

# The Power of Ancient Chinese Leadership Ideology in Modern Chinese Companies

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## 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

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