



DEVELOPING A TRULY GLOBAL LEADERSHIP TEAM: Leveraging Similarities and Differences of Chinese and American Senior Leaders



After years of meteoric growth, the latest results from [American Chamber’s 2014 Business Climate Survey¹] indicate a challenging new reality for American companies operating in China. Human capital challenges, along with the Chinese economic slowdown, are seen as the biggest pressures that foreign, including American, companies currently face as China transitions to a more mature economy. What leadership style will enable success and what will it take to equip future leaders in China, whether they are Chinese or American, to be successful in a higher

stakes and more volatile environment are two very important questions that companies are grappling with.

In this research, we analyse the leadership profiles of 70,078 mid-level and senior leaders across 18 industries, and compare Chinese senior leaders within foreign companies in China with senior leaders in the United States over an 11-year period. We also identify the most essential leadership practices for highly effective leaders in China.

Each participant completed the

Leadership Effectiveness Analysis™ (LEA) as part of an ongoing organizational development activity within their organisation. The LEA is a broadly descriptive assessment, explaining fundamental management and leadership practices and behaviours that are commonly found in a wide-range of managerial settings and cultures. In particular, the LEA measures twenty-two leadership practices in six functional areas: Creating a Vision, Developing Followership, Implementing the Vision, Following Through, Achieving Results, and Team Playing.

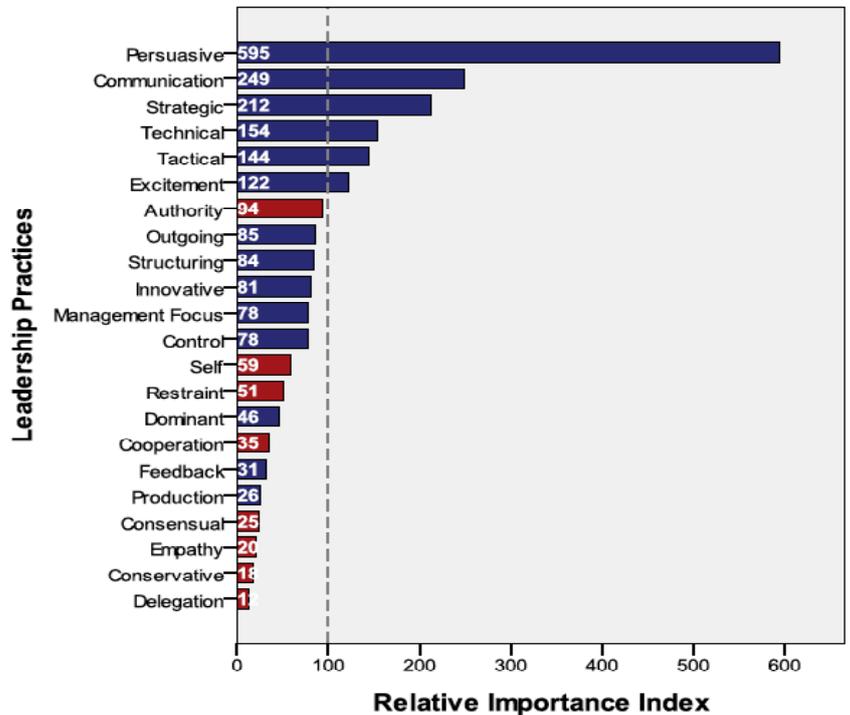
Purpose

For the purpose of this research China only includes Mainland China and not Hong Kong. Senior leaders include CEOs, Senior VPs, and VPs and mid-level leaders include department heads and supervisors. Separate comparisons are made for senior and mid-level leaders. There is a fairly even split of senior and mid-level leaders included in the research. In terms of type of companies in the Chinese leader sample, the data represents foreign companies operating in China. So private Chinese companies and SOEs are not represented in this research. Both the Chinese and American participants span a number of industries:

First we will focus on which leadership practices are most important for Chinese leaders of foreign and American companies to be successful in China today. To do this we examined 3 things:

- I. What differentiates Chinese Managers from Chinese Senior Leaders
- II. Which leadership practices result in higher perceived effectiveness for Chinese senior leaders
- III. What differentiates those who are seen as high potentials by their boss

Relative Important of Leadership Practices for Effectiveness - Chinese Senior Leaders



The above chart shows the results of which leadership practices result in higher perceived effectiveness for Chinese senior leaders.

At the top of the list we can see persuasive, communication and strategic, which is aligned with what we see globally.

Based on the review from all 3 angles we can say that in a broad sense the most important leadership practices to differentiate highly effective leaders in China include: **Persuasive, Strategic, Innovative, Management Focus, Communication and Excitement.**

A common approach in research comparing leaders across countries is to focus on gaps and differences. While some gaps in terms of leadership capability may exist, focusing too much on the differences in terms of 'leadership style' does not help to bridge them and instead often implies that one country's leadership style is 'better' than the others. Too often a Western view of leadership implies deficiencies in Chinese leadership. As we will see, while there is evidence that American leaders are stronger in certain important leadership areas, there is also evidence

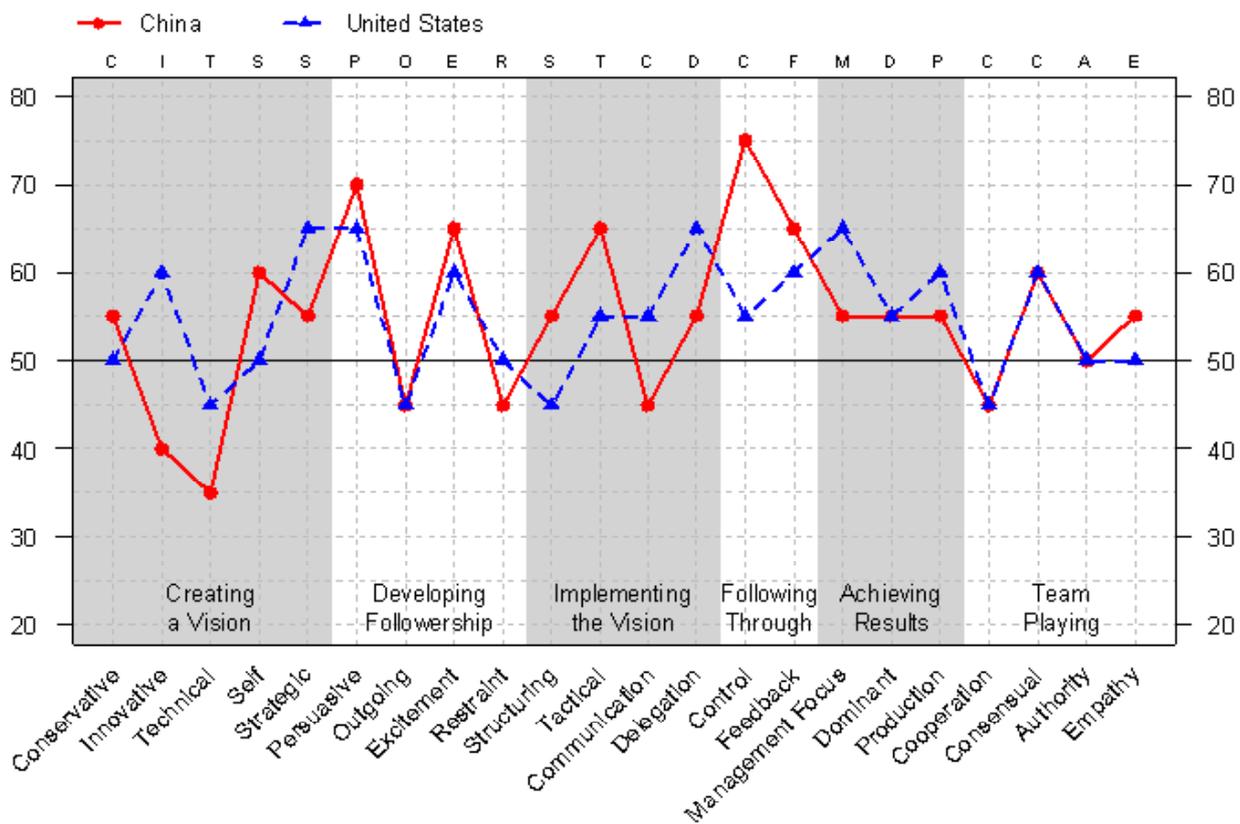
that Chinese leaders are stronger in other important leadership areas. So this underlying assumption, that a Western leadership style is better, is in fact a significant road block that holds organisations operating in China back from empowering their Chinese leaders.

While recognising and appreciating cultural difference is important and should not be overlooked, it is also important to be aware of how the tendency to focus on perceived 'stereotypical' differences can be acting as a barrier to leadership effectiveness.

Rather than focusing so much on leadership gaps, American organisations operating in China will benefit from first focusing on similarities and how to leverage them as well as how the differences can be leveraged.

As we look at the comparison of Chinese and American senior leaders, we will focus first on the similarities and also consider differences that can be leveraged.

Leadership Effectiveness Analysis



Focus first on similarities: what is immediately evident is that both Chinese and American senior leaders are quite close on most of the leadership practices. When comparing Chinese and American mid-level leaders we do not see nearly as many similarities. Chinese and American senior leaders share strengths in the important senior leadership practices of being strategic, persuasive, having

a management focus and being fairly high on excitement. As previously mentioned these are among the top six practices that determine highly effective leaders of foreign companies in China. So the foundation of a leadership team made up of Chinese and American leaders should be very solid, if it is leveraged correctly. Some of the important activities these leadership teams should engage in

include: focusing on and ensuring equal contribution by American and Chinese leaders in defining and shaping the business strategy, leveraging the ability to persuade clients and external stakeholders in local and global markets with a shared and collaborative responsibility in taking charge, leading and directing the overall workforce.

Chinese Senior Leader strengths

to leverage: Although the difference is not significant, compared to American senior leaders, Chinese senior leaders are higher on empathy and feedback. Based on the latest data available related to generation Y and Z in China, attracting and retaining the best people will require higher levels of empathy and hands on support from leaders, especially in China.

American Senior Leader strengths to leverage:

One of the biggest

differences we see among Chinese and American senior leaders is in the area of being innovative. If we look at mid-level leaders (department heads and supervisors) the difference is even more significant. In conjunction with that we see that Chinese leaders are much higher on conservative, or traditional, which is about seeing problems in the light of past practices. Considering the importance of innovation for China and globally in the coming decade, leadership teams will benefit from investing in ways to unlock innovation in their Chinese

senior leaders and help them to let go of more traditional ways of doing things.

Collective Areas for Improvement:

Both Chinese and American leaders can benefit from being lower on dominant and control and higher on cooperation and communication, which will enable a shift to a leadership style that energises and inspires, rather than a leadership style that predominantly uses power to command and control.

A New Era of Global Leadership

As we review the key findings, one clear insight is that overall the differences between Chinese and American senior leaders are not as significant as we tend to think they are. Especially as we move up to senior levels of leadership the profiles across industries and geographies looking surprisingly similar. That is likely to be a trend that continues in the future in a globalizing world. That realization should be leveraged to lift the predisposition that leaders often have to believe that there are significant barriers to working together because their leadership styles are 'so different' and they are as people are 'so different'. Reaching higher levels of cooperation will be essential in global leadership teams, as they tackle opportunities and challenges in more and more complex and ambiguous business environments.

At the same time it is important to remain aware of the tendency for the leadership profile of all senior leaders to end up looking the same. A certain level of diversity will be essential for innovation and healthy collaboration. So balancing a focus on similarities and ways to leverage differences will be essential for growth. The overall aim of foreign companies in China should not only be to raise the productivity and effectiveness of Chinese Directors and VPs, but to raise the overall effectiveness of a diverse management and leadership team. As more and more global leadership teams will consider what it really takes to succeed, it will no doubt be necessary to truly embrace the unique strengths and gifts of both Western and Eastern leadership styles and do a much better job of bringing them together.

In this research we've looked at what leadership practices work well today. However, it is also very important to

consider what leadership practices will work in the future as the world makes dramatic technological, economic and social advances in the coming decades. Just a few of these advances will include [Zero Margin Cost Society²]:

- 3 billion more people will come online through the use of mobile technologies in the 15 years, making their voice heard across continents
- 3D printing will change the competitive landscape for many of today's products and for manufacturing as a whole
- Dramatic improvements in the use of alternative energy sources

Looking toward the future we can expect that a more open, transparent, trust based and global leadership style will help businesses succeed. And that is what is required for the world to successfully leverage the advances described above to alleviate some of the significant environmental, economic and societal dangers which threaten our survival. Making the shift to a new style of leadership, based mostly on integrity, inspiration, collaboration and will among other things require letting go of the higher levels of control and dominant leadership practices that have been common across all the senior leaders we have looked at in this research.

Integrity and inspiration are also now significantly more important factors that influence and motivate the younger generation of employees, who will be the driving force toward that new leadership style we can hopefully expect to see in the future. The organisations who can adopt the new leadership style sooner rather than latter, will be ahead of the game.

¹ American Chamber 2014 Business Climate Survey <http://www.amchamchina.org/businessclimate2014#sthash.xXOIjCeY.dpuf>

² The Zero Margin Cost Society, Jeremy Rifkin, 2014: <http://thezeromargincostsociety.com>

Any comments or questions on this topic are welcomed – please send to elisa@mdsbeijing.com

At MDS we help organisations develop their people by delivering outstanding leadership and sales programmes that boost business performance. Founded in 1983, MRG is an assessment design company based in Portland, Maine, with offices in Dublin, Ireland. Elisa is an experienced Executive Coach, Speaker and Human Capital Consultant with a passion for developing people and their global mindset. For the past 4 years Elisa's has been the Head of Executive Coaching at MDS, leading a team of highly qualified Executive Coaches to deliver world class leadership development and executive coaching solutions. Prior to MDS, Elisa spent 10 years at Accenture, working as a Management Consultant in the areas of human capital strategy, talent management, coaching and leadership effectiveness. In addition to a number of Fortune 500 clients, is also currently an Executive Coach for members of the World Economic Forum's Global Leadership Fellows Program. Elisa has earned a Masters in Organizational Psychology and a Master of Education in Counseling Psychology both from Columbia University in New York City.