

The Power of Ancient Chinese Leadership Ideology in Modern Chinese Companies

Ken Wong, *The Hong Kong Polytechnic University*

Abstract

As the importance of Chinese firms grows, increasing attention has been paid to study the leadership ideology of Chinese companies. Taoism, one of the three traditional Chinese philosophies, was found to be one of the core cultural forces that shapes the contemporary leadership of Chinese leaders (Pan et al., 2012; Kohonen, 2005; Jacob, 2005; Ma and Tsui, 2015; Barkema et al., 2015). From the perspectives of Taoism, this paper offers a novel perspective for understanding traditional Chinese philosophies in the context of applying them in the modern Chinese companies.

The central tenet of Taoism is that people are naturally good and leaders should possess observational abilities to reach accurate conclusions. Taoist leadership includes five components, i.e., perseverance, modesty, altruism, flexibility, and honesty (Lee et al., 2013). Specifically, Taoism opposes a hierarchical society (Xing and Sims, 2011) and argues that action-free leadership is more effective (Ma and Tsui, 2015; Ren and Zhu, 2015; Xing and Sims, 2011).

The Taoist basic idea of “no action.” fits with western leadership model of laissez-faire leadership (Ma and Tsui, 2015). However, a lack of adequate leadership could be ineffective (Jung and Avolio, 2000) and create confusion and stress within the workplace (Skogstad et al., 2007).

This paper presents the leadership ideology of two iconic Chinese companies: Haier, and Centaline. Haier is a global leader in white goods and Centaline is a leader in property agency in China and Hong Kong. Both companies earn immense reputations as adaptive, flexible, and innovative. The research method is unique in that, for both cases, the researcher independently compiled hundreds of speeches and press interview reports made by the two founders. The analyses reveal that the successful transformation of Haier and Centaline from resource-poor firms to dominant giants is attributed by the purposeful implementation of Taoism leadership principles and self-management system into all levels of their organizations (Chen, 2016; Li, Zhou and Zhou, 2016).

This unique perspective of Taoism in the leadership studies seeks to contribute to greater understanding among leaders in a dynamic and responsive global environment.

Key words: laissez-faire leadership, ancient China wisdom, Taoism

References:

Barkema, H., Chen, X.-P., George, G., Luo, Y. and Tsui, A. (2015), “West meets east: new concepts and theories”, *Academy of Management Journal*, Vol. 58 No. 2, pp. 460-479.

Chan, W.-T. (2008), *A Source Book in Chinese Philosophy*, Princeton University Press, Princeton, NJ.

Chen (2016) Chen, J. (2016). Haier is the sea: CEO Zhang Ruimin’s innovative management. *Management and Organization Review*, 12(4), 799–802.

Jacob, N. (2005), “Cross-cultural investigations: emerging concepts”, *Journal of Organizational Change Management*, Vol. 18 No. 5, pp. 514-528.

Jung, D.I. and Avolio, B. (2000), “Opening the black box: an experimental investigation of the mediating effects of trust and value congruence on transformational and transactional leadership”, *Journal of Organizational Behavior*, Vol. 21 No. 8, pp. 949-964.

Kohonen, E. (2005), “Developing global leaders through international assignments: an identity construction perspective”, *Personnel Review*, Vol. 34 No. 1, pp. 22-36.

Lee, Y.-T., Haught, H., Chen, K. and Chan, S. (2013), “Examining Daoist big-five leadership in cross-cultural and gender perspectives”, *Asian American Journal of Psychology*, Vol. 4 No. 4, pp. 267-276.

Li, Zhou, and Zhou (2016) Li, P. P. , Zhou, S. S. , & Zhou, A. J. (2016). The Taoist spirit of Haier: The metaphor of sea based on the symbolism of water. *Management and Organization Review*, 12(4), 803–806.

Ma, L. and Tsui, A. (2015), “Traditional Chinese philosophies and contemporary leadership”, *The Leadership Quarterly*, Vol. 26 No. 1, pp. 13-24.

Pan, Y., Rowney, J.A. and Peterson, M.F. (2012), “The structure of Chinese cultural traditions: an empirical study of business employees in China”, *Management and Organization Review*, Vol. 8 No. 1, pp. 77-95.

Ren, S. and Zhu, Y. (2015), “Making sense of business leadership vis-à-vis China’s reform and transition”, *Leadership & Organization Development Journal*, Vol. 36 No. 7, pp. 867-884.

Skogstad, A., Einarsen, S., Torsheim, T., Aasland, M. and Hetland, H. (2007), “The destructiveness of laissez-faire leadership behavior”, *Journal of Occupational Health Psychology*, Vol. 12 No. 1, pp. 80-92.

Xing, Y. and Sims, D. (2011), “Leadership, Daoist Wu Wei and reflexivity: flow, self-protection and excuse in Chinese bank managers’ leadership practice”, *Management Learning*, Vol. 43 No. 1, pp. 1-16.