion (theory building)
3.2 Research Design

The choice of research design, the framework for the data collection and analysis, reveals decisions about the priority being given to a range of dimensions in the research process (Bryman & Bell 2003). In this study, the investigation adopts an inductive approach that employs qualitative interviews to explore the key factors that contribute to effective leadership in the cross-cultural contacts of Australian businesses.

3.2.1 Research Philosophy: Interpretivism

Three views dominate the literature about the research philosophy determined by a researcher’s view on knowledge or theory development (Saunders, Lewis & Thornhill 2003): positivism, interpretivism and realism. Whereas all three perspectives play an important role in business and management research (Saunders, Lewis & Thornhill 2003), positivism tends to explain reality based on statistical analysis, interpretivism seeks primarily to understand subjective reality (Saunders, Lewis & Thornhill 2003; Thietart 2001), and realism assumes the existence of a reality that is independent of human thoughts and beliefs (Ritchie & Lewis 2003; Saunders, Lewis & Thornhill 2003).

Given this study’s extremely open-ended research question, achieving the current research objective of identifying key contributory factors in the expatriate leadership effectiveness of Australian businesses operating in China and deriving from them a holistic cross-cultural leadership model requires the gathering of a great deal of information. Particularly important is a deep understanding of effective expatriate leadership and effective cross-cultural management in cross-cultural, Australia-China complexes. As already mentioned, current
Australian expatriate managers’ understanding of, and experience with, specific aspects of Chinese business cultures are an obviously rich resource for building knowledge of value to both the researcher and the field. Thus, to produce the intended holistic model, this research must focus on understanding practice in the given cross-cultural context.

In general, an interpretive qualitative approach involves ‘learning how individuals experience and interact with their social world [and considering] the meaning it has for them’ (Merriam 2002, p. 4). Because interpretivist researchers believe that people interpret or construct the social world (Williamson 2002), a social researcher should explore and understand this world through not only their own but the participants’ perspectives (Ritchie & Lewis 2003). Thus, interpretivist researchers plan their studies in a far less linear manner than positivist researchers. Specifically, they undertake a literature search to gain an understanding of their topic, develop theory and research questions, and then collect and analyse data (Williamson 2002) in order to develop ‘concepts, insights and understanding’ from the patterns contained therein (Reneker 1993, p. 499). In this way, they seek to discover ‘why people do what they do by uncovering the largely tacit, mutual knowledge, the symbolic meanings, motives and rules, which provide the orientations for their actions’ (Blaikie 2000, p. 115) ‘without imposing pre-existing expectations’ (Patton 1990, p. 44). As a result, interpretivist researchers may well discover unexpected perspectives on research questions and so must be prepared to adjust the research questions and data collection plan to accommodate these new perspectives (Williamson 2002). This research flexibility allows researchers a better understanding of the nature of the research question, which in turn enhances the credibility of the research results. Given all these characteristics, this research follows the interpretivist philosophy.
At the same time, it is worth noting that the previous review of extant theory provides a rich theoretical perspective for this research, a solid philosophical stance capable of ‘informing the methodology and thus providing a context for the process and grounding its logic and criteria’ (Crotty 1998, p. 3). Thus, a theoretical perspective is an approach to understanding and explaining society and the human world, one that provides a set of assumptions in which the choice of research methodology is grounded (Crotty 1998). An interpretivist perspective, particularly, develops understanding of the assumptions involved in social realities and the context in which these constructions are taking place (Thietart 2001).

3.2.2 Qualitative Research

It is common practice in literature to divide research methodology into two broad types, quantitative and qualitative (Blaikie 2000; Bryman & Bell 2003; Cavana et al. 2001; Collis et al. 2003; Lincoln & Denzin 2003; Thietart 2001; Ticehurst & Veal 2000). Whereas quantitative research is oriented towards testing theories using numeric evidence from a large population, qualitative research focuses more on constructing theories by gathering a great deal of information about a small number of people or organizations (Thietart 2001; Ticehurst & Veal 2000). As explained in the last section, this present research follows an interpretivist research philosophy, deemed the most appropriate methodology given the consultative or strategic nature of the primary research purpose and the amount of in-depth understanding needed.

Rather than measuring differences or obtaining people’s surface opinions as in quantitative research, qualitative methodology’s particular role and value is to provide various types of
information and understanding, including how people do things and what meaning they give to their lives (Merriam 2002; Ritchie & Lewis 2003). Most particularly, in qualitative research, the concepts, terms and critical issues are defined by the research participants rather than the researcher (Ticehurst & Veal 2000). Therefore, qualitative methodology enables the researcher not only to understand and explain individuals’ personal experience but also to experience research issues from the participants’ perspective (Ticehurst & Veal 2000). This open and generative nature of qualitative research also allows exploration of the issues without advance instruction on their construction or meaning as a basis for further thinking about theory development (Ritchie & Lewis 2003).

In particular, qualitative research on leadership tends to pay greater attention to the ways in which leaders and styles of leadership must be or tend to be responsive to particular circumstances. In determining leadership styles and what is seen as more or less effective, qualitative researchers are more likely to emphasize the significance of the sector within which leadership takes place (Bryman 2004).

3.2.3 Inductive Reasoning

As already pointed out, the selection of a research approach is based on what the researcher wishes to do with the underlying theory. A deductive approach develops a theory and hypothesis and then designs a research strategy to test the assumptions, whereas an inductive approach collects data and develops theory as a result of data analysis (Saunders, Lewis & Thornhill 2003). This research, rather than testing theory deductively, is inherently an inductive process of theory development based on exploration (Blaikie 2000; Saunders, Lewis
& Thornhill 2003) that begins with particular instances and concludes with general statements or principles (Williamson 2002). Hence, it builds theory by collecting data and then seeking patterns and relations within them. These patterns become generalizations, and the accumulated generalizations become a theory (Blaikie 2000). In addition, as outlined logically in figure 3.1, the qualitative interpretivism adopted in this research deems inductive reasoning the most appropriate approach (Williamson 2002). In the inductive process, the researcher begins by gathering detailed information from participants and then forms this information into categories or themes, which are then developed into broad patterns, theories or generalizations and compared with the theoretical framework developed in the literature review. When necessary, further literature is related to the emergent themes until finally a theory can be developed to explain how various elements contribute to the patterns (Page & Meyer 2000). Nevertheless, as discussed in the next two sections, the major goal of obtaining a good grasp on the phenomena of interest and advancing knowledge through good theory building (Cavana et al. 2001) is dependent on the choice of data collection method and data analysis process.
3.3 Data Collection Method

3.3.1 Participants

3.3.1.1 Criteria for Participant Selection

According to Merriam (2002), since the qualitative research seeks to understand the meaning of a phenomenon from the perspectives of the participants, the researcher(s) must select a sample from which the most can be learned. Therefore, it is essential to determine which criteria specified for sample selection will yield the most information about the phenomenon under study. Given the scope and objective of this current research (i.e., expatriate leadership effectiveness in Australian businesses operating in China), the criteria for participant selection are as follows: Participants must
(1) work in Australian organizations operating in China;

(2) serve in that organization as a management level executive; and

(3) be either expatriate managers or Chinese local managers who report to an expatriate manager.

3.3.1.2 Sampling Procedure

The first step in recruiting participants who meet the above-described criteria was to approach the China-Australia Chamber of Commerce (AustCham), which has representative offices in both Beijing and Shanghai, from whose member companies (AustCham Beijing and AustCham Shanghai) most individual participants were selected and recruited. The contact details were obtained from the *AustCham Directory of Australian Businesses in China* and the AustCham membership website. The researcher also invited some participants on site at the *Australia–China Business Forum 2004*, organized by AustCham in Beijing and Shanghai, and at a few of AustCham’s weekly Australian networking events. Focus group interviewees were recruited from among the organizations whose expatriate managers were selected for the initial interviews.

A total of 74 expatriate managers meeting the selection criteria were sent an email invitation to participate, of whom over 50% accepted. Because of mutual timing and venue convenience, the researcher eventually conducted 36 individual interviews and 5 focus groups (with 3 to 5 participants in each) in Shanghai and Beijing in November and December 2004, respectively. Among these interviewees, only one individual interviewee refused to be recorded because of personal concerns, so to ensure data accuracy, this interview was considered invalid. The final
sample of participants in both the individual and focus group interviews consisted of 32 expatriate managers (26 Australian, 1 Irish, 1 British, 1 American, 1 New Zealander and 2 Australian Hong Kong Chinese) and 19 local Chinese managers (including 2 Australian returnee Chinese) working in 30 Australian organizations. Both expatriate and Chinese participants represented top- and middle-level executives of Australian businesses operating in China in different industry sectors, including minerals and energy, manufacturing, consulting, building and construction, banking, legal services and education. The expatriate participants had been living and working in China for between 2 months and 16 years and were on average in their 40s at the time of interview. It should also be noted that, because the organization is global, the expatriate participants were not restricted to Australian nationality. In addition, most of these expatriate participants were referred or recommended by others in the Australian communities in Beijing and Shanghai because of their reputation for success in their management role. Participant selection therefore determined that the data collected be based on successful experiences.

Detailed biodata for the expatriate manager and returnee Chinese manager interviews are given in Table 3.1. Each interviewee code designates the participant’s cultural background, the city in which s/he works and lives and the industry to which the organization belongs. The table also indicates the interviewee’s age range (at time of interview), length of working and living in China, and length of working in the organization (including time serving in the parent company in Australia or subsidiary companies in other countries).
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<th>Years in China</th>
<th>Years in Company</th>
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Note: The interviewees are coded as follows: location – interview order – industry – nationality

Location: SH = Shanghai, BJ = Beijing

Industry types: SER = business services, MIN = mineral, MAN = manufacturing, LAW = legal services, EDU = education, LOG = logistics services, BUD = building design or building material or construction, TRD = trading, HOS = hospitality, ENG = engineering, FIN = banking, financial services, CON = consulting, TECH = technology

Nationality: A = Australian, AHK = Australian Hong Kongese, AM = American, E = European, NZ = New Zealander, RC = Returnee Chinese

3.3.2 Semi-structured and In-depth Interviews

As previously explained, because this research includes an exploratory element, it requires an understanding of the reasons for the subjects’ perspectives, attitudes and opinions (Saunders, Lewis & Thornhill 2003). Therefore, qualitative research interviews were chosen as the primary methodological tool (Cooper & Schindler 2003) and in-depth interview and focus group data as the key type of information to be generated (Cavana et al. 2001; Ritchie & Lewis 2003). Because interpretivist interviewing aims at understanding the issues from the people’s own point of view (Williamson 2002), such interviews can facilitate the gathering of valid and reliable data that are relevant to the research questions and objectives (Saunders, Lewis & Thornhill 2003). Thus, based on the assumption that ‘understanding emerges most meaningfully from an inductive analysis of open-ended, detailed, descriptive, and qualitative data gathered through direct contact with … participants’ (Patton 1980, p. 55), this research
adopts as its the primary data collection methods the semi-structured and in-depth individual interviews and focus groups commonly used in qualitative research. This methodological approach takes into account fact that ‘an interview is a conversation that has a structure and a purpose. It goes beyond the spontaneous exchange of views in everyday conversation, and becomes a careful questioning and listening approach’ (Kvale 1996, p. 6).

Semi-structured interviews, while based on a standard list of themes and questions, are open-ended and may vary in form, whereas in-depth interviews allow the interviewee to talk expansively on the relation to the main subject, raising topics within it (Liampuntong & Ezzy 2005; Saunders, Lewis & Thornhill 2003; Williamson 2002). Even though generally based on key topics and themes that the researcher intends to explore, the structure of both is flexible enough to permit the full probing and exploration of responses so that the researcher can be responsive to relevant issues raised by the interviewee (Ritchie & Lewis 2003). Not only is this flexibility important in an interpretivist study in which the researcher is concerned with understanding the meanings that respondents attribute to various phenomena, it also helps the researcher address and formulate the research questions (Saunders, Lewis & Thornhill 2003). Thus, in this current study, semi-structured and in-depth interview techniques were adopted in both the individual interviews and the focus groups so that the researcher could probe the interview questions generally according to the content and order outlined yet still follow up on interviewee logic. As a result, the interviewees were encouraged to offer more descriptions and explanations about topics they raised.

All interviews were conducted primarily in the respective offices or meeting rooms of the
participants’ organizations, which enabled the researcher to interact with the participants in their own environment and on their own terms, and observe their normal daily practice and interactions with colleagues. Such observation is important if the investigator is to discover the participants’ personal reality.

3.3.2.1 Individual Interviews

During interviews focused on the individual, a researcher investigates a respondent’s personal perspectives and seeks very detailed subject coverage and in-depth understanding of the personal context within which the research phenomena are located. Individual interviews are also particularly appropriate to any research that requires a deep and detailed understanding of complex processes or experiences (Ritchie & Lewis 2003).

In this present study, the individual interviews were primarily addressed to expatriate leaders/managers and senior returnee Chinese managers working in Australian-invested businesses in different industries in the cities of Beijing and Shanghai in China. The main purpose of these interviews was to gain rich, personal descriptions of the participant’s related experiences, both successful and unsuccessful. The qualitative approach facilitated this initial step by enabling managers to express their reactions in their own words and allowing the subsequent formulation and development of themes related to the research objective.

3.3.2.2 Focus Groups

The focus group, an open-ended, researcher-guided group interview on a specific issue or topic, is conducted with a selected population from similar social and cultural backgrounds or
who have similar experiences or concerns extending at least an hour (Bryman & Bell 2003; Cavana et al. 2001; Liamputpong & Ezzy 2005; Robson 2002; Williamson 2002). Thus, focus group interviews offer the researcher ‘an opportunity to explore how people think and talk about a topic, how their ideas are shaped, generated or moderated through conversation with others’ (Ritchie & Lewis 2003, p. 37). Such group discussions also provide the individuals an opportunity to reflect and refine their insights into their own circumstances, attitudes or behaviour by hearing the views of others, which stimulates a wide variety of different views in relation to a particular issue (Bryman & Bell 2003; Ritchie & Lewis 2003). Most particularly, focus groups were chosen for this study because they are a valuable way of gaining insight into shared understanding and beliefs while still allowing the voicing of individual differences of opinion. Thus, they both enable participants to hear the views and experiences of their peers and cause them to reflect on their ‘own experiences and thoughts’ (King 2004, p. 258).

In this research, the focus group interviewees were Chinese local managers who report directly to the expatriated managers interviewed. Thus, the open and flexible focus group interview format provided insight into the local managers’ ‘perceptions, feelings and opinions, and their own terms and frameworks of understanding’ (Williamson 2002, p. 252) of the research questions. Their input also helped to stimulate different ideas and creative concepts, thereby increasing research credibility. Because most Chinese managers are fluent in English, the focus group interviews were conducted as far as possible in English, with Chinese being used as necessary (the researcher being fluent in both languages). While Chinese was employed occasionally, the transcripts were translated into English.
3.3.3 Interview Guide

An interview guide, also termed a ‘topic guide’ (Ritchie & Lewis 2003), indicates ‘the topics and their sequence in the interview’ (Kvale 1996, p. 129). For qualitative interviews like those used here, the individual interview guide outlines the topics to be covered as well as suggested questions (Kvale 1996) but still allows flexibility with each individual interviewee (Ritchie & Lewis 2003). That is, the interview questions do not necessarily follow exactly as outlined on the schedule, and as the interviewer picks up on issues mentioned by interviewees, some questions may be asked that are not in the guide. Thus, the interview emphasis is on how the interviewee frames and understands issues, patterns and forms of behaviour (Bryman & Bell 2003). Likewise, in a focus group interview, the topic guide should be seen as ‘a mechanism for steering the discussion but not as an exact prescription of coverage’ (Ritchie & Lewis 2003, p. 115).

On the issue of interview question design, Kvale (1996) pointed out the following:

Dynamically, the questions should promote a positive interaction; keep the flow of the conversation going and motivate the subjects to talk about their experiences and feelings.

The questions should be easy to understand, short, and devoid of academic language (p. 130).

The design of the interview guides for this research followed the above principles. In the interview guide (see appendix A), the topics are divided into three key categories in relation to the research questions: expatriate leadership effectiveness issues, cross-cultural adjustment
issues and management localization effectiveness issues. The interviewer begins the process by filling out a demographic information sheet (see appendix B) that asks for general information about the interviewee and the organization, as well as a question on the interviewee’s educational and professional background. The body of the interview addresses the three key issues, after which the interviewer asks the interviewee to add any further comments. The interview guide includes all possible detailed questions that the researcher wishes to explore; however, as noted previously, in the real interview processes, all topics were covered but questions were not asked exactly as outlined on the schedule. Each interview, both individual and focus group, lasted approximately one hour.

3.4 Data Analysis

The analysis of qualitative data is conducted through conceptualization (Saunders, Lewis & Thornhill 2003), a process that Creswell (2003) suggested involves preparing the data for analysis, conducting different analyses, moving deeper and deeper into understanding the data, representing the data and making an interpretation of the data’s larger meaning.

3.4.1 Transcribing the Interview Data

For the interviews conducted in English, two native-English speakers were hired to transcribe each recording into a Word file. The researcher then reviewed the recordings and transcriptions for accuracy. For the interviews conducted in Chinese, the researcher transcribed the recordings into Word files and then translated the text into English.
3.4.2 Categorizing the Data

According to Ritchie and Lewis (2003), a thorough review of the range and depth of the data may yield a long list of what appear to be important themes and concepts. Therefore, the transcripts generated for this study were read through repeatedly, and during such readings, the researcher made notes on interesting points, overall impressions and emergent ideas. This continued reading and note taking provided an overview of the data coverage and thoroughly familiarised the researcher with the data setting. Main themes and patterns could then emerge and be categorised.

Ritchie and Lewis (2003) also explained that qualitative data analysis ‘initially involves deciding upon the themes or concepts under which the data will be labeled, sorted and compared’ (p. 221). Thus, this research used the suggested sub-themed topics and questions in the interview guide to explore certain specific topics in relation to the research questions. These cue questions automatically provided the categories for investigation and subsequent data analysis, while emergent themes were categorized based on the theoretical model developed and the various participant responses. The relationships between the categorized themes and patterns were then identified, grouped and sorted, and finally, the data (transcripts) were sorted by main themes within the categories addressed by the research questions.

In addition, it is noted that the both individual interview and focus group data will be integrated during the data categorizing and interpreting process, given the complementary nature of the perceptions of expatriate leaders and Chinese followers. When interpreting the interview data, the researcher tends to draw more attention on the interviewees’ insights on the
research questions rather than differentiating the identities of the interviewees. Therefore, the individual interview data and focus group data will not be separately analysed and displayed in the data analysis part of the thesis.

3.4.3 Interpreting the Data

Kvale (1996) identified three contexts of interpretation in qualitative analysis:

(1) *Self-understanding*, in which the researcher attempts to formulate in condensed form what the participants themselves mean and understand;

(2) *Critical common sense understanding*, in which the researcher uses general knowledge about the context of statements to place them in a wider arena; and

(3) *Theoretical understanding*, in which the interpretation is placed in a broader theoretical perspective.

All three perspectives are adopted in the process of data interpretation. First, following the analytical process described above, the researcher has some tentative ideas or theories about the data, and therefore reviews and categorises these ideas together with the emergent themes and contrasts the outcomes with the literature (both previously reviewed and newly reviewed) so that conclusions can be drawn. Because this data analysis process is discussed at length in Part Two, Research Findings and Discussion, the final sections of this chapter address the remaining issues of software platform, researcher role, ethical considerations and reliability and validity.
3.4.4 QSR Nvivo 2.0

The data analysis for this research was conducted using the qualitative data analysis software, QSR Nvivo 2.0, which features document editing, coding and linking. In general, Nvivo enables the researcher to index text segments to particular themes, link research notes to coding, and carry out complex search and retrieval operations. Nvivo also provides tools that help the researcher examine possible relationships among themes (King 2004). Thus, this software allows the investigator to work efficiently with complex coding schemes derived from a large body of transcripts and facilitates analytical depth and complexity.

3.5 Researcher’s Role

In interpretivist qualitative research, the researcher, as the primary instrument for data collection and data analysis, plays an integral, personal and subjective role (Creswell 2003). Since understanding is the goal of qualitative research, the human instrument, which can be immediately responsive and adaptive, seems to be the ideal means of collecting and analysing data. Nevertheless, the human instrument has shortcomings and biases that might have an impact on the research. Therefore, rather than trying to eliminate these biases or subjectivities, it is more important to identify them and monitor how they may be shaping data collection and interpretation (Merriam 2002). Most particularly, according to Creswell (2003), it is necessary to identify the researcher’s personal values, interest, assumptions and biases about the research topic and process. To this end, Denzin and Lincoln (2003) also suggested that it is appropriate to outline the researcher’s background.

This researcher was born in China and immigrated to Australia in 2004, after which she
commenced the current research project towards a PhD degree. Whereas Chinese is the researcher’s native language, she is highly proficient in both oral and written English. Prior to beginning the full time PhD research, she gained eight years’ work experience in cross-cultural contexts working for different foreign investment businesses operating in Beijing, China. Within these organizations, in positions ranging from personal assistant to deputy general manager, she played an essential role as a communication bridge between expatriate managers and Chinese local employees. It is also worth mentioning that one such organization was a western-style catering company whose clients were mostly western expatriates from different nationalities and professions living and working in Beijing. Thus, as a client services manager, the researcher had a valuable opportunity to observe as an outsider the day-to-day practice of western expatriates in a Chinese environment. During these eight years of employment in a multi-cultural milieu, she gained an advanced, balanced and exceptional understanding of cross-cultural management strategy in China, as well as a keen interest in the topic. Her current perception is that people make a difference in cross-cultural management, or in other words, expatriate individuals and Chinese local managers play a very important role in determining the effectiveness of cross-cultural management in China.

As advocated by Locke, Spirduso and Silverman (2000), the researcher’s contribution to the research setting can be valuable and positive rather than detrimental. For this research, based upon her employment experience, the researcher was able to locate the most resourceful channel for research participant recruitment, thereby accessing over 90% of the organizations meeting the research criteria. In addition, the researcher’s bi-cultural background and bi-lingual capability made it possible to interview both expatriate managers and Chinese local
managers in a most efficient manner.

Nevertheless, data analysis is highly dependent on researcher interpretation of the data, which includes ‘developing a description of an individual or setting, analyzing data for themes or categories, and finally making an interpretation or drawing conclusions about its meaning personally and theoretically, stating the lessons learned, and offering further questions to be asked’ (Creswell 2003, p. 182). Therefore, researcher bias is inevitable; for example, the way the researcher views and understands or interprets the collected data. Any resulting limitations of this current research are discussed in the conclusion to this chapter, following a discussion of the ethical issues involved and the validity of the research.

3.6 Ethical Issues

The research for this present study was conducted at Level 1, category NR (no risk above the everyday) in accordance with RMIT’s research approval document (see appendix F, Ethical Principles). Thus, the questionnaires and interviews addressed a normal adult population, and the research design took into account the key ethical issues for business management research as outlined by Saunders, Lewis and Thornhill (2003):

(1) The participants are informed both verbally and in writing and before any data collected;
(2) The participants have the right to withdraw partially or completely from the process at any time;
(3) The privacy of participants and the confidentiality of data provided by participants and their anonymity are maintained; and
(4) The researcher maintains objectivity in the analysis stage to make sure not to misrepresent the data collected.

Initial recruitment consisted of an invitation to participate (see appendix C for a sample letter) emailed to each potential participant, which introduced the researcher, explained the research objective and interview purpose, and gave the location and time of the interview. A statement in plain language (see appendix D) was later emailed to those potential interviewees who had shown interest in the research topic and responded with an acceptance. This statement, besides giving a brief introduction about the researcher and the research project, informed recipients of participant rights and confidentiality and explained the use of the data collected. At the beginning of each interview, this same statement was again communicated verbally by the interviewer, after which participants were given and signed an informed consent form (see appendix E). Participation in the interviews was voluntary, and each interview was digitally recorded only subject to participant consent.

Because the Australian business executive community in China is not large, meaning that respondent identities are easily recognizable, direct quotations from the respondents will not be coded and used in any published journal article or conference paper. However, expatriate managers' responses are coded in this thesis (see Table 3.1) to ensure research validity.

3.7 Reliability and Validity

Reliability is generally concerned with whether the research results are repeatable (Bryman & Bell 2003; Collis et al. 2003; Ritchie & Lewis 2003; Ticehurst & Veal 2000; Williamson
2002). In other words, the reliability of the findings depends on the replication of the data and the method of interpretation (Ritchie & Lewis 2003). However, given that qualitative research seeks to understand phenomena in context-specific settings, some authors (Creswell 2003; Lincoln & Guba 1985) have argued that reliability plays a minor role in qualitative inquiry. Bearing that in mind, the design for this current research – including methodology selection, data collection methods and the data analysis process – has been descriptively narrated. This technique should enable similar research to be reviewed in context with other social constructs from a different group of participants.

Validity, on the other hand, is generally concerned with the extent to which the research findings accurately represent what is really happening in the situation (Collis et al. 2003). Thus, Creswell (2003) proposed that in qualitative research, validity implies ‘whether the findings are accurate from the standpoint of the researcher, the participants, or the readers of an account.’(pp. 195-6). In this research, as outlined in Section 3.3.1, individual and focus group interviews were conducted with 51 individuals representing different management levels in 30 Australian organizations – from listed companies to SMEs (small to medium enterprises) – in all industry sectors in which Australian investment businesses in China are involved. The expatriate participants’ working experiences ranged from 2 months to 16 years, and they held positions as CEOs, general managers, presidents, managing directors, partners, directors and operations managers in professions that included business management executive, lawyer, consultant and educator. Their perspectives and viewpoints stemmed from their own experiences and observations, and these data were supplemented by valuable input from the focus group interviews with the Chinese local managers who work closely with the
expatriates. Combined, these interview datasets provided rich, thorough and diverse information that represents a variety of different perspectives and thus gives the research a high value in terms of validity.

In addition to taking into account the researcher’s role (as discussed in section 3.5), the research followed Creswell’s (2003) strategies for maximising study validity while minimising researcher bias:

(1) Using *rich and thick description* to convey the findings so as to provide the reader more information for an informed judgment (discussed in the next chapter on findings).

(2) Presenting *negative or discrepant information* against the main themes because real life is composed of different perspectives that do not always coalesce. Thus, discussing contrary information adds to the credibility of an account for the readers (also detailed in the next chapter).

(3) Using *member checking* to determine the accuracy of the qualitative findings by taking the specific descriptions or themes back to participants and determining whether the participants feel they are accurate. Accordingly, the researcher has sent copies of her published papers based on this research to participants for their review and comments. The preliminary findings have been validated as consistent with participants’ experiences and viewpoints.
(4) Using peer debriefing to enhance the accuracy of the account. This process means locating a person unrelated to the research process (a peer debriefer) to review and ask questions about the qualitative study so that the account will reverberate with people other than the researcher. Throughout this research, the researcher’s two supervisors and a peer doctoral candidate have regularly reviewed the research progress and offered their comments.

(5) Clarifying researcher bias through self-reflection to create an open and honest narrative that will resonate well with readers (see the earlier discussion of the researcher’s role).

3.8 Summary

This chapter has provided a detailed description of the qualitative methodology applied in this research, as well as the rationale for its selection. It has also detailed the qualitative data collection methods and data analysis process and has discussed other issues related to the research design (e.g., researcher perspective, ethical issues and research validity). This qualitative approach offered the researcher an opportunity to explore and understand how participants make meaning of a situation or phenomenon in the real business world, an understanding whose depth and width is enhanced by the diversity and breadth of the participants.

The next part of the thesis, Part Two, will continue the discussion of data analysis and present the analytical outcomes. Specifically, the data collected will be inductively analysed to identify patterns and common themes, after which a ‘rich, descriptive account of the findings’ (Merriam 2002, p. 7) will be presented that compares the findings to the literature reviewed in chapter 2.
PART TWO
RESEARCH FINDINGS AND DISCUSSIONS

Introduction of Part Two

This study aims to explore and conceptualize key factors in the expatriate leadership effectiveness of Australian business managers working in China and, based on that foundation, to design a pragmatic theoretical framework of cross-cultural leadership effectiveness for Australian businesses operating in China that will be of use to both researchers and practitioners. Part One of the thesis addressed the research questions (Chapter 1), developed a conceptual framework based on a selective literature review (Chapter 2) and justified the choice of methodology (Chapter 3). In particular, Chapter 3 outlined the method and process of the data analysis, whose results are discussed and interpreted here in Part Two, culminating in the development of a holistic pragmatic heuristics model. Specifically, these research findings are divided into three categories framed by the three research questions: expatriate leadership effectiveness issues, cross-cultural adaptation issues and management localization effectiveness issues. The main themes and sub-themes in each of these categories are discussed in Chapters 4, 5 and 6, respectively, and each category is compared to the literature
and eventually integrated into the conceptual framework proposed in Chapter 2 (Figure 2.3). Thus, Part Two concludes with the proposal of a pragmatic heuristics model to be illustrated in Chapter 7.

As regards the method for defining the main themes in each category, Lincoln and Denzin (2003) pointed to literature reviews as rich sources for themes, as also are themes from the text itself. Likewise, Miles and Huberman (1994) suggested that researchers start with some general themes derived from a literature review and then add in more themes and sub-themes as the research progresses. Thus, a clear conceptual framework for this current research was defined through an extensive literature review (reported in Chapter 2), which provided a starting point for theme categorization during interview transcript analysis. During such analysis, conducted simultaneously with ongoing review of the transcripts and literature, both the themes and the coded text were manipulated using the node feature of the NVivo software, which also allowed them to be reviewed, revised, integrated, reduced, added to and rebuilt to produce the final analytical outcomes reported here.

Above all, as previously emphasized, the qualitative research focuses on the participant’s perceptions and experiences and how they make sense of their lives (Creswell 2003; Locke, Spirduso & Silverman 2000; Merriam 2002). Therefore, because the research is qualitative, the themes are reported as direct quotations from the participants, although the choice of the most appropriate expressions for participant perceptions and viewpoints was made by the researcher. As King (2004) suggested,
The use of direct quotes from the participants is essential. These should normally include both short quotes to aid the understanding of specific points of interpretation – such as clarifying the way in which two themes differ – and a smaller number of more extensive passages of quotation, giving participants a flavor of the original texts. (p. 268)

Given the research’s inductive process, the literature is also used as a basis for comparing and contrasting the study findings. Thus, at the end of each chapter (Chapters 4, 5 and 6), each research question associated with the main themes is addressed in relation to the proposed conceptual framework developed in Chapter 2. Each is also being discussed in light of a further review of the findings-related literature that refines the theoretical constructs and incorporates additional points. It should be noted, however, that dividing the research into three chapters does not mean that each contributes to the overall research question independently. On the contrary, the answers to the three sub-questions are interdependent and cannot by themselves enable expatriate leadership effectiveness. Therefore, a pragmatic heuristic framework of cross-cultural leadership effectiveness for Australian businesses operating in China is developed in Chapter 7 based on an integration of the findings.

Finally, a brief overview of the research questions is in order to clarify the logic of the findings and discussions presented in this part of the thesis. The research begins with the following overarching question:
What key factors contribute significantly to cross-cultural leadership effectiveness in Australian businesses operating in China?

In-depth answers to this primary research question are derived using the following three sub-questions:

(1) What do current practitioners experience as key to expatriate leadership effectiveness? In particular, what is the importance of emotional intelligence?

(2) Are there certain skills or key experiences for expatriate managers in regards to cultural adaptation and dealing with cultural differences while working in China?

(3) What are the key issues of management localization effectiveness? How can expatriate leaders effectively contribute to management localization?
CHAPTER 4
EFFECTIVE LEADERSHIP – TL and EQ

Research Question 1: What do current practitioners experience as key to expatriate leadership effectiveness? In particular, what is the importance of EQ?

4.1 Introduction: Beyond Common Sense

When discussing effective leadership in their cross-cultural working environment, many expatriate respondents used the phrase ‘common sense’ to summarize their daily leadership practice, defining it as a set of basic leadership rules – for example, decency, tolerance and respect – that apply in almost any situation in any world culture. These expatriate respondents also emphasized that these basic rules involve listening to people, encouraging them and valuing their opinions:

I find in any culture in the world, if you use good manners, respect other people, and then when you look at the situation in your applied common sense, you can usually work with almost any situation... It is not hard to understand human beings’
motivation, you know, and if you treat people the way you expect to be treated yourself, you usually make progress. (SH-2-MIN-A)

I have to be honest, I feel the leadership here in this situation, it is really about, it is not what sort of person you are, it is about how you relate to the people you are working with, about what attitude you have [towards] them, how you treat them, and just a lot of common sense simple things. (SH-13-HOS-A)

According to Hughes, Ginnett and Curphy (2002), common sense is ‘a common body of practical knowledge about life that virtually any reasonable person with moderate experience has acquired’ (p. 17). It should also be noted that the respondents in this research identified the term ‘common sense’ as meaning respect, trust, role modeling, motivation and relationship management, all characteristics that actually go beyond common sense in that the literature review has shown them to be fundamental outcomes of both TL and EQ that make essential contributions to leadership effectiveness (see Table 4.1). Thus, the remainder of this chapter focuses on the findings and discussions related to the corresponding (and first) research question:

What do current practitioners experience as key to expatriate leadership effectiveness? In particular, what is the importance of EQ?

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2 Expatriate interviewees coding refer to Table 3.1.
Table 4.1 Main factors of TL & EQ contributing to leadership effectiveness

<table>
<thead>
<tr>
<th>TL</th>
<th>EQ</th>
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<tbody>
<tr>
<td>Idealized Influence through Role Modeling</td>
<td>Self-awareness</td>
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<tr>
<td>- Leading by Example</td>
<td>Self Management</td>
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<tr>
<td>Individualized Consideration through</td>
<td>Empathy</td>
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<tr>
<td>Mentoring and Coaching;</td>
<td>Social Intelligence</td>
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<tr>
<td>Inspirational Motivation through Vision</td>
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4.2 Leading by Example and the Importance of Intrapersonal EQ

4.2.1 Idealized Influence through Role Modelling: Leading by Example

In response to the question of how to define effective leadership, participant’s most common response was to ‘lead by example’, which thus became the primary leadership quality appreciated and preached by both expatriate managers and Chinese followers. Indeed, most respondents expressed the belief that leaders in any context or in any type of society must lead by example:

*Lead by example* and practicing what you preach…I hope I would exemplify the Australian culture and to lead by example, to be open, honest, to help train and develop the staff. (SH-17-FIN-A)

Style of management is one of leadership, is one of showing, doing, being a person that Chinese can respect. (SH-16-FIN-A)
In leading by example, leaders must also practice the values and expectations that they impose on their employees. Only then, will they win real respect:

If you do not lead by example, people very quickly see you as false. Doing one thing and then asking for another cannot work in the long term. It is true in any country. (SH-18-SER-A)

I would never ask anybody to do something that I would not do myself, so I think you lead from the front and set an example, and eventually Chinese people would follow you. (BJ-5-TRD-A)

In fact, Yukl (2002) stressed that an effective leader can influence followers’ commitment by setting an example of exemplary behaviour in day-to-day interactions. Therefore, leading by example may also be described as ‘role modelling’, by which a transformational leader can exert an (idealized) influence on followers (Kupers & Weibler 2006). Accordingly, leading by example could be defined as idealized influence through role modeling. The respondents also realized that role modelling requires leader self-awareness and self-management, an issue discussed in more depth in the following two sections.

4.2.2 Self-awareness

As pointed out in the literature review, leaders with high self-awareness typically know their
own limitations and strengths, are aware of their own values and are realistic (Goleman, Boyatzis & McKee 2002b). Indeed, many experienced Australian expatriate respondents pointed out that to be successful in China, it is important to maintain one’s own identity. Thus, trying to understand Chinese culture or speak fluent Mandarin does not mean trying to become Chinese. Rather, as explained by one fluent Mandarin speaker with over ten years working and living experience in China,

I come from a very small town in Australia... I think one reason I have been able to spend a long time in China and, you know, be reasonably successful [is] that I have never tried to become Chinese; I know who I am... I have a clear sense of my own identity. (SH-2-MIN-A)

Likewise, according to many other experienced expatriate respondents, good leaders in China are those who have a firm grasp on who they are as people:

The type of personality or person who would do well in China is probably someone who understands himself or herself. I am not saying confidence so much as they understand who they are and what their beliefs are and what is acceptable, and are not going to be pushed around. (BJ-10-EDU-A)

I think leadership is more about yourself and your mindset. (BJ-11-EDU-A)
Self-awareness also includes leaders’ knowledge of differences between the home and host cultures and their understanding of the impact of cultural values on performance in cross-cultural situations (Jassawalla, Truglia & Garvey 2004). That is, emotionally intelligent leaders with high self-awareness exhibit a willingness to learn where they need to improve and welcome constructive criticism and feedback (Goleman, Boyatzis & McKee 2002b). Thus, as stated previously, expatriate leaders’ self-awareness in combination with their cultural awareness provides them with the ability to perceive both the characteristics of the host culture and cultural differences. In fact, as discussed in more detail in Chapter 5 and exemplified by the following response from an expatriate with seven years working experience in China, many respondent comments on the importance of EQ in relation to cross-cultural context (i.e. CQ) reflected cultural awareness:

I always try to understand people better, and you do not know the culture, you do not know the language, and if you just try to figure out that on your own, you are bound to make a mistake, and it is not intuitive, so you really need to focus on your education and talk to [Chinese] people [about] your opinions and your values and ask them questions and try to learn in that way. (SH-6-MAN-A)

4.2.3 Self-management

One hallmark of self-management is the leader who stays calm and clear headed under high stress or during a crisis. That is, leaders who are transparent live their values and openly admit mistakes or faults (Goleman, Boyatzis & McKee 2002a):
I try to be fair and reasonable, and I try not to get too emotional about things. But I can.

I do get passionate about things, and I want people to get on and do the work. If they
don't do that, I can actually get angry and say, “What are you doing?” But that does not
work, so you cannot do that. It might work at home, but if you do that here you can
make people very upset. So I do not do that. I am fairly easygoing, but I have goals, I
set goals, and I have some passions. (SH-16-FIN-A)

As regards this expatriate manager’s own self-management, his Chinese staff remarked,

Our boss can be passionate, but he is always reasonable after he calms down.

Sometimes he’s too passionate, too angry sometimes and says some things he probably
should not, to an extreme. But the good thing about this boss is that he can be
reasonable afterwards and even apologize. (Group 1)

Thus, effective leaders must maintain a sense of self-control and always communicate with
employees; they must know when it is appropriate to be loud and when to be quiet:

If you cannot control yourself, or you do not know how to relate to people, or even
communicate with people, I would assume your leadership effectiveness would be very
low. (RC-2)

You’ve got to know when to be hard and tough and when to be humble and quiet. The
thing is, these things apply in other countries as well. There is just a different application in China. (SH-6-MAN-A)

Self-managing leaders can also be flexible in adapting to new challenges, nimble in adjusting to fluid change and limber in their thinking in the face of new data or realities (Goleman, Boyatzis & McKee 2002a, 2002b). Again, as detailed in Chapter 5 and illustrated by the participant response below, the leaders’ adaptability reflects their motivational cultural adaptation in a cross-cultural workplace:

If you are open to new things, can accept other people’s values and are willing to listen… that improves your chances of success. (SH-6-MAN-A)

4.3 Individualized Consideration, Motivation and the Importance of Interpersonal EQ

4.3.1 Individualized Consideration through Mentoring and Coaching

As one interviewee stated, ‘You have to pay attention to the person’ (SH-4-LAW-A); that is, an effective leader treats each follower individually and gives each personal attention according to their needs and capabilities, thereby allowing them to develop and self-actualize (Bass 1985, 1999). Thus, respondents considered individualized consideration to be basic common sense for effective leadership and a characteristic that can be adopted in any culture. According to the responses, leaders should see every employee as unique and deal with them as individuals. Thus, rather than viewing Chinese staff collectively, the expatriate leader should treat them as single, important components of the company. At the same time, it is important that managers view staff as people first (rather than as just workers):
Consider people as individuals. You cannot make generalizations. There are more individualistic differences in people than people realize. (SH-19-LOG-AM)

Take time to get to know your staff and show that you do really care about them individually, and that will be paid back. (Group 3)

Thus, if expatriate leaders show Chinese staff that they do care about them and appreciate their strengths and weaknesses as individuals, the staff, in turn, will be more motivated:

Understand [individuals], what their talents are, what their strengths are, what makes them different to the other person, what they’d be good at, and if you know what they are good at and what they enjoy, then it is easier. (BJ-9-CON-A)

At the same time, Chinese senior managers expressed their appreciation of their expatriate leaders: ‘He really cares about his local staff… He allows you to make mistakes and lets you learn from mistakes, which is good’ (RC-1). Likewise, another Chinese respondent remarked,

I think one of the most impressive things I have experienced is [that] when I first joined the company, our Asian Managing Director for the Shanghai Branch spent time with almost every staff. He came to know every staff’s name, shaking hands and talking about their personal stuff. He went to one of my subordinates and said, ‘I heard you just got married. How is everything going?’ This is very impressive to the staff.
Consider individuals. They do not regard themselves as [the] boss, they regard themselves as [a] person first, and they respect everyone. This is the most important thing for a leader. The kind of motivation that the staff got was huge. (Group 1)

In addition to treating each individual as a special person, leaders express their consistent effort by acting as coaches and mentors who continually attempt to develop followers’ potential individualized consideration (Bass & Avolio 1994; Kupers & Weibler 2006). However, in China, according to many expatriate respondents, the boss is commonly expected to make the ultimate decision, regardless of whether it is right or wrong. Thus, it is not generally acceptable to recommend changes to a boss:

In terms of my position, one thing that I have noticed regularly in my style is to expect people to come to me with solutions or recommendations... People expect the headman in China to give instructions irrespective of whether it is the right answer, and then they will go and deliver it. I do notice that changing with the younger generation with people coming through in Chinese. But generally people are reluctant to make a recommendation to a boss. (BJ-5-TRD-A)

On the other hand, most Chinese respondents showed their keen interest in learning about the modern Western business management system and, in turn, improving their own managerial skills by working in international companies. As a result, they seek more mentoring in their day-to-day business practices. Therefore, an expatriate leader in China is also considered a mentor, a role that involves coaching and advising Chinese staff. By allowing the Chinese staff
to make mistakes and learn from those mistakes, mentoring creates a working environment that encourages staff to be active without feeling alone. Thus, it is not an issue of control but one of management and guidance through the process. Indeed, both experienced expatriate respondents and Chinese managers frequently mentioned ‘coaching’ and ‘mentoring’:

The other key element to leading and managing in China is that you have to put quite a lot of effort into the mentoring process, the coaching. You are a mentor, a coach, an advisor and a consultant… I have to coach my managers and my foreign colleagues, etcetera. A big part of your role is to be encouraging, to be nurturing, to be a mentor. (SH-2-MIN-A)

We try here to create opportunities for people to run with particular projects. To be sure they have somebody who can provide guidance to them, but to enable them to take a task, demonstrate initiative, take something through to a conclusion. It is the responsibility of the leadership to coach and mentor [the Chinese staff], to encourage them. (SH-20-MIN-E)

You have to be a good leader; a good coach and mentor. (Group 1)

We would prefer a mentor rather than a boss. (Group 3)
4.3.2 **Inspirational Motivation through Vision**

As one respondent put it,

> Effective leadership, to me, is the ability to inspire and to convince those around you to achieve [the] objectives you specified. (SH-7-LOG-A)

Thus, to be an effective leader is to inspire people with one’s ideas and have them implement one’s goals, which requires that they have the clarity that results from knowing the big picture and how a given job fits into it. Hence, visionary leaders understand what is expected of them, while the sense that everyone is working toward shared goals builds team commitment. That is, people feel pride in belonging to their organization (Goleman, Boyatzis & McKee 2002a). Hence, inspirational motivation emphasizes a longer term and more vision-based motivational process (Bass 1985). Most particularly, the respondents expressed a belief that leaders must articulate an appealing vision by painting a full picture of the organizational objectives. That is, rather than giving Chinese staff a basic instruction, they must offer that instruction within the broader context of the company’s vision and goals. Doing so adds value to that particular work component and makes workers understand its importance. As a result, each worker feels like he or she is making a difference to the overall outcome and is steering in the direction of the company:

> It is the ability ... to provide a *vision* for people, a target, an objective, and to create
with those people the right skills and the attributes to be able to reach that target … I think leaders need a vision. They need to be able to communicate that vision, and they need to be able to provide people with the tools and the facilities to be able to get to that vision. (SH-20-MIN-E)

It is really setting the direction for the business and trying to make everyone involved in achieving the business goals and trying to make them feel like they do have an active part to play and that they do care about what they do. (SH-13-HOS-A)

Nevertheless, as mentioned previously, the Chinese staff expects their expatriate managers to take the initiative, make decisions and take action. Therefore, as expounded in the Chapter 7 discussion of effective management localization, expatriate leaders should make an effort to create an environment that encourages information sharing within the whole organization.

4.3.3 Empathy and Social Intelligence

Empathy enables a leader to get along well with people from diverse backgrounds or other cultures (Goleman, Boyatzis & McKee 2002a, 2002b). That is, leaders with empathy listen attentively and can grasp another person’s perspectives (Goleman, Boyatzis & McKee 2002a, 2002b). As one Australian expatriate interviewee pointed out, ‘respecting cultural values and people’s requirements is very important’ (SH-14-BUD-A). According to other expatriate respondents, another important leadership skill is the ability to read people and understand why they are performing as they do. If someone is performing poorly, it is necessary to first identify the problem and then work out a way to encourage this individual to do better. Thus, identifying the right way to motivate the Chinese staff is crucial to helping them improve. At
the same time, the expatriate manager must pay attention to the Chinese staff’s individual needs and problems, meaning that the manager must be aware of and sympathetic to any issue affecting someone’s work while still figuring out when to be hard and encourage them to push onward:

If you cannot read why people are working for you or why they are working hard or not working hard, then you are not going to understand what their motivation is… At the same time, when you look at a situation, you have to think, ‘the way I am going to judge this person and the way I am going to motivate them to work, is it a case of I set them work that is going to motivate them or am I going to ask them to be motivated by something which would be very hard for a person to be motivated about?’ (SH-7-LOG-A)

Other expatriate interviewees expressed similar opinions:

They are not just machines, things that just produce something. That is not what it is. You have to pay attention to the person. Their parents might be sick; you have to acknowledge that this is an important problem, and you have to support and deal with it. They might be going through a divorce, and you have to acknowledge that. (SH-4-LAW-A)

You have to know when to be sympathetic; you have to know how to be tough. In China, to be a manager, you have to be tough. Not all the time. There are times when you have to encourage people and be sympathetic and so on. (BJ-2-CON-A)
Likewise, Chinese respondents stressed that the expatriate leader should try to spend more time thinking about other people’s positions and should really understand how the Chinese staff thinks and behaves and try to find ways to influence and be effective. One Chinese manager (RC-2), particularly, emphasized that expatriate managers should find the right way to deal with the local people and should realize that some of their own behaviours – such as ‘doing something secretive’ – lead to so-called weird reactions by local staff. Indeed, this phenomenon was widely recognized among expatriate business managers in China, one of whom suggested that in dealing with this situation, an expatriate leader must gain the trust of the Chinese staff and consciously avoid an ‘us against them’ attitude. Once a significant level of trust has been established, it can make working together much easier:

The main thing that you have to pay attention to is basic respect for other people. You have to have a basic level of respect and you have to, as I said in the beginning, in the office or work environment, you have to constantly pay attention to make sure that there does not become an ‘us and them’ attitude in the office or in the business. And the ‘us and them’, on the most basic level, can be foreigners and locals. You cannot have that. (SH-4-LAW-A)

Such awareness is linked to social intelligence, which, according to Mayer and Salovey (1990), reflects the ability to understand and manage people. That is, effective social intelligence allows the leader to acknowledge the social complexity of the situation and establish and enforce norms, win trust and reputation and achieve objectives (Boal 2000). A number of
experienced Australian expatriate interviewees demonstrated their social intelligence by sharing how they win trust from Chinese employees and customers:

If you are patient and take the time and demonstrate with your continuing actions, Chinese people will learn to trust you and be prepared to share their opinions with you. (SH-6-MAN-A)

You just need to have that time and space to allow people to get to know you and trust you. Second, I do initially more one-on-one work with people rather than as a team, so I take time to take individuals away and talk to them directly. Those are probably the two obvious things…I think at the end of the day, it boils down to the word ‘trust’. People have to trust me, and I have to trust them, and then we will get along fine. (BJ-5-TRD-A)

Likewise, the Chinese respondents also emphasized that trust and openness are very important in achieving leadership effectiveness:

As a manger, to establish a trust and openness is very important. Try not to hide things from your colleagues…You have to, especially in the initial stage, to work hard to establish trust. (RC-2)

At the same time, social intelligence is the ability to determine the requirements for leadership
in a particular situation and select an appropriate response. Thus, socially intelligent leaders have the ability and willingness to vary their behaviours to accommodate situational requirements (Yukl 2006). Moreover, an effective leader has the capacity to differentiate and identify various aspects of a given social situation over time and to combine the various aspects of a social situation by improving understanding or changing action–intention (Hooijberg, Hunt & Dodge 1997):

But some of the things I have learned over the years have allowed me to actually draw on experience and past knowledge when I was in a different set of circumstances. But to say, ‘prepared me for’... no. Gave me a lot of experience that I could use here...yes.

(SH-16-FIN-A)

The essence I found leadership in China is to have a very strong sense of occasion. There are certain occasions [when] certain behaviours [are] expected and appropriate.

(SH-2-MIN-A)

In explaining the above statement, the respondent gave the following example: older Chinese employees who experienced the Cultural Revolution (generally those of the 1950’s and 1960’s generations) tend to have slightly more rigid expectations, be more deferential and may find it more difficult to have a familiar relationship with a leader; while the younger Chinese employees (generally those from the 1970’s and 1980’s generations) are looking to express themselves more freely, be liberated and have a more liberated relationship with the leader. Thus, the older people have an older definition of organizational behaviour and what
they expect of leadership, as well as how they behave themselves as managers; whereas the younger people are likely to have a more westernized view, or at least the expectation of a more open process. By understanding these different approaches or expectations among Chinese employees, the expatriate leader can be more effective by behaving or reacting in different ways on different occasions. However, being highly cross-cultural, this social situation is discussed in more detail in Chapter 5 together with the findings that reflect expatriate leaders’ behavioural skills for adapting effectively to Chinese culture.

4.4 Discussion and Conclusion

Most empirical research on TL or EQ is based on structured quantitative questionnaires that seek to survey each TL or EQ component and provide broad, generalized results. In contrast, the findings from the open-ended qualitative interviews in this research deepen the understandings of how effective leaders in cross-cultural environments employ TL and EQ. They also confirm both the overlapping relationship between TL and EQ and the mutually supportive correlation between EQ and CQ.

Most particularly, the findings identify the importance of the three TL components in terms of specific emphasis: idealized influence through role modelling, inspirational motivation through vision and individualized consideration through mentoring. The findings also suggest that both intrapersonal and interpersonal EQ factors – including self-awareness, self-management, empathy and social intelligence – are of vital importance for leadership effectiveness and are associated with TL style.
More specifically, the findings show leading by example to be the primary leadership quality emphasized by both expatriate managers and Chinese followers. On the one hand, leading by example can be interpreted as idealized influence through role modelling; that is, leaders who display self-management can help enhance followers’ trust in and respect for the essence of idealized influence (Barling, Slater & Kelloway 2000). On the other hand, because leading by example can mean creating a sense of credibility, it also reflects leader integrity (Bryman 2004), an important element of the EQ self-management dimension (Goleman, Boyatzis & McKee 2002a, 2002b). Therefore, a trustworthy leader who practices self-management would obviously play an idealized influencing role model that followers would respect and appreciate.

In addition, the respondents referred frequently to various aspects of motivation, a characteristic common to both TL and EQ. One such aspect is inspirational motivation through the leader’s communication or articulation of the company vision. That is, leaders with high levels of EQ motivate their followers by articulating and arousing enthusiasm for a shared (and compelling) vision (Kupers & Weibler 2006) that guides and inspires them. However, leadership involves more than merely vision and strategy, which remain distant from the dynamics of everyday management: it also involves detailed attention to management issues (Steane, Hua & Teo 2003). Therefore, as the findings confirm, individualized consideration, which includes both support and development Yukl (1999), constitutes another important aspect of leadership effectiveness. Whereas development encompasses coaching and mentoring, support includes being friendly, helpful, considerate and appreciative of individual followers.
In China, because the authority of elders is socially ingrained, a leader has broad and unquestioned authority (Littrell 2002). Thus, according to most interviewees, the traditional Chinese organizational leader is both autocratic and paternalistic, and most Chinese staff members hold a reasonable and continuing expectation of looking to their leader for guidance. As a result, expatriate leaders’ efforts as coaches and mentors can effectively develop their Chinese followers’ potential. On the other hand, individualized consideration also emphasizes the leader’s social intelligence and ability to empathize. As many interviewees, particularly the Chinese respondents, stressed, expatriate leaders’ ability to empathize can help them grasp the Chinese followers’ perspectives and interact accordingly, while leaders’ social intelligence can earn followers’ respect and trust so an effective management relationship can be built.

Moreover, as Goleman, Boyatzis and McKee (2002a; 2002b) have claimed, empathy enables a leader to get along well with people of diverse backgrounds or from other cultures. Nevertheless, the appropriate application of empathy requires that the leader have a thorough understanding of the social setting (Hooijberg, Hunt & Dodge 1997), a cultural awareness and behavioural response that is elaborated in the next chapter.

The findings also confirm that interviewees recognize the importance of EQ, which they understand as a summary measurement of common sense and sensitivity focused on handling people and a given situation. Thus, the expatriate leader must really understand how the Chinese staff are thinking and behaving, must care about them individually and must find a way to influence them and communicate with them effectively. Doing so takes time and patience, as well as openness and flexibility.
This focus on the cultural aspects of leadership effectiveness emerged because such a discussion is unavoidable in an Australian-Chinese cross-cultural workplace. Thus, the conversations with most interviewees jumped quickly to the second research question and much interview time was spent discussing cultural issues. Hence, although this chapter has discussed some key TL and EQ components as key factors in leadership effectiveness, in this research, leadership effectiveness is significantly related to cross-cultural adaptation. Therefore, the next chapter moves beyond these limited or unilateral perspectives to discuss expatriate leadership effectiveness in terms of effective cross-cultural adaptation.
4.5 Summary

This chapter has analysed the responses to the first research question on the keys to effective leadership and the importance of EQ in leadership effectiveness. Although the results indicate that both TL and EQ contribute significantly to leadership effectiveness, they also emphasize the particular TL components of idealized influence through role modelling, inspirational motivation through vision and individualized consideration through mentoring, which are associated with the self-awareness, self-management, empathy and social intelligence aspects of EQ. At the same time, the findings also confirm the overlapping relationship between TL and EQ and point to the mutually supportive correlation between EQ and CQ. The next chapter, Chapter 5, provides further discussion of CQ as it relates to the responses to the second research question on Australian expatriate leaders’ cultural adaptation in China.
CHAPTER 5

EFFECTIVE CULTURAL ADAPTATION - CQ

Research question 2: Are there certain skills or key experiences for expatriate managers in regards to cultural adaptation and dealing with cultural differences while working in China?

5.1 Introduction: Effectively Dealing with Cultural Differences through CQ

Interestingly, but not surprisingly, when the interviewees, both expatriate and Chinese, were asked to identify some typical cultural differences between Chinese culture and Australian culture, most were unable to give immediate or direct answers and the answers varied from interviewee to interviewee. Some interviewees did mention ‘face’ or guanxi (relationship), but they rarely specified the significance of these well-known words, which appear throughout the literature on cross-cultural management in China. Instead, rather than identifying the Chinese cultural characteristics and distinguishing Chinese culture from Australian or Western culture, the expatriate respondents tended not to emphasize China as a particular cultural norm. Rather, they expressed the belief that the basic human condition is the same: all people possess the same needs and wants, regardless of their cultural
background. By extension, everyone has the same expectations within the workplace – to be respected and make a significant contribution. Therefore, many more similarities exist between Chinese people and Australian people than differences. The respondents further argued that when people label elements as being Western style or Chinese style, they should be looking at what effective style is because ‘people make differences’:

People have education; people that we have working with us have a similar objective in life, which is to learn, develop and establish a successful career; [therefore, they] are fundamentally the same. People in Australia have that. So that is very, very similar. People want to be paid for what they do. They want to be respected within the workplace. They want to be respected professionally and make contributions [to] how they work together. It is no different. (SH-14-BUD-A)

Many respondents also mentioned that people tend to emphasize the cultural differences as an excuse for cross-cultural management ineffectiveness or when encountering difficulties. Thus, cultural difference may often be blamed when things go wrong, and people may gravitate back into their cultural groups in the face of problems:

To tell the truth, I do not think that there is too much difference when [you] look at [it] on an individual basis. I do not think there is any real difference. But it is definitely the case that in any cross-cultural environment, when there are difficulties or when there are basic issues that need to be dealt with in the office, the first instinct of most people
Additionally, as pointed out by Earley et al. (2006), culture and country are not necessarily identical; rather, many sub-cultures may exist within an overarching culture in one single country. Moreover, even people within the same sub-culture do not necessarily see the world in the same way. Accordingly, those who have been working in different cities in China argued that there are large differences even between different Chinese cities, such as Beijing and Shanghai, or Shanghai and Suzhou (a small nearby city that houses many factories supported by foreign investment).

Therefore, respondents suggested that, in effect, expatriate leaders’ cultural awareness, motivational cultural adaptation and behavioural skills, as well as their effective cross-cultural communication, not only contribute significantly to leadership effectiveness in cross-cultural workplaces but also reveal key facets of CQ. The remainder of this chapter keeps this observation in mind as it presents the findings for the second research question:

Are there certain skills or key experiences for expatriate managers in regards to cultural adaptation and dealing with cultural differences while working in China?

5.2 Cultural Awareness

As previously discussed in the literature review, culturally intelligent expatriate leaders usually have high personal interest in new cultures (Earley & Ang 2003), an understanding of
local followers’ expectations (Thomas & Inkson 2004) and certain reasoning skills that facilitate culturally perspicacious understanding or culturally strategic thinking (Earley, Ang & Tan 2006). Thus, expatriate leaders must face the challenge of integrating themselves within the culture while at the same time understanding the culture’s needs and customs. During the interviews, most Chinese interviewees highlighted the importance of expatriate managers having a ‘willingness’ to appreciate Chinese culture, an open mind to understand, respect and accept the specific cultural habits or backgrounds of the local staff and their ways of doing things:

You (the leader) have to have the willingness to understand the culture here and then create a way to fit in the big picture of the whole organization but also fit in the local people’s customs. (Group 1)

One expatriate explained this need to be open to the ideas and thoughts of those from other cultures in terms of his travels, pointing out that such co-operation can aid in the development of business overseas:

I have travelled a lot throughout the world. If you are open to talking to people and listening to their ideas, then you are going to find that you can do business with them. If you only want to do things your way, then you are never really going to develop your own business. (SH-15-ENG-A)
At the same time, many expatriate managers also emphasized the importance of a deep understanding of Chinese culture and cultural differences. According to the respondents, it is crucial to learn about the main aspects of the culture, particularly why things are done in a certain way. It is also necessary to understand the culture on a personal level because by making an effort with the people themselves, expatriate managers can gain a well-rounded perspective on the environment in which they work. Other non-work aspects of the culture are also significant, including the history and social structure:

At least to understand part of the culture and the reasons why things are done in certain ways is very important. (SH-15-ENG-A)

On a deeper level is understanding where people are coming from, why they do things, why they do not do things… So I have made great efforts to understand [this] (SH-6-MAN-A)

To understand the social knit of the community and the people is very important, and the history, obviously. (BJ-9-CON-A)

When asked how expatriates improve their cultural awareness in practice, one expatriate respondent suggested that a willingness to learn as much as possible about the culture is helpful (SH-5-EDU-A). Another explained that it is not necessary to know everything about the culture, but rather it is useful to have a basic understanding of the culture as a whole and to
acknowledge the differences. Such respect and understanding can help explain why things are done in certain ways:

There is no way you can completely understand it. I think just having some elements of it and being able to understand some of it – you are still daily left thinking, ‘I wonder why that ended up that way?’ At the end of the day, it’s all about respect and understanding that there is a difference. (SH-18-SER-A)

At the same time, it is useful to find a balance between Chinese and Australian standards in order to achieve a result that is considered successful by both cultures:

You need to understand both cultures to a certain extent…understanding the cultural differences and what the other drivers are for that individual or for the culture. In other words,...[taking into account] Chinese culture – what would be considered appropriate, what would be considered good, what would be considered a good result in the Chinese culture – and working towards achieving these Chinese cultural goals but at the same time understanding the Australian side...making sure the Australian side is met as well. (SH-17-FIN-A)

Respondents also kept emphasizing the importance of flexibility and remaining open minded when trying to understand Chinese culture. If expatriate leaders can clear their minds of any pre-conceptions about the culture and how it operates, they can be more flexible in business. It
is therefore helpful to be open minded and respectful of the workers’ backgrounds, customs and actions when working alongside them:

And this is probably...I hope I have done this: cleansing your mind, emptying your mind of all your pre-conceived ideas of how individuals and institutions operate, starting with a completely blank screen and expecting things to operate in this country in totally unexpected ways and then having the flexibility once you start to understand why a thing is working in a way, the flexibility to adapt to the situation. So in other words, from a manager's point of view, you have to be extremely flexible. You cannot really develop a set response to a set situation for a long, long time. We have been here close to 19 years, and we still need to have this total flexibility to situations. (BJ-8-CON-A)

So, be open minded and look for those things and always respect the feelings of your local workers and occasionally try to put yourself in their shoes and that will always make you a better manager. (SH19-Log-AM)

5.3 Motivational Cultural Adaptation

Culturally intelligent leaders identify cultural differences through knowledge and mindfulness and have the ability to act appropriately for situations across cultures (Thomas & Inkson 2004). Indeed, many respondents pointed out that it is necessary to reach a balance between both cultures. In other words, in attempting to understand Chinese values, there is no need to
abandon Australian values and vice versa. At the same time, expatriate leaders must be self-motivated to adapt themselves to their new working environment and undergo their own personal changes in co-operation with the Chinese culture. Several interviewees, not only experienced expatriate managers who have been in China for years but also new arrivals and Chinese managers, stressed this point:

You got to get a balance between Western values and Chinese values. I do not think you should dismiss Chinese values, and I do not think you should throw away your own values either. You have to mix them (SH-6-MAN-A).

What I do not try to do is change people… I am trying to find ways of working that require minimal changes from the people I have to work with… So the person that has to change most is me because I have to find ways that I am comfortable putting up with these frustrations. (BJ-5-TRD-A)

In other words, expatriate leaders’ interest in dealing with new cultures, as well as their perceived capability for doing so, are very important (Earley & Ang 2003). Indeed, several expatriate respondents stated that China is currently a dynamic society in which many things must be learnt. Thus, for an expatriate manager, it is the perfect opportunity to draw from new experiences and bring those experiences to the business:

So you are operating in another culture, and if you are not comfortable in the culture, it is going to affect the way you do business. If you have a passion for the culture, it
makes life a lot easier…[those who are successful are those] that do have a passion for working here, living here, enjoy living in another culture and being a part of what is really a very dynamic society. Dynamic not just in terms of business, but in terms of society; the changes here are just so devastatingly fast. It is an exciting place to live in that regard. (BJ-7-BUD-A)

Most expatriate interviewees also repeated words such as ‘patience’, ‘tolerance’ and ‘persistence’ when talking about cultural adaptation, which they see as a learning process:

I think clearly you have to be tolerant, patient and understand that you cannot be sure of anything. (BJ-10-EDU-A)

You need to be consistent, and I guess consistency is probably one of the biggest things that people need to see. (SH-3-MAN-A)

Also of great importance is the expatriate manager’s interest in China and the self-motivation to work there. That is, expatriate managers must be enthusiastic about working in China so that they can gain more from living there. Conversely, being unwilling to learn new things and try new experiences can negatively affect manager productivity. As one respondent explained, those who like to travel and can adapt to new environments often have an easier time. They are more willing to accept cultural differences and the various challenges that may arise in their work. Therefore, they are more likely to enjoy the experience (SH-5-EDU-A). When
asked about the necessarily and importance of pre-departure cross-cultural training, this respondent also stated that such training is effective to a certain extent, but those who can adapt easily to new cultures would find it easier to come to China and learn for themselves:

I think you would find that if you did that training in Australia before [coming] here, ...you would find two groups of people – those people who can adapt and those who cannot adapt. Those people who can adapt would accept the training and would learn a little bit, but they might as well come here and find out for themselves. (SH-5-EDU-A)

Similarly, another interviewee remarked,

I think it is critical finding people who want to work in China, who are enthusiastic about it. They will learn that as they go along. They will read about China; they will pick up the books. They will read the books with interest. They will visit places in China; they will talk to the people. (SH-20-MIN-E)

5.4 Adaptive Behavioural Skills

Expatriate leaders with high CQ have the capacity both to learn the appropriate cues in the host culture setting and to adapt their behavioural repertoire responses (Earley & Ang 2003). Indeed, many expatriate respondents mentioned that being a leader in China sometimes requires a change in behavioural styles and ways of communication:
I have found that I have had to sort of adapt my styles particularly to build relationships with people in different ways than if it was in Australia. (BJ-5-TRD-A)

Likewise, another expatriate respondent with over ten years working and living in China and fluency in Mandarin, said,

I think as a leader here, first and foremost, you know you have to recognize that there is a different role to play. You have to change your body language, the way you work with people and talk to people. (SH-2-MIN-A)

Moreover, because it takes time to adjust to Chinese culture, expatriate leaders must be patient and willing to learn which behaviours are appropriate or inappropriate. Thus, the above respondent and many other experienced Australian expatriates demonstrated their behavioural cultural intelligence by sharing their experiences dealing with Chinese employees and customers:

It takes several years for foreigners to understand and work with Chinese people and know what is right, what is wrong, what is true, what is not… So listen to the people, be patient, because it takes time for you to understand business and the culture and start to have your own judgment [of] what is right to do, what is not right to do. (SH-6-MAN-A)
You’ve got to know when to be hard and tough and when to be humble and quiet.

The thing is, these things apply in other countries as well. There is just a different application in China. (SH-6-MAN-A)

Essentially, the process of improving expatriate leaders’ CQ involves learning from social experiences; for example, paying attention to and appreciating critical differences in culture and background between self and others and recognizing how culture affects behaviour and the importance of different behaviours (Thomas 2006). Hence, the respondents suggested that before reaching an understanding about the culture as a whole, it is necessary to consider the local employees and who they are as people. Doing so will explain their motivations and behaviours and will lead them to respect their manager. Therefore, managers have a duty, especially as individuals from outside the culture, to make an effort to care about and value their employees as people before seeing their strengths and weaknesses as employees. To achieve this end, one interviewee with seven years working experience in China suggested the following practical cultural adaptation model:

Take the time and listen; if I am puzzled by what someone said or by their particular action, I would always go and discuss [it] with someone else and say, ‘Well, in this particular situation what could be driving that?’ I always try to understand people better, and you do not know the culture, you do not know the language, and you just try to figure out that on your own, so you really need to focus on your education and talk to [Chinese] people [about] your opinions and your values, and ask them questions and try to learn in that way... Ask about their family or this or that; I have got a very good
memory, so that I can remember something about somebody, so they feel the boss really values them and cares about them. (SH-6-MAN-A)

He then added that leaders benefit greatly from listening because they learn as they listen. Thus, listening to employees is a crucial skill for expatriate managers, one through which they can learn about other people and be open to new ideas. In addition, the Chinese staff begins to trust managers who genuinely listen to them and consequently feel more willing to share their thoughts and opinions:

I think you have to listen to your Chinese colleagues. It does not mean they are right; it does not mean you are wrong. But you’ve got to listen because that is how you learn about the culture; that is how you learn about the colleagues; that is how you improve your emotional intelligence. So, listen, take your time… If you are patient and take the time and demonstrate with your continuing actions, Chinese people will learn to trust you and be prepared to share their opinions with you. (SH-6-MAN-A)

Culturally intelligent leaders also demonstrate a sense of humour in dealing with cultural barriers. For example, one ‘brand new’ Australian expatriate manager, who has quite a few years working experience in Asia but only two months in China, shared the following:

I find a knack with that, and it is about being honest and open and using humour a lot in the right place and the right format to break down a lot of barriers. I think humour is
5.5 Effective Communication

5.5.1 Language Competence

Most respondents agreed that effective communication is a fundamental element of effective leadership, most particularly because – since people from different cultures do not share common backgrounds, codes, or conventions – communication in a cross-cultural environment raises many possible barriers to shared understandings (Thomas & Inkson 2004). However, whereas most expatriate interviewees who do not speak Chinese consider language the greatest potential barrier to communication, Chinese-speaking expatriate interviewees and English-speaking Chinese interviewees did not see is as the communicative key. Nevertheless, while some stated that communication is always difficult, many expatriate respondents clearly viewed language as a considerable barrier and Chinese language skills as inexorably important:

One of the main keys is communication. Speaking the language itself and being able to communicate that directly is important, or being able to effectively communicate that to those who will translate for you. (SH-7-LOG-A)

In contrast, others believed that an expatriate does not have to speak Chinese fluently to communicate an important message to the Chinese staff; the language barrier can be overcome by other means of communication:
Language is important, but it is a tool, it is only a tool for communication. I know some people do not speak Chinese at all, but they can communicate, they can get messages across. (SH-4-LAW-A)

Language skills are very important, particularly for what I do, but the ability to communicate and the willingness to communicate are more important. (SH-17-FIN-A)

Above all, culturally intelligent expatriate managers intentionally adapt their own style of language to be in harmony with the vocabulary and style of local non-native English speakers (Thomas & Inkson 2004):

When I give a direction or I ask a question… I will ask the question three different times, and I will ask in three different ways and I will not use the same words. I test the question to make sure the question is understood. (SH-10-TRD-A)

According to Peterson (2004), one way to establish communication is through ‘familiar’ language, making the dictum ‘keep it simple’ (p. 191) the most applicable tip in cross-cultural communication. For instance, one interviewee mentioned never using a double negative or words such as ‘incorrect’ or ‘incomplete’:

So you’ve got to try and balance being more precise in your email with making sure that you are using simple language or not complex thoughts [made up] of complex
Likewise, other interviewees suggested that if expatriate managers choose to conduct business in English, they should use very simple, easily understood language to get the message across without complications:

So what we do here is speak English, but you speak slowly, use simple words and you have to be prepared to explain. (SH-16-FIN-A)

Language is also recognized to be not only an important communication tool between individuals with different cultural backgrounds but also an effective way to understand the culture and the analogical reasoning underlying behaviours. Thus, as some interviewees indicated, language is an excellent tool for learning about Chinese culture. That is, a firm grasp of the language can provide greater insights into the background and history while making it easier to do business:

I spent a couple of years doing business here before I started to speak Chinese. Language accelerates it. I was just starting to learn some, and I was sitting with clients around dinner, and I was able to have a conversation. (BJ-1-CON-A)

If you [partially understand] a language, it [provides] pathways to [understanding] more of the culture. If you understand [from whence] the language actually developed,
you can have more of an insight into...the history of the country. (BJ-6-SER-A)

I think the very base is knowledge of the language; language gives you insights into
culture, business practices, history and most importantly gives you insights [into] how
Chinese think. (SH-11-TRD-A)

At the same time, because an expatriate manager’s attempt to speak Chinese implies
willingness to adapt to the culture, expatriates gain more respect from their Chinese
colleagues if they attempt to learn Chinese. Thus, doing so is not only an effective way of
communicating with clients, it also helps bridge the gap between management and workers.
That is, when people see their manager making an effort to fit into their culture, they are more
accepting and respectful:

I think the staff looks on [expatriate managers] a little better if they try to speak
Chinese. The people will laugh at their attempts, the little mistakes, [but it] is a sign
that [they are] willing to adapt. The key is if they try to speak some local language. It
does help when they see local customers, and it does help when you want to shorten
the distance with Chinese staff. (Group 1)

Why I respect my boss the most is that whenever he gets a chance, he always speaks
Chinese when he is with a Chinese customer; this is good. (RC-1)
Nevertheless, realistically, many expatriate leaders do not speak Chinese or their Chinese language skills are not sufficient for proper communication. As a result, they must be able to communicate effectively with those who translate for them (SH-7-LOG-A). However, whereas translators play an important and useful role, they can at times be biased and translate information from a particular point of view. Therefore, it is necessary to use different translators on different occasions, who will communicate information from various perspectives:

The translator has got to know people well and be quite insightful to be able to translate the context or the meaning… I had various translators. I never used the same one all the time…[because] you only have access to that person’s point of view. If that person’s relationship with a particular person is positive or negative, you only get that point of view. If I found something odd or different, I would have another conversation and use a different translator and approach the topic from a different way to try and get balance. So I would always use several because I think it is risky just to use one.

(SH-6-MAN-A)

5.5.2 Dealing with Head Office

According to many respondents, most expatriate managers invariably face a challenge dealing with head office because it lacks understanding of the situation or context. Thus, the expatriate leader acts as a bridge between the overseas business and the home office, whose expectations are often difficult to fulfil because they cannot see things outside their own cultural context.
Hence, one difficult challenge for the expatriate manager is to report back to head office while at the same time dealing with business in the local environment. This dichotomy can lead to tension between China and home, with both sides having to deal with differences and inconsistencies:

…The second challenge for [the] position that I have is actually managing people back in Australia. So our headquarters are back there, and they have little understanding of how business is done in China. They expect instant results. They expect things to be done in a Western business negotiation style. So I spend as much time managing messaging back to Australia as I do managing doing business in China. (BJ-5-TRD-A)

One of the great troubles I had then was the head office. They thought they knew better. We always had tension between the head office and China. The head office did not understand how and why we were doing things. It was not consistent with their practices. (SH-6-MAN-A)

Obviously, it is important for expatriate leaders to communicate effectively with the head office to seek their understanding and support, so the interviewees suggested some effective communication skills:

Try to send as much information as possible. Try to use open and correct published figures. Tell your company how your competitors are doing, how your clients are doing,
what is the requirement...just try to explain. There is also a big money issue, so of course the head office will be a little bit concerned. That is understandable. (RC-2)

I guess it is a way of how you propose to extract some international experience and apply it here. Because the Chinese are very keen to get the Western experience but apply it with Chinese characteristics. I have a huge amount of experience being that bridge [between] how the headquarters wanted to do it and how it was practical to do it here. It is how you seek to transfer knowledge. (BJ-1-CON-A)

Sometimes I describe my role as the chief translator. The Chinese guys do the business in China, and I manage that, and I translate what we are doing to the head office. Then I translate back to the Chinese side. (SH-6-MAN-A)

5.6 Discussion and Conclusion

The findings presented in this chapter have demonstrated first that CQ is a reality in the lives of the interviewees, and second that expatriate leaders’ CQ plays a significant role in enhancing cross-cultural leadership effectiveness.

Specifically, cultural differences lead to misunderstanding, and misunderstanding leads to conflict, low morale and lack of productivity in the work setting (Levy-Leboyer 2004). Thus, both general multi-cultural awareness and regional- or country-specific awareness are an essential element of a successful expatriate manager’s CQ. However, as Littrell (2002) pointed
Cultural awareness does not, therefore, merely mean some fundamental knowledge about a culture but rather an expatriate leader’s interest in developing and ability to develop an understanding of that specific culture from cultural cues. On the one hand, the expatriate leader’s knowledge and acceptance of cultural differences can be increased with experience, practice and a positive attitude towards day-to-day learning (Brislin, Worthley & Macnab 2006); on the other, although the culture may give clues about the mean position of a sample of people, it indicates little about a specific individual. Therefore, as suggested in the findings presented in this chapter, culturally intelligent expatriate managers do not jump to conclusions from only one or two clues but collect more information before making a judgment. They also pay special attention to the situation and are able to identify the relevant information for making a judgment and integrate it into the situation to make the correct choice (Triandis 2006). Indeed, according to Earley and Peterson (2004), an individual with high CQ must inductively create a proper mapping of the social situation to function effectively. In other words, CQ emphasizes meta-cognition or ‘thinking about thinking’.

The findings also empirically validate the other two critical elements of CQ: the motivation of
expatriate managers to culturally adapt their behavioural skills or actions and their aptitude to determine where new behaviours are needed and how to execute them effectively. Thus, expatriate managers high in motivational CQ have the desire, drive and efficacy to continually translate information into strategies for working, living and interacting in the new cultural environment (Templer et al. 2006) and are able to determine the need for new behaviours and ways of efficient execution (Earley & Peterson 2004). Accordingly, expatriate managers must constantly have a keen interest in observing the situation and adjusting their behaviours and leadership style to enhance their experience in new cultural situations, thereby enabling effective cross-cultural leadership. In particular, a culturally intelligent expatriate manager recognizes his own identities and how they are interrelated but has the flexibility to adjust, re-prioritize and so on as the situation demands (Earley, Ang & Tan 2006). Additionally, as mentioned in the last chapter, the findings presented here underscore the importance of a leader’s patience, openness and flexibility.

Most significant, the findings confirm that effective cross-cultural communication between the expatriate leader and the local followers is an important avenue not only for understanding the host culture but also for adapting to it. Thus, communication is an important measurement of expatriate leaders’ CQ. Nevertheless, communication is broader than mere language: it involves transmitting and understanding ideas. Moreover, cross-cultural communication differs from familiar communication because of the different assumptions made by people from different cultures (Littrell 2002). Thus, there must be a sincere desire to communicate and seek understanding. Indeed, as Javidan and House (2001) pointed out, effective cross-cultural communication involves finding integrated solutions, or at least compromises,
which may sound simple but can actually be fairly complicated in cross-cultural situations. Thus, even though expatriate leaders with high CQ may not speak the local language fluently, their ‘host communication competence’ (p. 297) enables them to behave and interact appropriately in different cultural environments (Earley & Ang 2003). Nevertheless, according to the findings, language competence is essential, not only to assist effective cross-cultural communication but also to improve expatriate leaders’ cultural awareness. Hence, language is an effective tool for improving expatriate leader CQ. Overall, according to Alon and Higgins (2005), language provides the basis for cultural understanding, intercultural communication and possible immersion in a foreign culture. Therefore, language competence needs reinforcement. Nonetheless, realistically, it is crucial for those who do not speak Chinese to be able to communicate effectively with translators.

At the same time, the findings also suggest that expatriate leaders must pay attention not only to effective communication with local followers but also that between the local office and the head office. In fact, the interview responses suggest that the local staff and expatriates of many Australian companies understand the market far better than the people back in the home office. Moreover, the findings indicate that an expatriate leader who has worked at the head office and has a good understanding of the company’s strategy, procedures and corporate culture may communicate with the head office more efficiently.

Finally, the findings suggest that an expatriate manager’s CQ can be increased with experience, practice and a positive attitude towards lifelong learning. For example, during the interviews, the researcher observed that the longer an expatriate manager’s experience working in China,
the higher the CQ. In this regard, the Australian expatriate learning experience in China can be further illuminated by the concept of ‘sensemaking’ (Glanz et al. 2001), a thinking process that uses retrospection to explain the uncertain. In the context of a new culture, especially in circumstances that appear similar to previous experiences or when confronting surprises and unexplainable events, the expatriate leader must try to makes sense of the situation through conscious, rational thinking that opens up new developments (Kohonen 2005).

5.7 Summary

In response to the second research question on expatriate leaders’ cultural adaptation, this chapter has discussed CQ’s significant role in enhancing cross-cultural leadership effectiveness. By integrating the literature reviewed and respondent insights, the chapter has identified cultural awareness, motivational cultural adaptation, adaptive behavioural skills and effective cross-cultural communication (with both local managers and head office) as important abilities for expatriate leaders in dealing with cultural differences. Moreover, based on most respondents’ insights, this chapter, rather than identifying particular cultural differences, has emphasized that people make a difference and has therefore focused on cultural adaptation skills and experiences.

To illustrate this latter, the next chapter, Chapter 6, examines a typical cultural difference agreed on by most respondents and discusses effective ways of dealing with this difference from the perspective of effective management localization. Accordingly, the chapter focuses on the third research question about local management’s contribution to expatriate leadership effectiveness.
CHAPTER 6
EFFECTIVE MANAGEMENT LOCALIZATION

Research question 3: What are the key issues of management localization effectiveness? How can expatriate leaders effectively contribute to management localization?

6.1 Introduction: Achieving Management/Personnel Balance

Effective localization refers to the development of job-related skills within the local population and the delegation of decision-making authority to local employees with the final objective of replacing expatriate managers with local managers (Wong & Law 1999). When asked about the key issues of management localization, the first concern for most expatriate managers was the failure to localize experienced by many companies. Thus, not surprisingly, localization has become a popular topic among expatriate managers working in China:

Basically, what [many companies] have done is they have brought in an expatriate manager, discovered he is too expensive and discovered they could hire 2–3 local Chinese for the same salary. So they basically decided to localize. The result is that the
company did not progress, and two years later they had to bring back another expatriate manager to sort out the mess. Now the way we are doing it is we are bringing in expatriate managers. But we are also training up our people and picking key people...and we are paying them very well. So, with us, at the senior level, there is no difference between the expatriates and the Chinese. (SH-21-CON-E)

After witnessing many failures, the respondents have concluded that cost reductions should not be the reason for localization. Rather, the value of management localization lies in skills and local knowledge. That is, localization should occur because the local Chinese managers know and understand the cultural context better and are able to speak the language, a notion echoed by almost all respondents:

The first key issue is you have to localize on the basis of having the right skills available for the job. If you are localizing for cost, that is the wrong reason to localize for anything. Almost inevitably you will get into trouble. So maximizing our effectiveness, not minimizing our costs: different philosophy. (SH-2-MIN-A)

The cost is DEFINITELY not the issue...The key is to localize for the right reasons, not localize for the wrong reasons. It is not to save you money. You localize because they have what they call ‘local knowledge’ and they speak the language. You are not trying to save money... The mistake they have made is because they are localizing for the wrong reasons, usually to save money. They end up wasting a lot. (SH-21-CON-E)
You cannot do localization just because of the cost. You cannot do that. Maybe you should pay equal salary for a local and an expatriate because you value their quality. (BJ-1-CON-A)

On the other hand, Australian business organizations should expect a time frame in which to progressively achieve effective management localization:

The other issue is it takes time. There are not any short cuts to localizing. You can localize by hiring people in, but technically then they will take time to get to know your organization, so there is a time frame. (SH-2-MIN-A)

You do not try and do it all at once. You try and do it progressively. So I do not think you can rush it. You cannot RUSH it and say, ‘let’s wipe out all the expats and bring in all the Chinese’. (SH-16-FIN-A)

Another interesting, albeit not surprising, fact is that Chinese managers prefer to work for expatriate leaders and are attracted to working for a foreign company in China. Indeed, as explained previously, among the younger generations especially, there is great willingness in China to do things the Western way. As a result, people are more willing to work for foreign companies because they view themselves as part of a wider shift towards Western styles of business and culture. As one expatriate explained it,
At this time in China, people do like to work in foreign companies. Coming to work for an international company is a motivator in itself. There is certainly a similar desire from our staff to work with an international company, as there is with our clients who want to work with an international company. (SH-14-BUD-A)

Many expatriate respondents also reported finding that Chinese are interested in working with westerners because they want to report to a westerner rather than another Chinese so as to become more Western in the way they do business:

The fact of the matter is a lot of Chinese people, right or wrong, would rather work for a foreigner than an overseas Chinese. So that is the reality… I think you need a balance with localization. I think we almost hit the right balance. We are a foreign company with a foreign head office; you do need someone to communicate with the head office. (SH-6-MAN-A)

Sometimes I think [that] by driving localization you actually deprive, take out, some of the features that [make] people want to work for famous foreign firms in China; that is a genuine interest. (SH-9-SER-A)

Many Chinese respondents frankly expressed the same attitude, believing that a foreign boss is more open to their opinions and gives them ownership. That is, a foreign boss provides a platform on which to perform, opportunities to make decisions and a chance to perform well:
All successful models I have seen for Australian, American or British companies is a few top managers will be expatriates but most of the middle, junior staff will be local Chinese. So still keep a cultural connection to the head office, but also very much adapt to the local situation. [Being] an expatriate does not necessarily mean a western face, but that expatriate must really understand the way the company operates. (RC-2)

Therefore, as some respondents summarized, there is a need for a reasonable balance of expatriate and local management. That is, local people need to be involved in the senior management team because they can offer opinions from a perspective that understands the local market. However, expatriate managers are also crucial to the development of a business that also deals with foreign expectations:

There is a balance to be achieved in terms of what you are trying to do and the quality you are trying to achieve. Different markets have different expectations. There is a balance in costs...I think the balance of having a good local team and a good expatriate management, as well as having good senior local people. I am not just saying you are having an expatriate management, but [having] senior local people as well that are working in that management team is what gives you that strength, because you have got that ability [to] draw from overseas and the local abilities. (SH-15-ENG-A)

You do need the local people to deal with them and who understand the market, but...this market is not all localized. Some of the decision makers in some of the [client companies] are expatriates. So sometimes the expatriates are still very important at this
stage. So there should be some balance in the short term and in the long term; whereas
the big companies are all localized, the local management will grow. (Group 1)

Finally, it is worthwhile emphasizing the extreme value for foreign-invested organizations of
expatriate managers who provide an opening into the wider international business network.
Specifically, these managers bring with them the corporate knowledge, connections and
experience that will help their Chinese colleagues break into the international system:

The biggest thing that expatriates can bring is international experience, international
knowledge and access to an international network. (SH-17-FIN-A)

[Expatriates] from Australia [are of] a little bit more value, because they have got the
corporate culture; they understand it, they have got the connections, they understand
the products and the systems and they can actually train their staff. (SH-16-FIN-A)

On the other hand, the local staff is a valuable resource for foreign firms in many aspects. For
example, the local managers’ competencies and their involvement in organizational decision
making are crucial to achieving effective management localization. In general, as one
interviewee put it, ‘It is just the best person for the job given the job characteristics’
(BJ-5-TRD-A). Therefore, the remainder of this chapter focuses on the findings on the third
research question on the key issues of management localization.
What are the key issues of management localization effectiveness? How can expatriate leaders effectively contribute to management localization?

6.2 Essential Qualities of Chinese Managers

When asked what qualities in their Chinese staff they consider valuable or worth prioritizing, several respondents identified ‘willingness to learn’, ‘honesty’ and ‘communication skills’. Not that the Chinese staff are expected to possess every skill upon entering the job; rather, it is more important that they are willing to learn and build on the skills they already have:

I would certainly need to have someone who is willing to learn more than they are able to demonstrate [already having skills] in the marketing fields as such… So it is a case of how adaptable the person is to being able to pick up the [marketing skills] we want them to have. (BJ-6-SER-A)

…ability to learn, ability to communicate. They do not necessarily have to have a strict [job] skill set...that they are meant to be doing, because in most jobs, people go into that job because its a step higher than their last position, so hopefully they would be learning to communicate, learn[ing] to build on the skills they have. (BJ-3-SER-A)

Respondents also emphasized a good work ethic as an important quality for Chinese staff:
Communication. Honesty. Integrity. [They] become a key issue, I think, if you are employing; how trustworthy that person is. Those are probably the key ones I would look at. (BJ-2-CON-A)

Honesty and hard-work and willing to learn. For most Chinese, honesty is sometimes a question mark, but hard-working and wanting to learn is important. (BJ-10-EDU-A)

As with the above, however, the level of Chinese people’s honesty appeared questionable for many expatriate respondents:

Yes, but with respect, I have found some people I do not trust, people who have been dishonest. Now whether they have been more dishonest than in Australia, I do not know, but there is a level of dishonesty or a level of clever deviousness or something. (SH-5-EDU-A)

As many respondents pointed out, it is an unfortunate truth that many Chinese staff members focus primarily on helping themselves rather than benefiting the business. For example, one respondent described how a Chinese manager carried out his own business using the company’s resources.

When I first came to China, I replaced a Shanghainese representative who was corrupt, who was embezzling funds and running his own business from our office. The problem
is, there are too many stories you hear in China about people who are able to do stuff without any consequences. So, because of that, you are always concerned about the level of trust you can place in your colleagues. (SH-7-LOG-A)

In addition, Chinese staff tend to change jobs more often than non-Chinese, and in most cases, they do so for money (a higher salary):

We employed a finance manager. After 10 days, she resigned. We appointed another one, and she stayed one week and resigned, which is kind of interesting. I am not 100% sure of the reason why they both left. Chinese never like to tell you why they do not like the company. They come up with some obscure reason why they want to leave. The first girl said that her mother’s company had run into financial difficulty and because she was an accountant, she had to go home and help her mother sort out the company. We went through a very strict interview process. Our chief executive interviewed them both. We then had them interviewed by our accountancy company here, and after that they both left. Now I asked other colleagues why they left, and they said it was a money issue. But I do not think it was, because we paid them the salary they asked for. So, I do not know why… Well, it is very frustrating because we went through a long interview process. These people were interviewed not just once, and some were interviewed three times. (SH-21-CON-E)

Therefore, trust and honesty are two crucial values of a healthy working environment in China. Everyone must be working on the same team and be aiming for the same
objective, meaning that expatriate managers must be able to leave their Chinese staff in charge without fearing they will deviate from the company’s main objective as a result of their own hidden motivations:

So trust is a very important factor. I mean the trust thing is just so massive for us, because of bad experiences in the past. Trust in terms of if you know they are going to try and achieve the objectives you have asked of them. They are not going to stab you in the back; they are not going to try and embezzle funds; they are not going to try and steal your business. They are not going to try and cheat the system. You feel that when you walk away or leave them in charge of a pile of business, you know they are trying to achieve the company objective rather than their own agenda. (SH-7-LOG-A)

Nevertheless, most interviewees expressed the belief that the company’s people management strategy is crucial to enhancing Chinese staff’s loyalty. As one interviewee pointed out, businesses that are successful operating in China apply western management techniques very well, and in this respect, it makes no difference whether they operate in Australia or in China:

They are thinking outside the box. They are involving their employees in a large way to develop the company and promote the company. They are giving their employees shareholders’ rights, so they are generating loyalty within the company. (SH-15-ENG-A)
Thus, in building the Chinese staff member’s trust, expatriate leaders must ensure that these employees have room to grow within the company. They must make the Chinese staff feel that they are a valuable asset to the company so that the staff, in turn, will contribute to the company’s development:

I just want to settle down with one company that I can grow with. (RC-1)

You need to provide a career path for a Chinese leader/manager. That career path should be realistic from an international perspective. (BJ-1-CON-A)

The other is training: training will be very important. Training is, in some cases and if possible, sending those people back to the head office – I mean middle management – for a period of time. That would help their way of thinking and understanding the company and even build up a network within the company for those people. (RC-2)

Many respondents also recommended that it is worthwhile hiring qualified returnee Chinese with Western education and overseas working experience:

Those people are coming back, and they have some Western culture, maybe not much but some, so they are more easily absorbed into the culture. (BJ-10-EDU-A)

The returnee Chinese have the advantage of knowing how that side works.
6.3 Creating an Open Environment

6.3.1 Expatriate Manager Frustrations

As noted in the last chapter, most respondents tended not to identify cultural differences between Australians and Chinese. Nevertheless, many expatriate respondents identified one typical difference between Chinese and Australians or other Westerners: level of openness in expressing opinions and a corresponding unwillingness to take responsibility for decision making. As regards the former, although willing to question certain decisions among themselves, Chinese people are hesitant to speak their minds and very rarely give their opinions at meetings. As a corollary, Chinese managers tend not to accept responsibility for – and in most cases are not prepared to assess the risk of – a decision. Thus, getting Chinese staff to speak out becomes a major challenge for Australian managers during daily management and sometimes brings frustration:

I think Australians are open, honest and are willing to talk about it. Chinese are closed and do not say anything, never communicate. If you ask people to do things in Australia, they will question you. Here, I could call all the staff together and say, ‘Look, we are going to change the way we are doing this. We are going to do it this way now,’ and run through it in a PowerPoint presentation, explain it all, sit down and say, ‘any questions?’ And they are all...nothing, completely silent. They will all break out of the room, and they will come back to their desks, and they will be coming in one at a time asking questions. Couldn’t you just
ask the questions in there...that way everybody could learn? I do not know what it is...they have this fear of actually speaking up in front of others. (SH-16-FIN-A)

To encourage the staff to take ownership, to take decisions to lead, is very difficult because for the majority of the guys here, you do not stand up and lead too much or [stand] out too much. (SH-16-FIN-A)

Perhaps the reason that Chinese people lack openness and initiative is because, historically, Chinese managers have acted aggressively and not encouraged any type of feedback or challenge. Naturally, this tendency proves to be frustrating for expatriate managers who want their Chinese staff to be more creative and less intimidated by their superiors. That is, managers want their staff to learn and grow by sometimes challenging decisions and offering their own ideas:

I have found a lot of people who have worked previously in organizations are afraid of authority, afraid to use their initiative; they are afraid to express their ideas because...I think they have come from a background where their Chinese managers have been very aggressive towards them and have encouraged them to keep their mouths shut. (SH-7-LOG-A)

I do find that, in general, a lot of Chinese people are afraid to voice their opinion in an open forum. I used to think that was because they were intimidated, [that] they were
afraid I would not understand what they were saying. But I have become more and more convinced that they are afraid to question authority sometimes. (SH-7-LOG-A)

One of the difficulties is getting Chinese staff to tell you what they think. I do not think it is something that is generally encouraged in China. It is a task and control mentality. Drawing people out is difficult because they are inclined not to say things. They tend to be more circumspect about voicing their opinion. (SH-20-MIN-E)

This fear of challenging authority can lead to dishonesty because if a mistake occurs, the person who made it may not be willing to take responsibility. That is, because Chinese culture works within a hierarchy, workers will feel too intimidated to question the way things are done. However, such behaviour negates the traditional Australian work ethic, in which people are encouraged to be open and move forward no matter the consequences:

Australians are always so open and not usually afraid to make a mistake, to go forward in something. When the staff here, for example, makes a mistake, they usually will not tell me. That is my main frustration. Because at the end of the day, someone has to clean it up or repair the damage and so forth… I think too that maybe, generally speaking, there is always the hierarchy here in China, which is culturally different. In Australia, it is more horizontal as opposed to vertical. (BJ-3-SER-A)

Chinese respondents also recognized the same problem:
What I observe is that they prefer to talk amongst themselves. If they are unhappy or frustrated, they [speak] out among themselves and complain and gossip sometimes and then let the thing go. (Group 4)

One interviewee, who was working in the education industry, remarked that being part of such a disciplined society means that Chinese people are often lost without some form of leadership, because people do not commonly question a leader’s authority and/or step out of the role they have been given. Another respondent expressed the belief that this phenomenon is historical: ‘It goes back to history: the guys who spoke out got their heads cut off’ (SH-21-CON-A).

I think it is just inherent in the culture, coming from a big population like this, where survival [involves] so many million people. There is the school system, the family system, the structure, [all demanding] strict discipline,...all following a certain pattern and all second to that pattern. Learning by rote and not freethinking initiative. Initiative is knocked out of people here at a very young age. [As a result,] the guys here who get into a company like this, they do actually look to have some leader; they need to have the headmaster; they need to have that. I try to break [that] down. (SH-5-EDU-A)

Another interviewee who had been working and living in China for over 10 years and was a very successful expatriate leader in his organization explained this cultural difference as follows:
Chinese people are institutionally quite cautious, careful. Because for [hundreds of] years, Chinese culture...has been a risky place, and built into the culture is a high degree of caution, political caution. And it is only the younger generation now that are less cautious and more willing to take risks organizationally. But even then, people are taught not to show a lot of expression, to feel their way into a situation, to be quite cautious, to not volunteer information; they tend to keep information; information is power. (SH-2-MIN-A)

Some Chinese respondents threw further light on this major concern expressed by the expatriates:

When we are educated, we are taught that obedient kids are good kids. You do not need to be proactive, you do not need to share your opinions and you do not need to stand up to confront your superior officers. When we are educated in kindergarten, we are all taught this. Good kids are obedient kids. So, in the bottom of our minds, Chinese staff [are] less active in giving [their] own opinions and confronting our boss. But actually, in the Western culture, this is essential. You have to have your own opinions rather than simply obeying. These types of things cannot be changed in one or two days, but the boss should keep sending this message to the staff to change their activities and behaviours. (Group 1)

Thus, to overcome this cultural difference, it is the expatriate manager’s role to encourage workers to speak their mind, and because this quality is necessary in Western culture, the
Chinese managers must learn to adopt it if they wish to work in an international company.

6.3.2 Creating an Open Environment

According to Hofstede (1980; 2001), China is a high uncertainty-avoidance country. Thus, Chinese people tend to keep but not share information or opinions, particularly to such outsiders as foreign investors and expatriates (Pang, Roberts & Sutton 1998). Therefore, as managers, effective expatriate leaders should strive to create an organizational environment that encourages the sharing of information, opinions and ideas, so that Chinese staff feel comfortable talking about everything, whether difficult or easy, and know they can express an opinion without any fear of punishment or retribution. Indeed, the more involved the Chinese managers, the greater their freedom to make a difference:

You have to create a situation with people not only actively but willingly [and] voluntarily sharing information with their colleagues rather than keeping it as a power… I would push information or even push opinions and create situations [in which] there is no risk in offering opinions. (SH-2-MIN-A)

I am trying to create an office here where people want to come to work on Monday morning, where they will raise problems, where they will make suggestions, where they will take responsibility and where they will understand what a good completed product or job looks like; where they want to learn, and where there is a career structure for them and where people take initiative. (BJ-10-TRD-A)
The other important step is to encourage Chinese managers to take ownership and to empower them to make decisions. It is especially important that people have the right level of accountability:

They have accountability such that they will make mistakes because that is the easiest way to learn. But when they make a mistake, that is not something that is going to be held against them. Sure, if they make the same mistake twice then that is going to be a bit of a problem. But you want people to learn by doing, and you want to create [an] arena where people are comfortable doing that. So you’ve got to give people opportunity. (SH-20-MIN-E)

We move the decision-making responsibilities from my office to their offices. I might guide them, focus them, mentor them, encourage them, but ultimately, they make [the] decisions. (SH-3-MAN-A)

In addition, as one Chinese manager pointed out, the fact that Chinese staff keep quiet does not mean that they do not have opinions or ideas:

Sometimes, when [Chinese staff] are forced to talk, they do have very good opinions and very good insights. We had a test a few months ago. We put the whole China team together, and we were talking about our growing strategy in China. It had to be a staff member rather than the department head [who made] the presentation of the
development strategy for that department. We were requested to make small teams to [come up with] some good ideas for our future growth. In the end, the staff all showed good activity and insight [into] our business. Their ideas were bright ideas and fit in our overall strategy. So I think it is not that they do not have that ability to think or they do not have that quality, but culturally it is simply not brought up to express our opinions. (Group 1)

For Chinese staff to move forward in this sense, they must not be afraid of retribution for making mistakes; that is, they must know that making mistakes is acceptable as long as they learn in the process. Thus, managers must encourage workers to take the initiative rather than promoting an environment of fear and blame that will prevent Chinese employees from making their own decisions and bringing forth new ideas.

The only things I do is create an absolutely ‘no blame’ culture here. I never criticize anyone even if I sometimes think that could have been avoided or I wish you had done it differently. [Telling people that] does not achieve anything...people have to feel like this is a safe environment [in which] to make mistakes and take risks. And that they will be rewarded for saying, ‘I am sorry, I got this wrong but we have learned from it, and this is how we'll do it differently’. (BJ-5-TRD-A)

What we do in our company is we try to let them feel that it is their company as well, and if the company does well, they will do well. We try to ask them as often as possible ‘what they think’ rather than just tell them ‘you do that’. (BJ-2-CON-A)
At the same time, some Chinese managers also stressed the importance of creating an open office environment in which the Chinese staff could participate in the decision-making process and be encouraged to speak their minds:

A lot of Chinese staff, they might have something on their mind, but if you are not creating a kind of openness in the office, they do not mention it or do not tell you anything…and you need to give quick feedback; you have to encourage your people to tell you their real feelings and responses… (RC-2)

The boss listens, most of the time. He does take our opinion with respect. And he always encourages us that if we have any problem to go to his office and that he can help us. So we are very encouraged to communicate with him. (Group 3)

6.4 Discussion and Conclusions

The findings presented in this chapter suggest how effective management localization contributes to Australian expatriate leadership effectiveness in China from three different perspectives: seeking management localization balance, hiring qualified Chinese managers, and creating an open working environment.

First, many respondents had witnessed localization failures, which they described as disasters or catastrophes, further commenting that localization too often occurs for the wrong reasons, primarily costs. In contrast, the actual value of localization lies in the local staff’s local
knowledge and access to the local market. Without such knowledge, it is difficult for foreign firms to penetrate existing personal and business networks in an unfamiliar market (Wong & Law 1999). However, the precondition of management localization is that companies not lose their international connections. Moreover, local hires need time to develop requisite skills, meaning that management localization is a process, and meaningful total localization is so difficult to achieve as to be unrealistic. Therefore, it is more effective to seek a reasonable personnel balance of expatriate and local management based on the company’s needs and people’s skills. It is also necessary to use the same performance standards to evaluate both local and expatriate managers. Hence, performance level and the amount of authority delegated to local managers are important indicators of the success of the localization process (Wong & Law 1999).

Second, all expatriate respondents confirmed the Chinese staff’s invaluable contribution to the effectiveness of their leadership. More particularly, the findings identify such qualities as honesty, communicative skill and willingness to learn as among those characteristics most appreciated in Chinese managers. The commitment of local Chinese managers, especially, is an important indicator of management localization effectiveness. Thus, the responses not only point to reference checking as a useful way to ensure employee integrity but suggest that companies should pay more attention to the strategies of people management and career paths to improve local managers’ loyalty and avoid high turnovers. It is also noteworthy that many Chinese managers have become westernized as a result of being educated in the West and interacting with Western personnel, which raises the question of whether such westernization
influences Chinese managers’ combinative styles (Casimir & Li 2005). If so, qualified Chinese returnees should be favoured during the hiring of local managers.

Third, and most important, as discussed in the literature review, effective followers are willing to take responsibility for and ownership of the organization and its mission. Nevertheless, the research findings suggest that Australian expatriate managers in the Chinese context must recognize that they will be expected to take responsibilities and make decisions, perhaps more than they are used to. Specifically, many Chinese staff expect expatriate managers to act as the universal panacea for all problems – to always take the initiative, make the decisions and take action – so that the managers experience difficulties in delegating responsibility. At the same time, according to most respondents, one major difficulty for managers is to get Chinese staff to express their opinions or insights.

Beamer (1998) also found that problem solving in Chinese culture tends to involve reference to an authority or a precedent – a reflection of the Chinese preference for sharing responsibility for tasks or problems. Indeed, neither the Chinese education system nor traditional Chinese organizations encourage individuals to challenge the authority of teachers or leaders. Therefore, expatriate leaders should strive to create organizational environments that encourage information sharing; to create an open door, ensure that employees have access to them and feel comfortable offering their opinions. More important, the expatriate leaders should also encourage local managers to open the door to their subordinates and create a natural willingness on the part of all Chinese staff to share ideas or opinions with their managers within the organization. Thus, expatriate leaders should create opportunities for
feedback through team meetings, communication sessions at different levels and one-on-one meetings. They should encourage people to offer opinions and engage in discussions or even debates by showing them that they may do so free of risk and/or threat of punishment.

6.5 Summary

This chapter has presented the responses to the third research question on the key issues of management localization and how expatriate leadership effectiveness contributes to localization effectiveness from three perspectives: achieving management localization balance, encouraging Chinese manager’s commitment to the company and creating an open environment. Now that all three research questions have been addressed, the next chapter, Chapter 7, will summarize, categorize and integrate the research findings to develop a holistic pragmatic heuristic model for cross-cultural leadership effectiveness in China. In doing so, it will respond to the overarching research question of what key factors contribute significantly to cross-cultural leadership effectiveness in Australian businesses operating in China.
CHAPTER 7
TOWARDS A HOLISTIC PRAGMATIC HEURISTIC MODEL OF CROSS-CULTURAL LEADERSHIP EFFECTIVENESS IN CHINA

7.1 Introduction

As Yukl (2002) pointed out, leadership research has been characterized by narrowly focused studies with little integration of findings produced by different approaches or perspectives. Therefore, a complete understanding of leadership requires recognition that leadership concepts apply within a particular social context and can vary with place and time (Avery 2004). At the same time, increasing organizational globalization has increased the importance of learning about effective leadership in different cultures (Yukl 2002). Thus, the previous three chapters examined expatriate leadership effectiveness in Australian organizations operating in China by responding to the three research questions. Nevertheless, the findings presented in each chapter focused on one major aspect, meaning that the many overlapping common themes were discussed separately. Yet if organizations are to take advantage of the collective impact of these findings, the outcomes must be applied simultaneously.
As a conceptual framework for this research, a comprehensive theoretical model (see Figure 2.3) was developed in Chapter 2 based on a selective analysis of the literature on leadership effectiveness as it relates to the cross-cultural context. This comprehensive model highlighted TL, EQ and CQ as primary contributors to effective cross-cultural leadership and showed them to be interconnected. The open-ended interview process used in the research then allowed exploration of this initial conceptual framework. While the findings confirmed many assumptions reflected in the theoretical framework, they also revealed additional insights that enabled further development of the model. Consequently, based on the findings discussed in the previous three chapters, this chapter develops a more elaborate theoretical framework, a holistic pragmatic heuristic model of expatriate leadership effectiveness for Australian businesses operating in China. In doing so, the chapter addresses the overarching research question for this research:

What are the key factors that contribute significantly to cross-cultural leadership effectiveness in Australian businesses operating in China?

7.2 Summary of Research Findings

The comprehensive cross-cultural leadership effectiveness model defined in the literature review (Figure 2.3) emphasizes the interaction of the situation, the followers and the leader, and indicates that a combination of TL, EQ and CQ contributes significantly to effective cross-cultural leadership. Whereas the constructs displayed in this initial model are empirically supported by the findings presented in the previous three chapters, the research data also identified some important additional factors. Thus, taking into account both the
literature review and the research findings, Figure 7.1 presents a new framework for expatriate leadership effectiveness based on the tripod structure that is widely recognized as a particularly stable model. As this tripod model shows, expatriate leadership effectiveness relies on the individual effectiveness of three leadership-related factors: effective leadership, effective cultural adaptation and effective management localization. The central proposition of this tripod model is that all three aspects are critical to expatriate leadership effectiveness in the Australian–Chinese cross-cultural context, meaning that cross-cultural leadership effectiveness cannot be properly achieved if any of these contributions are absent. In other words, these three aspects together constitute a set of necessary and sufficient conditions for effective cross-cultural leadership. The major components of these three key aspects are presented in Table 7.1, which is based on the primary themes extrapolated from the research findings and presented in Chapters 4, 5 and 6.
Figure 7.1 Tripod Framework for Expatriate Leadership Effectiveness

Expatriate Leadership Effectiveness

The Leader

Effective Leadership

The Situation

Effective Cultural Adaptation

The Follower

Effective Localization
Table 7.1 Summary of the Key Findings

<table>
<thead>
<tr>
<th>Effective Leadership</th>
<th>Beyond Common Sense – TL &amp;EQ</th>
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<tbody>
<tr>
<td>Transformational leadership (TL)</td>
<td>Idealized influence through role modeling</td>
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<tr>
<td></td>
<td>Inspirational motivation through vision</td>
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<td></td>
<td>Individualized consideration through mentoring and coaching</td>
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<tr>
<td>Emotional intelligence (EQ)</td>
<td>Self-awareness</td>
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<td>Self-management</td>
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<td>Empathy and social intelligence</td>
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<tr>
<th>Effective Cultural Adaptation</th>
<th>Effectively dealing with cultural differences – CQ</th>
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<td>Cultural intelligence (CQ)</td>
<td>Cultural awareness</td>
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<tr>
<td></td>
<td>Motivational cultural adaptation</td>
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<tr>
<td></td>
<td>Adaptive behavioural skills</td>
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<td>Effective cross-cultural communication</td>
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<td></td>
<td>Language competence</td>
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<td>Dealing with the head office</td>
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<th>Effective Management Localization</th>
<th>Achieving localization balance</th>
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<tr>
<td></td>
<td>Seeking qualified local managers</td>
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<td></td>
<td>Creating an open environment</td>
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First, as regards the keys to effective leadership and the importance of EQ in leadership effectiveness (see Chapter 4), the findings indicate that both TL and EQ contribute significantly to leadership effectiveness, but with an emphasis on particular components: *idealized influence through role modelling, inspirational motivation through vision* and *individualized consideration through mentoring* of TL, all associated with *self-awareness, self-management, empathy* and *EQ social intelligence*. Second, regarding the issue of expatriate leaders’ effective cultural adaptation (as concluded in Chapter 5), CQ plays a significant role in enhancing cross-cultural leadership effectiveness. Thus, *cultural awareness, motivational cultural adaptation, adaptive behavioural skills* and *effective cross-cultural communication* (with both local managers and the head office) are important abilities for expatriate leaders dealing with cultural differences. Third, in terms of the key issues of management localization and how expatriate leadership effectiveness contributes to localization effectiveness, as stated in Chapter 6, both the leadership and the organization should make more effort in three major activities: *management localization balance, encouraging Chinese manager’s commitment to the company* and *creating an open environment*.

In combination, Figure 7.1 and Table 7.1 provide an overall understanding of the key factors that contribute to expatriate leadership effectiveness in China. However, because a primary intention of this research is to design a pragmatic framework for practitioners, it is important to explore how practitioners apply the CQ, EQ and TL factors simultaneously to take advantage of their collective effects. It is also vital that practitioners deepen their understanding of these factors through a reflective process, so that they can discover their own
ways of improving cross-cultural leadership effectiveness. To this end, the next section introduces two useful practitioner learning models to assist the development of a holistic pragmatic model of cross-cultural leadership effectiveness based on the research findings.

7.3 Practitioner-developed Theories and the Experiential Learning Cycle

Based on the practitioners’ experiences and viewpoints, together with theoretical interpretation of the findings, the research has achieved its objective of identifying key contributory factors in the expatriate leadership effectiveness of Australian businesses operating in China. However, as already mentioned, the ultimate objective of developing a holistic pragmatic cross-cultural leadership effectiveness model requires discovery of how practitioners deeply understand and flexibly apply these key contributory factors in practice: For example, how do practitioners learn to improve leadership effectiveness by increasing their EQ and CQ? How do practitioners uncover the tacit knowledge of effective cross-cultural leadership derived from their practical experiences? How do practitioners make sense of uncertainty, make the right judgment or select appropriate actions in the context of a new culture? A theoretical summary of research findings is not sufficient to achieve these ends; rather, practitioners must have practical methods for developing effective cross-cultural leadership.

To close the gap between theory and practice, Keedy (2005) argued that the two could be unified around the concept of practitioners' developing and testing their own theories of practice. Much earlier, Argyris and Schon (1974, p. 6) had conceived of such practitioner-developed theories, which they explained as follows: ‘In situation S, if you want to achieve consequence C, under assumptions a₁, a₂…aₖ do action A.’ (see Figure 7.2). In
practice, Keedy (2005) proposed two types of theories: *predictive* and *hypothetical*. In the former, the practitioner has encountered similar situations in the past in which, if certain underlying circumstances and assumptions hold constant, decision X achieved the intended consequence. The practitioner thus becomes automated to the extent of tacitly making that decision without deliberating other possibilities. In contrast, hypothetical theory requires that new theory be built because the practitioner either has never encountered a particular situation or has found that decision X no longer achieves the intended consequence in that situation. Thus, the practitioner studies the essential circumstances and constructs competing hypotheses, each based on assumptions about different actions. If the consequence is unintended or undesirable, the practitioner eliminates the first hypothesis and tries alternatives until the desired consequence is achieved. Through such day-to-day practice and learning, practitioners improve their knowledge and skills.

**Figure 7.2 Practitioner-developed Theories in Practice**

At the same time, Kolb’s (1984) experiential learning model (Figure 7.3) provides a very useful representation of learning from experience, one based on four progressive stages of the
learning process. First, concrete experience is followed by personal reflection on that experience, after which general rules describing the experience may be derived or known theories applied to it (abstract conceptualization). Subsequently, ways of modifying the next occurrence of the experience are constructed (active experimentation) that lead in turn to concrete experience. Depending on the circumstances, this progression may happen in a flash or may be drawn out over days, weeks or even months, in which case a ‘wheels within wheels’ process may occur simultaneously. This four-stage learning cycle allows the practitioner to conceptualize and ultimately extrapolate ideas based on critical reflection on experiences through frequent re-evaluation of the learning. This learning and development process provides practitioners with a well-developed capacity to identify, structure and retrieve the information needed to decide on the most appropriate leadership behaviour in a particular situation. Thus, practitioners may map a clear, highly individualized picture of the context in which they are operating and an understanding of the implications of their actions for influencing followers’ behaviour. Accordingly, practitioners’ broad range of experiences can help them elicit mental images more quickly, while their ability to learn from experience assists them in the transition from less effective to more effective leadership (Stevenson & Warn 2001).
The discussion so far has identified the key contributory factors in cross-cultural leadership effectiveness (Section 7.2) and introduced two practitioner learning models for the development of effective cross-cultural leadership in this section. Therefore, the next section demonstrates a holistic pragmatic heuristic model of cross-cultural leadership effectiveness in China.
7.4 Towards a Holistic Pragmatic Heuristic Model of Cross-cultural Leadership Effectiveness in China

Based on the tripod framework of expatriate leadership effectiveness (see Figure 7.1) together with the comprehensive cross-cultural leadership effectiveness model (Figure 2.3) and informed by the research findings presented in Chapters 4, 5 and 6 (see Table 7.1), practitioner-developed theory (Argyris & Schon 1974; Keedy 2005) (Figure 7.2) and Kolb’s (1984) experiential learning model (Figure 7.3), this section develops a holistic pragmatic heuristic model of cross-cultural leadership effectiveness for Australian businesses operating in China (see Figure 7.4).

As discussed previously, the findings support the proposition derived from the literature review (see Chapter 2) that EQ, TL and CQ all play significant and complementary roles in expatriate leadership effectiveness in cross-cultural workplaces. Therefore, the first value of this holistic model lies in its ability to illuminate the interactive and supportive relationship between EQ, TL and CQ, and to indicate the interrelationship between TL behaviours and EQ competencies in leadership effectiveness. Put simply, expatriate leaders’ EQ competencies significantly enable TL behaviours. Thus, the three behavioural components of TL, confirmed to be significant effective cross-cultural leadership behaviours, reflect the leaders’ behavioural competencies. That is, idealized influence reflects self-management, while individualized

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3 As an adjective, heuristic (from the Greek heuriskein, “to discover”) pertains to the process of gaining knowledge or some desired result by intelligent guesswork rather than by following some pre-established formula. Heuristic thinking can thus be contrasted with algorithmic thinking.

(Source: http://whatis.techtarget.com/definition/0,,sid9_gci212246,00.html)
consideration and inspirational motivation reflect relationship management.

**Figure 7.4 Holistic Pragmatic Heuristic Model of Cross-cultural Leadership**

**Effectiveness in China**

At the same time, the model conceptualizes EQ in terms of a two-dimensional matrix whose central components are awareness and management. Accordingly, high leader EQ positively contributes to high leadership effectiveness in a familiar social situation (i.e. a familiar cultural setting in which the leader is competent). In a cross-cultural workplace, however, expatriate leaders’ social awareness should focus more on the nature of the host culture and the difference between the host culture and their own. Thus, the model outlined in Figure 7.4 adds a third dimension to the EQ dimensions of awareness and management – that of cultural depth. Hence, in a cross-cultural setting, the leader’s relationship management skills must encompass the challenges of cultural adaptation. Specifically, expatriate leaders’

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<th>Cognitive</th>
<th>Attitudinal</th>
<th>Behavioral</th>
<th>Outcomes</th>
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<tbody>
<tr>
<td>Cultural (Intercultural)</td>
<td>Cultural Awareness</td>
<td>CQ</td>
<td>Cultural Adaptation</td>
</tr>
<tr>
<td>Social (Interpersonal)</td>
<td>Self-Awareness</td>
<td>TL</td>
<td>Effective Management</td>
</tr>
<tr>
<td>Personal (Intrapersonal)</td>
<td>Self-Management</td>
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Developing Expatriate Leadership Theories in Practice

Developing Expatriate Leadership Emotional Competencies

Developing Expatriate Leadership Effectiveness
self-awareness in combination with cultural awareness must provide the ability to perceive host culture characteristics and cultural differences, while their self-management and relationship management skills must help them oblige and adapt to the new host cultural setting.

One means of researching leadership development, according to Bueno and Tubbs (2004), is to identify leadership competencies like knowledge, skills, abilities and behaviours because once these competencies are identified, the leadership development process can focus more effectively on improving individual deficiencies. Therefore, the model categorizes knowledge, skills, abilities and behaviours into three sets of leadership competencies: personal (intrapersonal) competencies, social (interpersonal) competencies and cross-cultural competencies. Because each competency makes unique contributions to effectiveness but interacts to some extent with the others, they are both independent and interdependent. Thus, in contrast to the three dimensional competencies distributed vertically across the centre of the model, the horizontal plane emphasises the interrelationship between these competencies on a cognitive–attitudinal–behavioural continuum of expatriate leadership emotional competencies. This continuum provides a foundation for categorizing and appraising the attributes of effective expatriate leadership and highlights the developmental process underlying the emergence of effective expatriate leadership. Thus, leaders’ cognitive characteristics constitute the model’s starting point, while leaders’ attitudinal characteristics serve as mediating factors that produce the behavioural responses through which expatriate leadership effectiveness is achieved.
First, from the perspective of personal competencies, the effective leader begins with self-awareness. For example, as mentioned in Chapter 4, many experienced Australian expatriate respondents pointed to the importance of maintaining their own identities in order to be successful in China. That is, a clear sense of self-identity enables leaders to understand their own strengths, limitations and values and focus on self-learning and improvement. Self-awareness also provides an important foundation for the leadership qualities of both self-management and cultural awareness. In other words, an expatriate leader who presents high self-management can emotionally self-control in uncomfortable situations and tends to lead by example with an honesty and integrity that Chinese followers respect and appreciate. The expatriate leader’s idealized influence through role modeling also makes a basic but important contribution to effective leadership behaviour.

Second, from the perspective of social competencies, effective expatriate leaders articulate and communicate their vision to the local followers in a convincing and inspiring fashion. Most particularly, they treat each follower individually and give them personal attention according to their needs and capabilities. As a result, their efforts to act as mentors and coaches effectively develop their Chinese followers’ potential. Expatriate leaders’ ability to empathize can also help them grasp Chinese followers’ perspectives and interact accordingly, while their social intelligence enables them to gain their followers’ respect and trust to build effective relationship management. Overall, because influence leadership focuses on interactions with people, it requires respect, trust and empathy, including demonstration of sensitivity and understanding, and the ability to listen well. In this way, expatriate leaders show their respect and appreciation of local followers.
Third, from the perspective of cross-cultural competencies, effective expatriate leaders begin with cultural awareness. That is, in a cross-cultural context, expatriate leaders’ self-awareness and self-management reflect their realization of the importance of cultural adaptation. Hence, as discussed in Chapter 5, effective expatriate leaders are enthusiastic about working and living in China, are willing to learn and enjoy the local culture. Above all, they keep their minds open and accept cultural differences, are willing to improve and interested in improving their understanding of local culture and are thus self-motivated to adapt to the culture with patience and flexibility. Consequently, to effectively influence local followers, expatriate leaders must have a good understanding of local culture and see cultural differences as enjoyable challenges rather than as frustrations. For example, an expatriate leader who takes the time to study Chinese history may have more idea of what makes China what it is today, why people behave in a certain way and what type of sociological background people come from. Together with such a deep understanding of the culture, it is crucial that expatriate leaders adjust their behaviours and leadership styles to enhance their experience through cultural adaptation and thus enable effective cross-cultural leadership.

At the same time, part of having cross-cultural communication skills is that expatriate leaders effectively and correctly pass their messages across, not only to local staff but also to the head office. Thus, expatriate leaders’ Chinese language competence is an essential skill because language provides the basis for cultural understanding, intercultural communication and possible immersion in the local culture. It also has the potential to prevent much of the misunderstanding or miscommunication that results from bad translation. Therefore, an expatriate leaders’ attempt to learn and speak Chinese also implies that leader’s willingness to
better understand and adapt to the local culture, which Chinese followers appreciate and respect. Nevertheless, expatriate leaders also need to pay more attention to effectively communicating with the head office and seeking its understanding and support. They must also search out the most practical way to communicate and implement the company’s strategy, procedures and corporate culture in China.

Most particularly, expatriate leaders must create an open organizational environment that encourages Chinese followers to share information and express opinions. That is, expatriate leaders should create an open-door policy that ensures employee access and makes employees comfortable enough to offer their opinions. More important, expatriate leaders should encourage local managers to likewise open the door for their subordinates, thereby creating a natural willingness on the part of all Chinese staff to share ideas or opinions with their managers in the organization. Thus, expatriate leaders should create diverse opportunities for receiving feedback; for example, through different levels of communication sessions, team meetings and one-on-one meetings. Expatriate leaders should also pay more attention to people management and employee career paths so as to increase the local managers’ loyalty and avoid high turnover. At the same time, expatriate leaders’ trust in local Chinese followers advances these employees’ commitment to the organization.

Finally, as Macaleer (2002) pointed out, there is no fixed formula for great leadership; rather, there are many paths to excellence, and superb leaders may possess very different personal styles. Realistically, then, the holistic model illustrated in Figure 7.4 is intended only as a framework, a pragmatic heuristic device that both reminds Australian expatriate leaders of the
key factors that enable effective cross-cultural leadership in China and also helps them develop and improve their effectiveness in the cross-cultural leadership role. Accordingly, as already suggested in the previous section, it is essential that the model identify effective ways for expatriate leaders to deeply understand and flexibly apply these key competencies in their practice. Therefore, the model given in Figure 7.4 extends the cognitive–attitudinal–behavioural expatriate leadership competency development process associated with the EQ, CQ and TL dimensions by adding in a situation–assumption–decisions/actions practitioner theory building process. By applying this practitioner-theory developing process, leaders can, for example, use their EQ to predict behaviours by analysing a current situation based on its essential characteristics compared to similar past situations. When confronted with unfamiliar situations, however, particularly in a cross-cultural context, expatriate leaders can use their CQ to hypothesize which particular action is most likely to achieve the desired outcome based on certain assumptions. If this choice does not work, the leaders may hypothesize differently and closely examine their assumptions by connecting thinking to actions. Consequently, as suggested in Chapter 5, expatriate managers’ CQ can be increased with experience, practice and a positive attitude towards lifelong learning.

At the same time, inspired by Kolb’s (1984) experiential learning cycle, the holistic model shown in Figure 7.4 also represents a cross-cultural leadership learning and development cycle that connects the processes of expatriate leadership competency development and expatriate leadership practitioner theory development. By applying this learning and development cycle, expatriate leaders can continuously identify, evaluate, exercise and reflect on their
cognitive–attitudinal–behavioural EQ, CQ and TL competencies, thereby developing their cross-cultural leadership effectiveness.

Overall, the model for developing expatriate leadership effectiveness in China outlined in this section is holistic, pragmatic and heuristic. It is holistic in that it successfully incorporates both leadership and cross-cultural theories to produce a list of the key contributory factors in effective cross-cultural leadership while also identifying the effective cross-cultural leadership development process that underlies the emergence of these factors. It achieves this latter by integrating into the model the concepts of practitioner theory building and experiential learning. Thus, the model defines sets of cognitive, attitudinal and behavioural characteristics of effective cross-cultural leadership, which are categorized into three sets of cross-cultural leadership competencies: personal (intrapersonal) competencies, social (interpersonal) competencies and cross-cultural competencies. The model is pragmatic and heuristic because, for Western practitioners – and especially Australian expatriate leaders – it conveys an informed understanding of the complexity of cross-cultural leadership issues in China, the importance of having some theoretical knowledge on the topic and the need to be flexible and pragmatic in applying this knowledge in leadership practice. The next section builds on this information by discussing ways in which practitioners can apply the model.

7.3 Practitioner Application of the Model

McCall and Hollenbeck (2002) proposed that if research can identify the most important leadership behaviours, practitioners can perhaps shorten the process of developing the most important competences. Thus, the holistic pragmatic heuristic model (Figure 7.4) developed in
this research identifies such competencies based on both the literature reviewed and the experiences and viewpoints reported by practitioners. Therefore, the model offers Western, particularly Australian, firms currently investing or intending to invest in China a specific strategy to assist expatriate selection and cross-cultural leadership development. Indeed, the competencies presented in the model can be used for expatriate leadership recruitment and to identify training criteria for developing and retaining effective leaders. At the same time, the model provides a comprehensive framework for business consultants or executive coaches working with Western organizations operating in China to develop competent global leaders.

First, from a selection standpoint, selection of personnel destined for international assignments has traditionally incorporated a hard element, such as technical or functional competencies and experience (Selmer 2001; Triandis 2006; Wilson & Dalton 1998). However, expatriate leaders’ soft competencies and the tactical knowledge derived from specific social skills may enhance their opportunities for success in the assignment (Caligiuri 2000). For instance, the findings reported here suggest that an assignee’s EQ may provide an initial indication of leadership potential, while CQ may determine assignment success. Consequently, during expatriate selection, organizations should take both EQ and CQ into account, a consideration facilitated by the leadership attributes and cross-cultural competencies listed in the model.

Second, as most respondents recommended, assignees must be given pre-departure cross-cultural training before their arrival in China, training conducted separately from the actual experience of the host culture reality (Selmer 2002). Traditionally, the most common approach to cross-cultural training has been to teach country-specific knowledge and expose
trainees to different cultural values (see e.g. Hofstede, Hampden-Turner and Tompenaars, as well the most recent GLOBE studies). In general, many cross-cultural training programs emphasize increasing an expatriate manager’s cultural competence in dealing with others from local cultural backgrounds by enhancing their cognitive awareness and knowledge of the new host culture. However, such basic cognitive training neither encompasses the probable complexity and uncertainty faced by the trainee once in the new culture nor provides the trainee with the meta-cognitive skills needed to learn in new situations and cultures (Earley & Peterson 2004). Yet this meta-cognitive ability is fundamental and is one that the organization should seek to develop. Indeed, Tung (1981) suggested that purely informational briefings on the host country are insufficient to increase an individual’s interpersonal and professional effectiveness overseas. Likewise, Brocker (2003) argued that focusing on cultural values presents an overly simplistic basis for understanding behaviour in another culture and/or country.

Therefore, although knowledge-based cultural value training has its value, pre-departure cross-cultural training should pay more attention to the trainee’s emotional adjustment and cultural sensitivity, the behavioural flexibility needed to interact effectively with people from the local cultures and effective leadership styles. For instance, based on this study’s findings, pre-departure training for expatriates should include coaching and mentoring skills and, rather than simply giving the trainee a checklist or some fixed ideas about the host culture and its people, should emphasize the openness, motivation, flexibility and patience needed for cultural awareness and cultural adaptation. That is, it is more important that assignees learn to integrate a wealth of information, look for multiple cues and suspend judgment than that they
memorize a list of fixed behaviours. Likewise, the findings on cross-cultural communication skills indicate that even though some basic language training is essential, assignees with insufficient opportunity to learn Chinese should learn to explain things in three or four different ways or to speak English slowly using simple vocabulary. To facilitate such training, the model provides organizations with a list of competencies on which expatriate pre-departure cross-cultural training should focus.

Third, as Selmer (2002) noted, cross-cultural training should be sequential, beginning with a pre-departure phase and continuing post arrival. Given that learning on the job provides an invaluable opportunity, the model can serve as a reminder for expatriate managers’ leadership development while working in China. Thus, the main attributes illustrated in the model, including TL, EQ and CQ, are viewed not as the product of knowledge-oriented training in a classroom setting but as competencies learned on the job (Earley & Ang 2003; Goleman 1995; Goleman, Boyatzis & McKee 2002b).

Accordingly, expatriate managers should pay increasing attention to improving EQ and CQ in their daily business practices. At the same time, as Sashkin (2006) pointed out, effective TL, unlike older behavioural theories of leadership, does not simply mean doing a lot of each of the four behaviours; rather, one or another may be most needed at a particular time or with regard to particular followers or groups of followers. Therefore, practitioners should pay more attention to adjusting their leadership process according to the TL attributes specified in the model, which are based on both the pragmatic experience of expatriate leaders and the perceptions of Chinese followers.
Finally, as stressed in the last section, the holistic pragmatic heuristic model of cross-cultural leadership effectiveness in China provided here is intended only as a reference or guide. That is, whereas practitioners should view the competencies exemplified in the model as critical issues in effective cross-cultural leadership, they should deepen their understanding of these competencies by developing their own cross-cultural leadership theory in practice.

At the same time, executive coaching, whose primary purpose is to facilitate practitioners’ learning of skills relevant to the cross-cultural leadership role, has become popular in recent years as an effective leadership developmental intervention for business organizations (Yukl 2006). Thus, whereas practitioners can learn and apply the model themselves, it also provides a comprehensive and practical framework for one-on-one executive coaching that may be provided either by a business management consultant or a successful, experienced former practitioner. For example, an executive coach might use the model as a consultative framework within which to assist new international assignees or expatriate managers improve their cross-cultural leadership effectiveness. To do so, the coach might use the model to help new managers understand the EQ, CQ and TL that are key contributory factors to effective cross-cultural leadership, as well as how to apply the cross-cultural leadership competency development process (the cognitive–attitudinal–behavioural continuum) in their day-to-day operations. Once the new manager’s understanding of the key factors has been strengthened by a certain period of practice (i.e. two months or six months, depending on the executive coaching schedule), the coach might assist managers to reflect on what they have learned or experienced when applying the model and provide objective feedback and suggestions to help them further build their own leadership theories in practice. Through such continuous practice
of and reflection on leadership learning and the developmental process outlined by the model, new managers can learn how to use the model as a heuristic for developing their leadership effectiveness.

7.5 Conclusion

According to Bryman (2004, p. 761), ‘leaders do matter and they do make a difference’. Most particularly, as Macaleer and Shannon (2002) pointed out, identifying and measuring human personalities and traits and the ways that they impact business is somewhat complex but can and should be done. Nevertheless, it is difficult to formulate rules or processes for leadership effectiveness that suit everyone in every set of circumstances. Instead, the qualitative methodology adopted in this research enables exploration of many individual-level factors about which people are most concerned. Specifically, the rich description of the findings provides vivid examples of each model component in the form of successful experiences from which practitioners may benefit. Thus, the knowledge gained from this research may increase understanding of effective leadership and help produce powerful tools for the selection, training and development of leaders. By doing so, the research findings could potentially enhance leadership and organizational effectiveness for international firms operating in China.

7.6 Summary

This chapter, which constitutes the concluding section of Part Two of this thesis, began with a summary of the findings from the tripod model, which emphasizes the equal importance of the three contributions to leadership discussed in the literature review – the leader, the follower and the situation. In response to the overarching research question of which primary factors
contribute to the expatriate leadership effectiveness of Australian leaders working in China, this chapter has integrated the findings presented in the previous three chapters to produce a theoretical framework, a holistic pragmatic heuristic model of expatriate leadership effectiveness in China, and provide suggestions about its application for practitioners. The next part of the thesis, the concluding chapter, summarizes the entire research study and further discusses the implications of the findings for practitioners and future research.
PART THREE

RESEARCH SUMMARY AND CONCLUSIONS
CHAPTER 8
CONCLUSION

8.1 Introduction

Despite continual global changes, the issues that are important to business survival and business success remain fundamentally the same (Malo 2004). Because leadership especially has been a core organizational issue for decades (Macaleer & Shannon 2002), the topic of leadership effectiveness is of special interest to a variety of researchers, who return repeatedly to the question of what makes a person an effective leader (Yukl 2002). As a result, leadership research has adopted widely diverse approaches to analysing ‘what leaders are like, what they do, how they motivate their followers, how their styles interact with situational conditions’ (George 2000, p. 1028). To address these issues, this current study seeks to explore what capacities an effective expatriate leader working in China should possess and how those capacities can be improved.

Part One of the thesis, which provided the research foundation, comprised three chapters: an introduction, a literature review and an outline of the research methodology. Specifically,
Chapter 1 addressed the three primary research questions, Chapter 2 reviewed selective literature on TL, EQ and CQ to provide a conceptual framework of cross-cultural leadership effectiveness, and Chapter 3 explained the qualitative methodology selected. Part Two, which interpreted and discussed the findings extrapolated from the participant responses to interview questions, comprised four chapters. The first three (Chapters 4, 5, 6) discussed the research findings within the framework of the three research questions, while the fourth (Chapter 7) integrated and interpreted the findings to produce a holistic pragmatic heuristic model of cross-cultural leadership effectiveness in China and discuss its application by practitioners.

This current part, Part Three, includes one conclusion chapter, Chapter 8, which summarizes the entire research project, indicates its key contributions and limitations and concludes with a discussion of its implications for practice and future research.

**8.2 Summary of the Research**

The purpose of this research was to explore and identify key factors that contribute to the cross-cultural leadership effectiveness of Australian expatriate business managers working in China. It did so using a series of qualitative interviews with experienced current practitioners within the context of Australian-Chinese cultural differences. Even though the basic conceptual framework for the research was derived from a critical analysis of contemporary literature on leadership and cross-cultural issues (Figure 2.3), given the study’s inductive qualitative nature, the information and insights gathered from the interviews provided the main components of the holistic pragmatic heuristic model presented in Chapter 7 (Figure 7.4).
In response to the first research question on the keys to expatriate leadership effectiveness, and in particular the importance of EQ as discussed in Chapter 3, the findings indicate that in a cross-cultural environment, both TL and EQ contribute to effective leadership, although certain specific components emerge as dominant. The findings also confirm an overlapping relationship between TL and EQ and show that EQ ability contributes to transformational leader behaviour and subsequent performance. Most particularly, the results point to the importance of the three specific TL components, idealized influence through role modelling – the leader acts with honesty and integrity and leads by example; inspirational motivation through vision – the leader guides, motivates and inspires the followers with a compelling vision; and individualized consideration through mentoring – the leader is considerate and appreciative of individual followers and develops them through coaching and mentoring. Likewise, the findings suggest the vital importance to leadership effectiveness of the primary EQ factors, including self-awareness – the leader has a clear sense of self-identity, his/her own strengths, limitations and values, and focuses on self-learning and improvement; self-management – the leader can emotionally self-control and intends to lead by example with honesty and integrity; and empathy and social intelligence – the leader can grasp followers’ perspectives and interact accordingly, thereby gaining the followers’ respect and trust. At the same time, the findings emphasize that, because effective leadership is an influence process focused on interactions between people, it requires respect and trust, as well as patience, openness and flexibility.

In response to the second research question of whether certain skills or good experiences assist expatriate managers adapt culturally and deal with cultural differences while working in
China, as discussed in Chapter 5, the findings indicate that an expatriate leader’s CQ plays a significant role in enhancing cross-cultural leadership effectiveness. Specifically, the data analysis identified four key CQ abilities that help expatriate leaders deal with cultural differences: cultural awareness – the expatriate leader’s knowledge and acceptance of cultural differences, and interest in developing and ability to develop an understanding of that specific culture from cultural cues; motivational cultural adaptation – the expatriate leader’s desire, drive and commitment to adapt and adjust to the local cultural environment; adaptive behavioural skills – expatriate leaders’ ability to generate and adjust their behaviours and leadership styles to enhance their experiences in the local cultural situation; and effective cross-cultural communication – the expatriate leader’s communication skills, including language competence with both local followers and the head office. At the same time, the findings also underscore the importance of the expatriate leader’s patience, openness and flexibility in cultural adaptation.

In response to the third research question on the key issues of management localization effectiveness and how expatriate leaders can effectively contribute to management localization, as discussed in Chapter 6, the responses address these issues from three perspectives. Specifically, effective management localization contributes to Australian expatriate leadership effectiveness in China by seeking localization balance, a reasonable personnel balance of expatriate and local management based on organizational needs and personnel skills (rather than cost) and application of the same performance evaluation criteria for both local and expatriate managers; encouraging local managers’ commitment to the company by hiring qualified Chinese managers who bring honesty, willingness to learn and communication skills,
thereby improving local managers’ loyalty, and by paying more attention to the strategies of people management and career paths to avoid high turnovers; and *creating an open working environment* by instigating an open door policy that ensures employees access and makes them feel comfortable enough to offer their opinions.

Finally, in response to the overarching research question of which key factors contribute significantly to cross-cultural leadership effectiveness in Australian businesses operating in China, as discussed in Chapter 7, integration of the three categories of findings culminates in a tripod framework (Figure 7.1) that illustrates their equal importance to cross-cultural leadership effectiveness. Based on this framework, a holistic pragmatic heuristic model of cross-cultural leadership effectiveness is proposed (Figure 7.4) that practitioners can apply in their practice.

Overall, this research makes valuable contributions to the field, and its results have important implications for both future research and practice. Therefore, the remaining sections address such contributions (as well as the research limitations) and then make suggestions for pragmatic application of the findings and new avenues of investigation.

### 8.3 Key Contributions and Limitations

#### 8.3.1 Key Contributions

This study, which aimed primarily to provide both much needed insights into leadership effectiveness and pragmatic suggestions for practitioners, contributes to cross-cultural leadership research in two major ways. First, it provides empirical data that increase practical
and theoretical understanding of cross-cultural leadership effectiveness in China. That is, whereas most cross-cultural leadership studies to date have focused on examining and explaining cultural differences and their influence on leadership effectiveness, this research has focused on individual capacities. In so doing, it has provided a different perspective on cross-cultural leadership and opened up new and important avenues for research in the cross-cultural leadership domain.

Specifically, the data from the qualitative interviews with practitioners identified a core series of cross-cultural leadership competencies that can be integrated into, but also modify, TL, EQ and CQ theories. In the context of increasing globalization of business, these findings may improve understanding of the importance of expatriate leaders’ EQ and CQ, as well as their specific TL style. The holistic model developed from the findings (Figure 7.4) also illuminates a practical cross-cultural leadership effectiveness development process that underlies the emergence of the cross-cultural leadership competency sets. Thus, the perspectives presented here not only enable new conceptualizations of cross-cultural leadership issues but can pragmatically assist practitioners in their selection of expatriate leaders and development of international leaders.

A second important contribution of this research is its use of an inductive qualitative methodology that yields a broader, deeper understanding of cross-cultural leadership effectiveness in contemporary China than would be produced by traditional survey methods. In addition, as stated in Chapter 3, participant selection took into account many elements including different management levels, different industries, different organizational sizes and
diverse individual working experiences. As one interviewee pointed out, ‘leadership is a lot about learning by doing’ (SH-20-MIN-E), therefore, the participant viewpoints and perspectives derived from daily practice are ‘unique, valuable, and hard to learn in other ways’ (Wilson & Dalton 1998, p. 3). In addition, as Alvesson (1996) argued, practitioners tend to view the abstractions of quantified material and statistical correlations as remote from every day practice and therefore of little use. In contrast, the multiple participant perspectives collected in this current study paint a rich, thorough and diverse picture, because qualitative research enables broader, richer descriptions, is sensitive to the ideas and meanings of the individual and increases the likelihood of developing empirically supported new ideas and theories that hold particular relevance and interest for practitioners. Hence, this qualitative analysis offers a lively portrayal of how the elements of cross-cultural leadership defined in the theoretical framework are enacted in real life.

8.3.2 Limitations

Admittedly, being a qualitative inquiry, this study is inherently subject to a variety of limitations that can affect the interpretation and generalization of the findings. The primary limitation is its single data collection method that derives data only from participant responses. There is a danger, therefore, that the viewpoints or perceptions expressed may be subjective and sometimes associated more with participant assumptions than real experiences. Nevertheless, as noted in Chapter 3, the one-on-one interviews and focus groups surveyed 51 individuals that represented several different levels of organizational management from 30 Australian organizations – ranging from listed companies to SMEs – and covering all the industries in which Australian business invests in China. Because the participants’ input was
based on extensive experience and observation, the information collected from this group is rich, thorough and diverse.

Another potential source of bias is that interview-based description of the leadership process may be skewed by selective memory for behaviour consistent with the respondent’s stereotypes and implicit theories about effective leadership (Yukl 2002). Conversely, in qualitative research, the researcher’s interpretation of the data can sometimes be subjective. For example, a researcher might selectively concentrate on the transcripts of most interest based on tacit knowledge or experiences. Nevertheless, as acknowledged in Chapter 3, the researcher’s contribution to the research setting can also be valuable and positive rather than detrimental (Locke, Spirduso & Silverman 2000). For this research, location of the most resourceful channel for participant recruitment resulted in invitations to participate reaching over 90% of organizations meeting the research criteria. In addition, the researcher’s bi-cultural background and bi-lingual ability increased the efficiency of the interviews with both the expatriate and Chinese local managers.

Overall, in spite of these limitations, the rich, informative findings from this research have added to the understanding of expatriate leadership issues in China and seemingly extend contemporary cross-cultural leadership theory. Nevertheless, as discussed below, further studies are definitely warranted to validate these findings.

8.4 Implications and Recommendations

The findings of this research are of considerable pragmatic importance for cross-cultural
leadership and may make valuable contributions to practice. Most especially, an increased understanding of the specific factors that contribute to effective cross-cultural leadership may have several implications for both practitioners and international firms, particularly in the areas of expatriate selection, training and cross-cultural leadership development. Specifically, the underlying attributes identified by the research may provide additional criteria for selecting effective international leaders, who might in turn benefit from re-consideration of current selection and training processes. To this end, the holistic pragmatic heuristic model of cross-cultural leadership effectiveness (Figure 7.4), whose application is detailed in Chapter 7, should prove a particularly useful tool for expatriate managers, international organizations and cross-cultural management consultants. Thus, developing and validating the holistic pragmatic heuristic model of cross-cultural leadership effectiveness from different perspectives offers an important avenue of inquiry for future research.

Perhaps the best means of testing the model would be through qualitative inquiry such as action research, particularly as management, an applied science, must be connected to real-world data: ‘Theories concerned with processes in organizations must be generated primarily on the basis of this real data (inductive method) and be assisted by logical deductions from established theory’ (Gummesson 2000, p. 209). In action research, the investigator, as active consultant or executive coach, brings about an improvement in practice or proposes new solutions to practical problems while simultaneously creating knowledge (Gummesson 2000; Williamson 2002). Thus, an action research strategy would be a particularly exciting method for determining and improving the viability of the model through ongoing evaluation or monitoring with continuous feedback.
It would be also worthwhile to address the same research questions using a triangulation data collection methodology based on a philosophy of realism that could reinforce the validity of the findings presented here. According to Ritchie and Lewis (2003), realists propose an external reality that exists independently of people’s beliefs or understanding, meaning that a distinction exists between how the world is and how individuals give it meaning and interpret it. Thus, as Kupers and Weibler (2006) recommended, the empirical use of several combined and complementary methods employing triangulation and comparison might yield less limited perspectives and a more extensive and inclusive picture of the leadership issues being investigated. Therefore, rather than the single data collection method adopted in this study, future investigation might employ a more complicated mixed method that provides more objective information for evaluating and extending the current findings.

In addition, future research could use the study results to develop more complex and precise measures of cross-cultural leadership effectiveness that would allow broader empirical study, particularly given that researchers have already developed many valuable tools to measure individual TL, EQ and CQ. These latter include the MLQ (Multifactor Leadership Questionnaire) (Bass 1985), MSCEIT (Mayer, Salovey, and Caruso Emotional Intelligence Test) (Mayer, Savlovey & Caruso 2002), EQ–I (Bar-On 1997), and the CQ assessment (Ang et al. 2004; Earley, Ang & Tan 2006) to name a few. Based on the current findings, as well as previous studies in the field, a combined and modified questionnaire design might better answer questions such as which dimensions of the model are most important and how they work together.
Finally, a similar research design might be applied to other non-Australian international organizations operating in China. A more diverse sample would increase the validity of the cross-cultural leadership effectiveness model and improve its potential for practical application in a wider field.

8.5 Conclusion

Over the years, there have been lots of people doing surveys, and I find what happens is the good layer and the bad layer gets lumped together, and you end up with an average as opposed to actually a distillation which says this is good and knowledgeable and this is not very good. Now everyone's opinion has some validity. (SH-2-MIN-A)

The above comment from a participant with years of successful experience working in China reflects the researcher’s own observations and her motivation to make profound sense of successful expatriate leadership in China by exploring the participants’ diverse experiences and perceptions. These experiences, transcribed in the expatriate leaders’ and Chinese followers own words, have been thoroughly reviewed, analysed and interpreted to identify every aspect of the issues raised rather than to simply quantify the viewpoints. Therefore, the findings presented here provide the practitioner with rich information on expatriate leadership issues in today’s China. Moreover, even though the scope of this research was limited to Australian organizations, the issues raised are common to any international, and especially Western, organization operating in China. Most especially, because the results emphasize individual competencies, the research findings should prove useful for most Western expatriate leaders working in China.
Besides its pragmatic approach, this research has significant academic implications for the area of cross-cultural leadership effectiveness and is, to the researcher’s knowledge, the first attempt to combine TL, EQ and CQ into a comprehensive holistic model for cross-cultural leadership effectiveness. In addition, as pointed out by Bryman (2004), the inductive, open-ended character of the qualitative research, although it may result in a lack of cumulativeness, does avoid prior theorizing. Thus, because of its inductive nature, this qualitative investigation introduces several specific perspectives and fresh insights, which are then combined into the holistic model. Consequently, the research opens myriad opportunities for future studies using different emphases.
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APPENDICES

Appendix A  Interview Guides

a) Interview Guide for Expatriate Managers

1) General information about the organization and the interviewee:
   a) Would you please give a brief introduction of your education / professional background and your current job description?

2) Leadership Effectiveness:
   a) How would you define effective leadership?
   b) What is your greatest challenge in your management role? How do you handle the situation? What did you learn from the experiences?
   c) Are there any specific leadership attributes/qualities effective in your organization? Would you give me an example?

3) Emotional Intelligence in Leadership:
   a) How would you describe your personality or character?
   b) Do you think that your character or personality would have influenced your leadership effectiveness? If yes, would you give me an example?
   c) It is generally argued that EQ / emotional intelligence (i.e. self awareness, self management, social awareness, and relationship management) has an influence on leadership effectiveness. What is your comment on this statement?
4) Cultural adjustment:
   a) Would you identify a few typical cultural differences between Australian and Chinese? How do you deal with these differences? (i.e., guanxi, face, and trust etc…)
   b) Do you agree that understanding Chinese culture would be very important for your leadership effectiveness or organizational effectiveness? What do you think is the most important skill to communicate with your Chinese managers?
   c) Are there certain skills or any good experience you would like to share in regards to cultural adaptation while working in China?
   d) Do you recall any misunderstandings or frustrations that you experienced while working with Chinese employees? How were you able to deal with those situations?

5) Management localization effectiveness:
   a) How do you think about management localization? Would you identify some key issues to the management localization effectiveness?
   b) Would you prioritize some important qualities when hiring Chinese employees?
   c) In what way the Chinese local managers contribute to expatriate leadership effectiveness?

6) End questions:
   a) Is there anything that I haven’t asked that you had hoped I would ask?
   b) Are there any questions that you would like to return to?
b) Focus Group Interview Guide for Chinese Local Managers

1) Would you please give a brief introduction of your education / professional background and your current job description?

2) Would you describe an expatriate leader / manager who you would like to work for/with? Would you agree that the manager’s personality/emotion would influence his leadership effectiveness? If yes, how?

3) Would you point out the most impressive management skills/ style (you respect most) of your boss?

4) How would you describe the relationship between you and your Australian boss?

5) Would you identify a few typical cultural differences between Australian and Chinese? Do these differences lead to conflicts or misunderstanding sometimes? How do you deal with these situations then?

6) In what ways are you involved in decision-making process in your company and how effective is that process?

7) When you consider a job offer, what factors are important and necessary for you? How do you prioritize? (i.e. job tile/responsibility, salary/rewards, corporate culture, boss, training/ promotion opportunity and etc.)

8) Are there any certain skills you would like to share with an Australian expatriate manager in regards to the cultural adaptation while working in China?

9) Any more comments?
Appendix B  Demographic Information Sheets

a) Demographic Information Sheets for Expatriate Managers

Company Name: ____________________________

Number of Employees: ___  Number of expatriate employees: _____

How many years the company operating in China: ___

Gender: Male ______  Female ______  Chinese: Excellent  Good  Fair  Poor  _____

Age range: 20-30____ 31-40____  41-50____  51-60____

How many years have you been working and living in China? ______

Job title: ________________

How many years have you been employed in this company? _________

How long have you been in your present position in this company? _________

How long is your assignment supposed to be? _________

Number of direct reports (staff directly reporting to you) in company: ______

Number of Chinese direct reports: _____

Please provide your company’s organization structure chart / Company brochure or information (if applicable).
b) Demographic Information Sheets for Chinese Managers

Company Name: ____________________________

Interviewee name: ____________________________

Gender: Male______  Female_____  Age: _______

Education degree:  Bachelor______  Master____

Overseas experience:  Yes____  No____  If yes:  Education ____  Working ____  in ________ (country)

Job title: ________________

Length of your service in this company: _______  Direct report to: ___
Dear Mr. / Ms. XXX,

My name is Irene Deng, and I am currently a PhD research student in the School of management at RMIT University in Australia. My research topic is *Leadership and Organizational Effectiveness in Australian Investment Businesses in China: a Cross-Cultural Perspective*.

The objective of this research project is to conceptualize a heuristic framework of leadership effectiveness and organizational effectiveness for Australian business leaders /managers operating in China. This framework will be promoted as an effective application tool for both pre-arrival and post-arrival training to facilitate cross-cultural adjustment of Australian expatriate managers in China.

The research plan involves interviewing Australian expatriate managers working in Australian investment businesses in mainland China. The interviews will focus on their successful experience and their difficulties in the cross-cultural working environment.

I am writing to invite you to take part in this research. I hope you find it an interesting research project and look forward to listening to experiences from your practice in China. I will be in Shanghai in November. May I take you some time during my staying for an interview? Your participation and support will be very helpful for the success of this research.

I look forward to hearing from you soon!

Sincerely,

Ling (Irene) Deng
Appendix D  Plain Language Statement for Participants

Dear prospective participant:

I am currently a PhD research student in the School of management at RMIT Business. My research topic is *Leadership and Organizational Effectiveness in Australian Investment Businesses in China: a Cross-Cultural Perspective.*

I am writing to invite you to take part in this research.

The purpose of this research project is to design a consulting model of leadership effectiveness and organizational effectiveness for Australian business leaders /managers operating in China.

The research plan involves interviewing Australian expatriate managers and Chinese local managers working in Australian investment businesses in Mainland China. The interviews will focus on their successful experience and their problems. The interview will last approximately one hour or so and will be digitally recorded subject to your consent, to ensure the accuracy of the transcription of interview conversation.

The data collected will be analyzed for my thesis and the results may appear in publications. The results will be reported in a manner that does not enable you to be identified. Thus the reporting will protect your anonymity.

Your anonymity and confidentiality will be strictly maintained to avoid attributing any particular point of view or comments to a single individual in our research report. Participation of this research is voluntary and you may withdraw at any time.

I wish to advise that a research report on a summary of the findings of the research will be published. I will be delighted to provide you with a copy of the research report upon request as soon as it is published.

If you have any queries regarding this project please contact myself or my supervisor Dr. Paul Gibson, phone (61-3) 9925 5945, email paul.gibson@rmit.edu.au. If you have any ethical
concerns please contact the Chair of the Business Portfolio Human Research Ethics Sub-committee, phone (61-3) 9925 5594, fax (61-3) 9925 5595, email: rdu@rmit.edu.au.

Thank you very much for your consideration!

Yours Sincerely,

Ling (Irene) Deng
Appendix E  Informed Consent Forms for Participants

a) Consent Form for Individual Interviewees

RMIT FACULTY HUMAN RESEARCH ETHICS COMMITTEE
Prescribed Consent Form For Persons Participating In Research Projects Involving Interviews, Questionnaires or Disclosure of Personal Information

FACULTY OF  Business
DEPARTMENT OF  Management

Name of participant:

Project Title: Leadership and Organizational Effectiveness in Australian Investment Businesses in China: A Cross-Cultural Perspective

Name(s) of investigators: Ling (Irene) Deng  Phone: (61-3) 9925-1697

1. I have received a statement explaining the interview involved in this project.

2. I consent to participate in the above project, the particulars of which - including details of the interviews or questionnaires - have been explained to me.

3. I authorize the investigator or his or her assistant to interview me or administer a questionnaire.

4. I acknowledge that:
   (a) Having read Plain Language Statement, I agree to the general purpose, methods and demands of the study.
   (b) I have been informed that I am free to withdraw from the project at any time and to withdraw any unprocessed data previously supplied.
   (c) The project is for the purpose of research and/or teaching. It may not be of direct benefit to me.
   (d) The confidentiality of the information I provide will be safeguarded. However should information of a confidential nature need to be disclosed for moral, clinical or legal reasons, I will be given an opportunity to negotiate the terms of this disclosure.
   (e) The security of the research data is assured during and after completion of the study. The data collected during the study may be published. Any information which will identify me will not be used.

Participant’s Consent

Name: _____________________________  Date: ________________  (Participant)

Name: _____________________________  Date: ________________  (Witness to signature)

Any complaints about your participation in this project may be directed to the Chair, RMIT Business Human Research Ethics Committee, RMIT Business, GPO Box 2476V, Melbourne, 3001. The telephone number is (03) 9925 5594, the fax number is (03) 9925 5595 or email address is rdu@bf.rmit.edu.au
b) Consent Form for Focus Group Interviewees

RMIT FACULTY HUMAN RESEARCH ETHICS COMMITTEE
Prescribed Consent Form For Persons Participating In Research Projects Involving Interviews, Questionnaires or Disclosure of Personal Information

FACULTY OF
Business
DEPARTMENT OF
Management
Name of participant:
Project Title:

Leadership and Organizational Effectiveness in Australian Investment Businesses in China: A Cross-Cultural Perspective

Name(s) of investigators: (1)
(2)

[Signature]

Phone: (61-3) 9925-1697

1. I have received a statement explaining the focus group interview involved in this project.

2. I consent to participate in the above project, the particulars of which - including details of the interviews or questionnaires - have been explained to me.

3. I authorize the investigator or his or her assistant to interview me or administer a questionnaire.

4. I acknowledge that:
   (a) Having read Plain Language Statement, I agree to the general purpose, methods and demands of the study.
   (b) I have been informed that I am free to withdraw from the project at any time and to withdraw any unprocessed data previously supplied.
   (c) The project is for the purpose of research and/or teaching. It may not be of direct benefit to me.
   (d) Whilst the researcher will ask all the focus group participants to keep the details of their conversation confidential it cannot be guaranteed that this will occur. The researcher herself will not disclose what is discussed.
   (e) The security of the research data is assured during and after completion of the study. The data collected during the study may be published. Any information which will identify me will not be used.

Participant’s Consent

Name: ____________________________ Date: ____________________________

(Witness to signature)

Any complaints about your participation in this project may be directed to the Chair, RMIT Business Human Research Ethics Committee, RMIT Business, GPO Box 2476V, Melbourne, 3001. The telephone number is (03) 9925 5594, the fax number is (03) 9925 5595 or email address is rdu@bf.rmit.edu.au