

Discovering the Strategic Thinking That Powered China's Remarkable Growth

Eddie Yu, Oliver Yau, Anthony Ko, Alan Au

Abstract

This study discovered an unknown leadership orientation – *jupsang* (a jargon term often cited by Chinese leaders; we later found out that it is an orientation comprises five key components, namely, agility, innovation, vigilance, market awareness and a visionary relationship, Chinese leaders pursued). We investigated how the jupsang strategic leadership orientation (JSLO) was created in the minds of Chinese leaders, and the impacts of practising the JSLO on the recent decades of economic growth in China. We developed and conducted a five-stage research process through which to address the research questions. The first stage consisted of in-depth interviews with Chinese owners and senior executives of 12 companies located in mainland China, Hong Kong and Taiwan. Through content analysis, we identified the rich connotations of jupsang leadership. In the second stage, an expert-opinion approach was adopted in order to test the internal consistency of a set of new scales for the JSLO. The third stage consisted of designing and testing a survey instrument, which was used to survey middle to senior Chinese executives in regard to the use of the JSLO in their organisations. Eventually, 353 valid questionnaires were collected and tested using exploratory factor analysis. In the fourth stage, we conducted a data analysis and obtained findings, which supported our assertion that the JSLO is a five-facet construct, consisting of the aforementioned five components. In the final stage, we tested the predictive validity of the JSLO instrument and further assessed it by constructing a structural equation model, which was also found to achieve satisfactory predictive validity. We discussed theoretical and managerial implications of JSLO discovery and its effectiveness for leadership researchers and practitioners. We finally pointed to future research directions regarding the JSLO.

Keywords: China; Chinese leadership; jupsang; jupsang strategic leadership orientation (JSLO); scale development; structural equation modelling; performance.

Introduction and Overview

China has become the world's second largest economy. It is also a country with a 5,000-year-old civilisation. The prospect of China becoming a leading economic power in the world

kindles our curiosity in regard to exploring how Chinese business leaders have created such phenomenal economic success. Despite its significance, the study of Chinese leadership pertaining to the explanation of modern China's remarkable achievements is scant and inconclusive. Researchers have been urged to fill this vacuum (Barney and Zhang, 2009; Pittinsky and Zhu, 2005; Tsui et al., 2004; Walker, Hu and Qian, 2012).

Despite many years of research devoted to the study of leadership, there is still a lack of consistency in how effective leadership is defined (Yukl and Lepsinger, 2004). Researchers have also warned about the predominantly American-centric nature of leadership theories (Adler, 2002; House, 1995), which may have culture- and context-bound limitations. Most scholarly studies of leadership in China have been based on Western leadership theories. There are only a few exceptions; for example, Chai and Rhee (2010) posit that Chinese philosophies greatly impact leaders in the Chinese diaspora. Fu et al. (2010) and Jing and de Ven (2014) also argue that Chinese philosophical thoughts, such as Confucianism and Daoism, have a profound influence on the shaping of contemporary Chinese leadership behaviours. As philosophical, cultural and political ideological roots influence people's thoughts and behaviours, they in turn shape businessmen's leadership. For instance, in China, it has been shown that leadership behaviours reveal cultural, political and economic influences (Fu and Tsui, 2003; Ma and Tsui, 2015). Lin (2008) and McDonald (2012) also assert that in China political ideology - Communism has a significant influence on the behaviours of mainland Chinese leaders. Hitt (2008) echoes that history has shown that China is a significant creator and repository of great philosophies. Yet we know little of Chinese philosophies on leadership. With China becoming a global economic and political force, we need to learn from and to understand Chinese leadership philosophies.

This study also responds to recent calls from researchers (for instance, Ghemawat 2008; Navarro 2008) for more Asian leadership exemplars to counterbalance Western dominance in current business school curricular (McDonald 2012).

In the early stage of our study, through in-depth interviews with leaders of 12 Chinese companies, a jargon term, *jupsang*, was frequently mentioned. We tried to understand the exact meaning of this term by associating it with the events, actions and capabilities in relation to which the leaders mentioned *jupsang*. We then identified a unique pattern of Chinese leadership – a mentality and form of competence leaders exercise in coping with changes and challenges. In the later stage of this study, *jupsang* mentality and the competence

of the leaders demonstrated can be better explained with five key components of jupsang leadership; namely, agility, innovation, vigilance, market awareness and visionary relationship. We noticed that remarkable effects were created by those Chinese leaders who practised jupsang leadership.

In this study, we investigate whether or not jupsang leadership has been widely practised by leaders in Greater China and whether or not practising jupsang leadership has been instrumental to the remarkable success of corporations in Greater China. We first explore how a jupsang mentality has been shaped in the minds of Chinese leaders; we then examine Chinese leaders' management and business practices, in order to identify the key orientations of their jupsang competence; finally, we investigate how those jupsang orientations affect the performance of their organisations.

Philosophies and Ideologies Shaping Chinese Leadership

As many of the leaders interviewed had not received a formal business education, we are interested in investigating the ways in which both competence and a jupsang mentality were developed among them. Parson and Shils (1951) posit that traditional philosophical and cultural roots influence the thought patterns, values and behaviours of the peoples, including its leaders, in a nation. The Chinese philosophical and ideological influences that could shape leading styles have been established by several earlier studies conducted by, for example, Cheung and Chan (2008); Fu and Tsui (2003); Ma and Tsui (2015) and Tsui et al. (2004). Through our reconciliation of the behaviours and the philosophies of the leaders (Lao Zi and Sun Tzu), we identified a series of components that characterise jupsang acts in leadership behaviour. We then conducted a pilot test and factor analysis in order to identify five components that characterise jupsang; they have been further developed into a questionnaire. A survey was conducted with the questionnaire, in order to investigate 361 Chinese managers in regard to their perceptions of the jupsang leadership practised by their own leaders. Data collected from the survey was analysed on the strength of each component in regard to the manifestation of the jupsang acts found within the leadership behaviour. We further examined the impact of the five jupsang components on business performance.

Leadership is not a recent phenomenon; it exists when men start living together in groups. In the course of China's thousands of years of history, thousands of wars have been fought and dozens of dynasties have risen and fallen, thereby creating an abundance of models of leadership for us to study. The founders of traditional Chinese philosophies prescribed

desirable leadership behaviours, often without providing empirical support. Instead, they used metaphors, analogies and stories to support their arguments; thus, their works offer normative rather than descriptive theories. Aside from ancient thoughts, Chinese leadership behaviours are shaped by two other areas: political ideologies and modern leadership theories (Ma and Tsui, 2015; Merton, 1968). As many respondents of our survey have worked in mainland China, inevitably, their behaviours have been either directly (for those who were educated and grew up in mainland China) or indirectly (those worked in mainland China for a long time) shaped by the political ideologies there. Many Chinese leaders, especially those born after China's Open Door Policy in the 1980s, have had plenty of opportunities to learn Western leadership styles through studying or working with expatriate managers. Therefore, we cannot ignore the influence of Western leadership thoughts on young Chinese leaders, though they are mindful about the *quoqing* (nation's particulars) when they apply these thoughts.

Chinese Classics and Philosophies

Judging from our interviews with the leaders and our content analysis on the open remarks made by the Chinese leaders, they appear to have internalised more often the thoughts of Lao Tzu (6th century BC) and Sun Tzu (5th century BC). Apparently, applying the ancient thoughts written over two thousand years ago to the present context requires reinterpretation of their implications and interference. It seems that leaders have benefited enormously from these ancient wisdoms (Tsui et al., 2004).

Taoism – the key principle of *Tao Te Ching's* act of water, has profoundly influenced the thinking of Chinese leaders. Water, as a fluid form, is highly flexible and adaptive. It agilely runs to fill any cracks and holes; it also swiftly adjusts itself to any rocks and, as it gains momentum, it can harness an enormous amount of energy, enough to form valleys and canyons. Leaders should be resilient and perseverant when facing environmental challenges and threats, and swiftly and agilely tackle challenges facing them, while still maintaining soft and plain postures. Thus, Lao Tzu says, "I've heard of those who are good at "jupsang (執生)"; when travelling, they don't have to avoid encountering rhinos or tigers, as rhinos shall have no chance to thrust their horns and tigers shall have no chance to spread their claws; when dealing with soldiers, don't be scared by their armour and weapons, as they won't have the chance to exercise them (蓋聞善執生者，陸行不避兕虎，入軍不被甲兵。兕無所揣其角，虎無所措其搔，兵無所容其刃。)" (Lao Zi, 1992, Chapter 50).

This is the first time that the word “jupsang” appeared, almost three thousand years ago, in Chinese literature. With jupsang, according to Lao Tzu, leaders are fearless because they know the principle of the act of water and the ways to balance yin and yang by cultivating a better relationship with other stakeholders and the community as a whole.

Lao Tzu also preaches that “suppleness overcomes rigidity (柔弱勝剛強)” (Lao Zi, 1992, Chapter 36), meaning that leaders should remain flexible and humble in order to overpower bluntly stiff acts. “Governing a great state is like steaming small fishes (治大國若烹小鮮。)” (Lao Zi, 1992, Chapter 60), meaning that leaders should restrain from making unnecessary interventions.

Sun Tzu – leaders should follow *The Art of War*’s principle, which states: “Avoid your rival’s strength, attack the enemy’s vulnerable area,” for strategic positioning (Sawyer, 1996). However, leaders should refrain from confronting their enemies, as Sun Tzu advocated “winning without waging war” as a superior strategy. The competitive landscape should be read and internal conditions apprehended before any act is made: “Know the enemy and know yourself; in a hundred battles you will never be in peril”. Leaders should be decisive and act fast, as “speed is the essence of warfare”. They should take “unanticipated routes and strike the enemies where they have taken no precautions”. Being a general, Sun Tzu believed he should examine the enemies, the battlefield and the climate prior to preparing a detailed strategic plan (Sawyer, 1996). Such advice has now become very popular in business schools and the business community, and is referred to as SWOT analysis. Another Sun Tzu wisdom that has been widely applied in the modern world is the concept of “no fixed leadership style”. Leadership style depends on the nature of the task at hand, the types of followers involved and the changing situations occurring; we now call this situational leadership.

Political ideologies

While ancient Chinese philosophies can be influential in shaping leadership behaviours, the impact of communist ideologies is equally profound (Li and Yeh, 2007; Tsui et al., 2004) and, arguably, has been more direct to those in leading positions from 1949, when China started being ruled by the Communist Party.

Maoism – Mao’s thought is founded on Marxist-Leninism. The key element of Maoism is pragmatism as the best way to achieve a given mission. “共產黨員應是實事求是的模範, 只

有實事求是，才能完成確定的任務”。 Such a slogan has frequently appeared in Mao's important speeches. Mao's military principles can be applied in business arenas.

Attack dispersed and isolated enemy first, then attack concentrated and powerful enemy.

先打分散和孤立之敵，後打集中和強大之敵。

Take small and medium cities and extensive rural areas first, then take the big cities.

先取小城市、中等城市和廣大鄉村，後取大城市

Avoid unproductive battles or those that last and drain on resources.

力求避免打那種得不償失的、或得失相當的消耗戰

Do not fight a battle unprepared; do not fight a battle with uncalculated risks.

不打無準備之仗，不打無把握之仗

Capture the enemy's weapons and people to strengthen our own force.

以俘獲敵人的全部武器和大部人員，補充自己。

Make good use of the space between two battles; rest, train and consolidate forces. Do it with speed to prevent the enemy getting breathing space.

善於利用兩個戰役之間的間隙，休息和整訓部隊。休整的時間，一般地不要過長，盡可能不使敵人獲得喘息的時間。

Many business leaders in mainland China are also Communist Party members; they are expected to follow these principles. Not surprisingly, their leadership style tends to be discerning and pragmatic.

Deng Xiaoping – Deng suffered two major political blows that few people could survive, let alone then progress to the top of the PRC in a leadership position. This demonstrates the best leadership qualities of perseverance and resilience. Deng was one of the key country leaders who masterminded China's Open Door Policy of 1978, which demonstrated his exceptional visionary power. Moreover, the innovation and agility aspects of leadership were manifested through Deng's famous remarks, such as, "It doesn't matter if a cat is black or white, so long as it catches mice (不管白貓黑貓，能抓老鼠的就是好貓)" and "One country, two systems

(一國兩制)”. The former concept advocates the ideas of flexibility and pragmatism and the latter concept was invented during the early 1980s in regard to the reunification of China. Deng suggested that there will be only one China, but areas such as Hong Kong, Macau and Taiwan can maintain their own capitalist economies and political systems, while mainland China upholds the socialist system; therefore, both systems can coexist without interfering with each other and four entities can be reunited as one. With such an innovative policy, not only Hong Kong has sustained its economic growth after handover, but Macau’s economic growth has been phenomenal and now has the fourth highest GDP per capital region in the world, thanks to its flourishing gaming industry. As evidenced in official and communal media, Deng is still regarded as one of the most respected political leaders in China and his leadership style has been influential to leaders in both the public and private sectors of China. While Mao’s and Deng’s leadership styles are both pragmatically-oriented, comparatively, Deng’s orientation places more emphasis on agility, innovation and vision.

Modern Leadership Theories and Practices

When China opened its doors to foreign businesses in December 1978, Special Economic Zones were set up to attract foreign investment and trade. In the beginning, manufacturers from Hong Kong and Taiwan were the dominating groups in this respect. Mainland Chinese leaders learned factory management knowhow, trading practices, leadership and entrepreneurial spirits from their Hong Kong and Taiwan counterparts. Among these experiences, one important leadership-related behaviour emerged: jupsang leadership. Using a case study research method, we interviewed 12 companies in mainland China, Hong Kong and Taiwan, in order to study the founders’ and chief executives’ leadership behaviours in response to the threats and opportunities that emerged or were envisioned from the environment. Based on content analysis, most respondents referred to these leadership behaviours as “*jupsang*”, so we have called it jupsang leadership. Jupsang leadership is a form of competence that enables a leader to deliberately lead a team or a company in a novel direction, typically introducing a new business model or a new production process, in order to capitalise on opportunities or to cope with critical threats that have emerged from or been envisioned in regard to the business environment. A jupsang leader can be adaptation- or innovation-oriented. An adaptive jupsang leader tends to be focused on manufacturing processes, while an innovative jupsang leader tends to be focused on product design, own brand creation and new business models. Owing to bloodline and culture proximity in Chines

leadership, such tacit knowledge and abilities can be easier transferred between mainland and overseas Chinese managers.

When China became “The World Factory”, many multinational companies began manufacturing and marketing their products in China through joint ventures and other collaborations with their Chinese partners. Aside from management knowledge and skill transfers, Chinese partners were also able to learn or observe Western leadership behaviours and styles. Chinese students and workers are keen to acquire Western business management education, as evidenced by the 127 business schools that have been established, educating 30,000 students a year; this growth will continue to rise exponentially, according to *The China MBA Review* (28 August 2014). Apparently, business schools will teach leadership theory to students and, as alluded, the prevailing leadership theories that will be taught are those that were developed in the West, such as traits theory, behavioural theory and contingency theory, and prevailing theories such as charismatic and transformational leadership. During the past three decades, Chinese leaders have been able to observe and learn modern leadership through their work or partnerships with their counterparts from their Chinese neighbours, Hong Kong, Taiwan and Singapore, and with their American and European investment or trading partners. Therefore, it is not surprising to find the shadow of Steve Jobs in Jack Ma of Alibaba’s and Ma Huateng of Tencent’s new product launching presentations.

The Key Components of Jupsang Leadership Orientations

Having performed content analysis on the transcripts recorded of managers, executives and 12 companies in Hong Kong and Taiwan, we have identified five orientations of jupsang leadership behaviour, which are supported by both Western and Chinese literature. They are agility, innovation, vigilance, market awareness and visionary relationship.

Agility orientation – a wateristic approach to swiftly tackling environmental threats or tough operation problems. This orientation pertains to both speed and influence. The former is advocated by Sun Tzu, who explains that quick and decisive engagements lead to success in battle (兵貴神速) and thus reduce the cost of competition and conflict (Sawyer, 1996). The latter is a philosophy preached by Lao Tzu (Lao Zi, 1992), who praises the excellence of water in benefiting and occupying everything without striving to the contrary (水善於利導萬物而不與之爭). Hence, this orientation does not only mean to move quickly, but also to

supply pertinent provision to meet with needs and wants from all sources (到位). Leaders who are inclined to adopt this orientation are more likely to emphasise operation and manufacturing capabilities pertaining to build cost-related competitive advantage than focusing on product innovation.

Innovation orientation – a creative or unconventional way to solve thorny problems, despite risks. Sun Tzu adopted different terminology in regard to representing innovation. He claims that a strategy that has been adopted successfully and reused again is no longer be innovative (Sawyer, 1996). To win, leaders should cultivate the implementation of strategies by alternatively manipulating yin and yang (weaknesses and strengths). Leaders inclined to adopt this orientation are likely to emphasise building up research and design capabilities than focus on cost control in manufacturing process, which enable the organisation to develop new products, and creating their own brands.

Vigilance orientation – pertaining to Sun Tzu's thought: "Know the enemy and know yourself; in a hundred battles you will never be in peril". He also warns that only an army that has a realistic chance of winning will declare a battle and then eventually win. In contrast to this, an army can only fight and wish to win a battle, knowing that it is going to lose (勝兵先勝而後求戰 敗兵先戰而後求勝) (Sawyer, 1996, Chapter 4). As such, the psychology of vigilance in fighting a battle, to a great extent, determines if an army will win.

Leaders inclined to adopt this orientation are typically emphasising prudence, modesty and learning approaches in coping with harsh operating environment conditions. Such an orientation may lead to an adaptive approach rather than making radical or innovative changes to address environmental threats or opportunities.

Market awareness orientation – tends to be adopted by leaders inclined to be more informed about market realities. They seek information about competitors and customers, for example, the positioning of the competitors and the needs of customers. Such an orientation is conducive to building marketing awareness, which in turn enables the organisation to create its own brand and to develop new products.

This orientation is consistent with the thinking of both Kohli and Jaworski (1990) and Narver and Slater (1990). The former defines market orientation as "the organization-wide generation of market intelligence, dissemination of the intelligence across departments and organization-wide responsiveness to it" (Kohli and Jaworski, 1990), but this orientation

solely focuses on the generation and use of market intelligence. The latter refers to market orientation as an organisational culture (Narver and Slater, 1990), while this orientation is devoted to a culture adopted by leaders of an organisation.

Visionary relationship orientation – means that, like Li Ka-Shing's and Jack Ma's far-sighted and visionary approaches in managing an organisation, leaders with a visionary relationship orientation are keen to maintain long-term relationships with customers and other stakeholders in various channels. Their leadership styles tend to be customer-oriented and they are thus more inclined to build their own brands and develop their products to satisfy consumers. This is consistent with Lao Tsu's concept of jupsang, which makes leaders fearless when they know how to apply the principles of yin and yang and establish good relationships with all stakeholders (Lao Zi, 1992, Chapter 50).

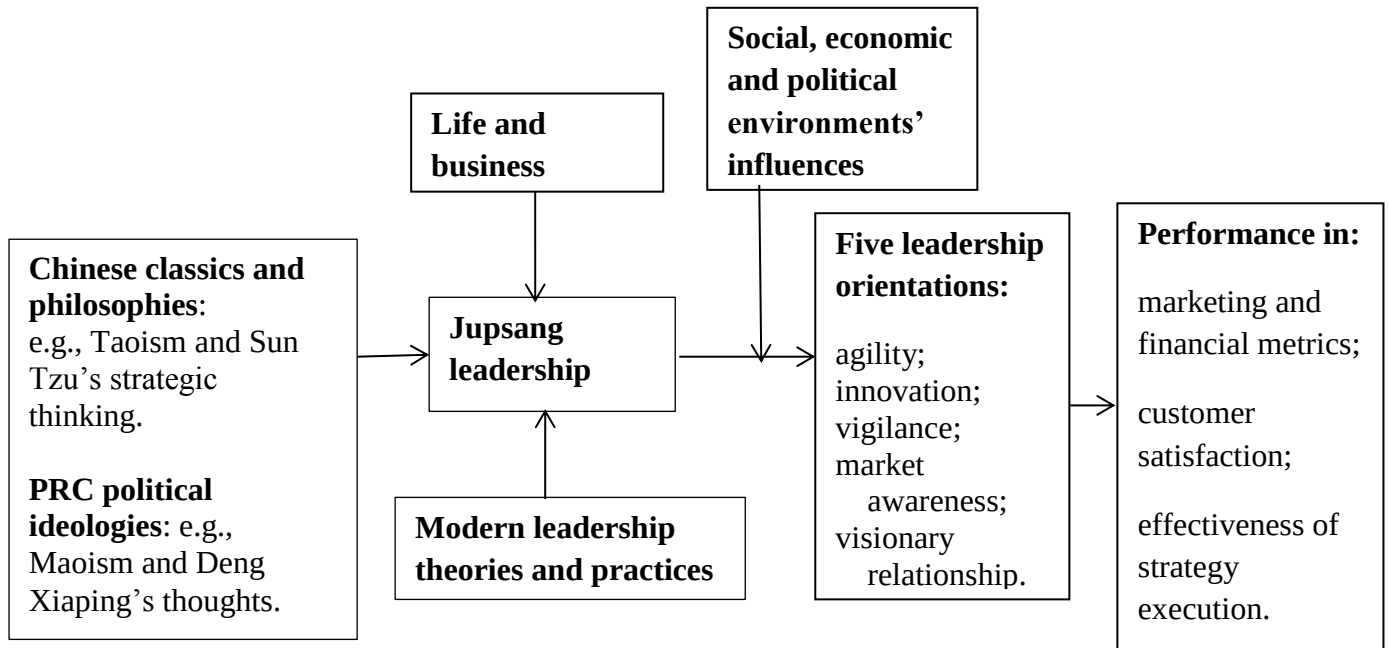
Along the same lines, Kantabutra and Avery (2007) found that the visionary relationship orientation has a significant positive impact on business performance. Their study of Australian retail stores also indicates that vision-related attributes, such as stability, an orientation towards the future and an ability to inspire, are related to customer and staff satisfaction.

Figure 1 depicts the ways in which jupsang leadership and its five strategic orientations are created, and their effects on the performance of the firm in terms of marketing and financial aspects, customer satisfaction and the effectiveness of strategy execution.

<Insert Figure 1 here>

Figure 1.

Key Factors that Shape Jupsang Leadership and its Five Derived Strategic Orientations and a Firm's Performance



Having conceptually defined how jupsang leadership and its five derived strategic orientations are shaped in the minds of Chinese leaders, we will discuss the methods relating to the ways in which a scale with which to measure jupsang leadership will be constructed, which include item generation, sampling, the collection of data and instrument pretesting in the following methodology section.

Methodology

Item Generation for the Jupsang Strategic Leadership Orientation (JSLO)

We basically followed the suggestions made by Churchill (1979), Philips and Bagozzi (1986), de Villies (2002) and Yau et al. (2007) in developing this new scale. In the first stage, in-depth interviews were conducted with the owners of 12 companies located in mainland China, Hong Kong and Taiwan. These entrepreneurs were asked how the firms were developed under their leadership and what kinds of strategies were adopted in order to sustain their firms' competitiveness. All interviews were recorded with their permission and later transcribed. Using QSR NVivo9, software that is widely renowned for its use in regard to qualitative analysis, we conducted a content analysis that resulted in 24 groups of "quotations" relating to jupsang leadership across five tentative dimensions. These quotations were then summarised and rephrased into a battery of 28 simple statements or items.

In the second stage, an expert-opinion approach was adopted in order to test the internal consistency of the scale for the JSLO and reduce the number of items to a manageable size. An expert panel, which consisted of five scholars with a good knowledge of leadership, was recruited. Members of the panel were given the 28 items that made up the questionnaire. They were asked to sort all items into five categories, as identified at an earlier stage. An item was confirmed when three of the experts indicated that it correctly belonged to a particular category. If an item was rejected, we solicited reasons from the experts so that the item could be rewritten or reworded accordingly. The sorting exercise was repeated three times and, eventually, four items were eliminated, resulting in a battery of 24 items included in the questionnaire. Respondents were asked to rate these items on a 6-point Likert scale, where 1 stood for "strongly disagree" and 6 stood for "strongly agree".

The third and fourth stages are related to procedures after data collection and will be discussed in the section on data analysis.

Sample and Data Collection

Using a survey, we collected data from two large forums in Hong Kong, where a total of 361 middle and senior executives from China attended. These executives were gathered from all over China, representing various industries and company sizes. A preliminary check was conducted before the forum, to ensure that it was the designated (or invited) executive who provided the information. Before the forum started, each executive, who had received a questionnaire, was asked to complete it in about 20 minutes. Forum representatives were available on the spot to answer any queries and to collect the completed questionnaires. This is an important step in obtaining high quality data in China (Peng and Luo, 2000). Eventually, of the 353 returned questionnaires, three were found to be outliers and were therefore deleted from the data set, representing an effective response rate of 97%.

Questionnaire Design

The questionnaire consists of three parts. The first part is the 24-statement regarding the JSLO scale. Respondents were asked to rate these statements using a 6-point Likert scale, ranging from “strongly disagree” (1) to “strongly agree” (6). The second part is the scale regarding leadership performance. To measure this, a scale relating to both financial and market performance was compiled. Most indicators for measuring financial and market performance were adopted from Greenley and Foxall (1996, 1997, 1998), and Kaplan’s balanced scorecard (1992). An item for measuring strategic execution performance was also adopted from Greenley et al. (2002). Strategic execution performance reflects how well leaders transform their jupsang orientations and managerial attitudes into jupsang satisfaction. Assessing jupsang performance in addition to financial and market performance can ensure that a company performance is viewed from multiple perspectives, not just the perspective of the shareholders and customers (Chakravarthy, 1986; Clarkson, 1995; Donaldson and Preston, 1995). Accordingly, jupsang leaders’ responsibilities include the ways in which their subordinates, as followers, execute their orders effectively. The item for measuring jupsang leadership performance was simply designed with reference to this responsibility. The final scale consists of eight performance indicators, which were measured on a 6-point scale ranging from 1 (“getting much worse”) to 6 (“getting much better”):

- Overall profit level;
- Gross profit;
- Cost effectiveness;

- Market share;
- Consumer satisfaction;
- Number of new products/services launched;
- Efficiency of strategy execution;
- Employee satisfaction.

The subjective measures of the JSLO scale may introduce the risk of common method variance. This is the reason why various measurement scales were used in the questionnaire, as a precaution (Podsakoff, MacKenzie and Lee, 2003; Malhotra, Kim and Patil, 2006). We also examined the proposition of single-factor phenomena in the exploratory factor analysis of the JSLO scale, which was found to be not supported (Harman, 1976). We will report the results later, in the section on scale validity. Thus, this risk of common method variance is less problematic for us.

The third part of the questionnaire is related to classification data. Peng and Luo (2000) suggested that industry type (service vs manufacturing), ownership type (state-owned or not) and firm size are three major control variables in the Chinese business context. Industry type is not an issue in the present study as respondents basically came from both service and manufacturing companies. With respect to ownership type, for respondents to choose, we classified the answers into four types: state-owned enterprises, joint ventures, private local companies and private foreign companies (Chang and Wong, 2004). Firm size was measured by three variables. The first variable is the number of employees in the company, which respondents were asked to choose from one of the following six options: “less than 100”, “100-299”, “300-499”, “500-999”, “1000-4999” and “more than 5000”. These options were coded from 1 to 6 respectively. The second variable is last year’s sales turnover, while the third variable is last year’s net profit.

The whole questionnaire, administered in Chinese, was back-translated to ensure that the meanings of all items in the Chinese version were the same as in the original English version.

Data Analysis

Profile of Responding Enterprises

To understand the respondents, Table 1 provides findings of their characteristics, as indicated on the questionnaire. As far as ownership type is concerned, almost half of the sample (45.5%) consisted of state-owned enterprises, while the other half of respondents belong to private

enterprises (44%) or joint venture enterprises (11%). These results are consistent with those of Steger, Fang and Lu (2003), who adopted a random sample with 49% of stated-owned enterprises and 12% of joint venture corporations.

Respondents from various industry types were divided into two groups: manufacturing and services. The former contributes 63% of the sample, whereas the later contributes 37%. With respect to firm size, three variables were used to examine if the sample was focused on small enterprises. In regard to the first variable, workforce size, the sample tends to be made up of bigger firms with over 1000 employees (43%). However, as we have a mix of enterprises from both manufacturing and services industries, this percentage may be overstated, because the manufacturing industry tends to have more workers than the services industry. Hence, we checked the sample distribution of the second and third variables, sales turnover and net profits. Table 1 shows that almost 38% of the responding firms had an annual turnover of over 1 billion RMB and 30% had net profits of over 100 million RMB. These results indicate that about one third of the sample may consist of large enterprises. To further validate this, we submitted the three variables to a two-stage cluster analysis and the sampling units were classified into four groups. We then ran a k-mean cluster analysis of the four groups. Very meaningful results were obtained. The first group consists of 103 (32.4%) enterprises with high scores on all variables. This group was the large enterprises. Whereas, the second group was made up of 110 (34.6%) small enterprises, they are having the lowest score on all the variables. The third group was made up of enterprises that scored highly on turnover and net profits but low on workforce size, while the fourth group was low on turnover and net profits but medium on workforce size. Contributing 33% of the sample, these two groups could be regarded as medium sized enterprises. Judging from these results, we may conclude that the current sample has an equal distribution of various firm sizes.

<Insert Table 1 about here>

Item Analysis and Reliability Assessment

These analyses form the second stage of the scale development procedures that were performed after data collection.

To perform item analysis, the sample was divided equally into four parts. With respect to each item, the means of the first and the fourth quartiles were compared using a two-sample

t-test. As a result, five items were deleted. The elimination of these five items did not create any adverse effect on the content validity of the scale, as deletions were spread over various subscales.

To purify the measurement scale for the JSLO after data collection, the sample was split into two sub-samples (de Vellis, 1991). We first randomly split the sample into two halves. Reliabilities of these two samples were 0.869 and 0.881 respectively. No items with relatively low communalities were deleted, resulting in 19 items for further purification.

During the reliability analysis, no item with item-to-total correlation above .4 was deleted. The alpha coefficients for the five components of agility, innovation, vigilance, market awareness and visionary relationship orientations were 0.84, 0.78, 0.77, 0.77 and 0.79 respectively, which are all higher than the threshold of 0.7 and thus considered to be good (Nunnally, 1978). Internal consistency within each subscale was checked using item-to-total correlation. The last column of Table 2 shows that the correlations range from 0.52 to 0.76, all of which are higher than 0.4, indicating that all components have consistent reliability.

<Insert Tables 2 about Here>

Exploratory Factor Analysis

To assess the dimensionality of the JSLO, the items comprising the five components were subject to exploratory factor analysis. This was undertaken after the components had been purified, in order to avoid spurious results (Churchill, 1979). Following Hair et al. (1998, pp. 87-138), we subjected the items measuring the five key components to a principle component analysis with varimax rotation. Four items with low communality below 0.55 were deleted, resulting in a battery of 15 items; three for each component. The final five factors together accounted for 72.74% of the total variance and the first factor accounted for 38.90% of the total variance in the unrotated solution. The items were loaded significantly on each of the corresponding factor, indicating multi-dimensionality for the sample. These factors were labelled as agility, innovation, vigilance, market awareness and vision orientations accordingly (Table 2).

We examined the threat of common method variance by means of the Harman one-factor test (Podsakoff & Organ, 1986). Because the majority of the total variance could not be explained by one general factor, the threat of common method variance was not serious. Furthermore, the way in which the items were grouped was in line with our expectations.

Scale Validity

This is the third stage of the scale development for the JSLO, which includes a series of tasks to assess construct validity, convergent validity, discriminant validity and predictive validity (Churchill, 1979; de Villies, 2003).

Construct validity – To examine the construct validity of the scale for the JSLO, the result of the exploratory factor analysis was subject to a confirmatory factor analysis using Amos 18.01. Figure 2 shows the confirmatory model for examining the JSLO. Latent variables are represented by ellipses, while observed variables are represented by rectangles (Arbuckle, 2003; Schumacher and Lomax, 1996; Steenkamp and van Triip, 1991). The observed variables are connected to the latent variables by an arrow, signifying that these measurement items are theoretically attributed to the latent variable. The values next to the arrows connecting the latent variables to the observed variables are factor loadings and serve as a regression coefficient (Schumacher and Lomax, 1996).

The response error (indicated by the numbers pointing to the observed variables) of the measurement items indicates the portion of the observed variable that measures factors other than the hypothesised one (Malhotra et al., 1996). The curved lines in Figure 2 connecting pairs of factors indicate inter-correlations between the factors of the JSLO.

<Insert Figure 2 about here>

The goodness-of-fit measure determines the degree to which data fits the sample data (Arbuckle, 2003; Bentler, 1990). There are several criteria that provide an insight into the goodness of fit of a model. The chi-square statistic was found to be 248.01 with 79 degrees of freedom and is significant at the level of 0.05. However, as indicated in Figure 2, an analysis of the JSLO's 15-item model produced acceptable goodness-of-fit measures. The goodness-of-fit in terms of the normed chi-square ($CMIN/df = 2.06$) is much less than 3; both GFI (0.931) and AGFI (0.902) are larger than 0.9, while RMSEA (0.055) is less than 0.8. These findings indicate that the five-factor model fits the data well. As such, the results as shown in Figure 2 suggest that the construct validity of the JSLO is warranted.

Convergent Validity

Convergent validity refers to the degree of agreement in two or more measures or items of the same construct. Evidence of convergent validity in the JSLO scale was examined in two ways.

First, we looked into the relationship between the scale and its five components and, second, we scrutinised the simple correlations among the five components of the scale.

Similar to Figure 2, we constructed a second-order factor model with the JSLO as the second-order factor. That is, the JSLO is a construct, which consists of the five components, as shown in Figure 3. Results, as shown in Figure 3, are encouraging. The goodness-of-fit appears to be acceptable, as CMIN/df (2.12) is much less than 3, and GFI, AGFI and CFI were found to be 0.925, 0.900 and 0.947 respectively, all higher than the threshold of 0.90. In addition to this, the RMSEA was found to be .058, indicating that the errors terms are acceptable.

<Insert Figure 3 about here>

With respect to the relationship of the five components to the JSLO scale, Figure 3 shows that the standardised regression weights for the components of jupsang leadership scale ranged from .503 to .907, all significant at $p < .01$. This is a good indication that all the components contribute highly to the scale.

As indicated in Table 3, correlations among the five components were also significant, ranging from .360 to .764. The pattern of correlations indicates that the five components are convergent on a common construct.

Results of the above two approaches indicates that the scale has convergent validity.

<Insert Table 3 about here>

Discriminant Validity

To test for discriminant validity, two approaches were adopted. First, we examined whether or not the correlation between each pair of components was significantly different from 1.0. As the correlation between the market awareness and the vision orientations was the closest among all correlations to 1.0 (0.764), a test was conducted comparing the model of Figure 2 to a similar model with the correlation between the market awareness and vision orientations constrained to equal 1.0. Results were supported by the model of Figure 3 ($\Delta\chi^2 = 28.165$; $df = 1$; $p < .001$). Thus, the hypothesis that the market awareness and vision orientations are of the same dimensions must be rejected. Therefore, it appears that the model, as a function of five distinct components, achieves discriminant validity.

Second, we compared the performance of two measurement models. The first is an unconstrained model with two components and their respective items (see Figure 4). The second is a constrained model in which we collapsed two components into one (see Figure 5). If the constrained model fitness deteriorates when the items from the two components were collapsed, we conclude that there exists discriminant validity between these two underlying components. Since there are five components in the scale, 10 pairs of components can be formed and, therefore, 10 comparisons will be made. Figure 4a shows an unconstrained model with the components of agility and innovation. Confirmatory factor analysis was performed and the overall model fitness was found to be acceptable, with chi-square = 14.047, $df = 8$, chi-square/ $df = 1.75$, 7, GFI = .987, CFI = .993, RMSEA = .047 and RMR = 0.62. Then, we imposed a one-factor structure to the data and ran the confirmatory factor analysis again. The overall model fitness seriously deteriorated, with chi-square = 213.02, $df = 9$, chi-square/ $df = 23.67$, RMSEA = .255, GFI = 0.87, CFI = .750 (see Figure 5). This result is can hardly be considered as satisfactory and we therefore concluded that there exists discriminant validity between the agility and innovation orientations.

The same process was repeated for the other nine pairs of components. A summary of the findings is shown in Table 4, which indicates that the overall model fitness consistently deteriorated whenever the items from any two components were collapsed into one. Thus, there exists discriminant validity among all pairs of components.

Predictive Validity

There are well-grounded theoretical reasons to expect a positive association between the JSLO and business performance. Thus, in the current context, predictive validity would be demonstrated if the scores of the measures of the JSLO were positive and significantly correlated with business performance.

Given that no simple indicator can adequately capture the multifaceted nature of business performance, three broad categories of subjective measures were used in this study. First, we specified how we conceptualise company performance, as different orientations may have different effects on various aspects of company performance. The most frequently used measures of company performance include marketing and financial performances (e.g., Greenley and Foxall, 1997; Hooley et al., 1999; Hooley et al., 2000; Sin et al., 2005). Marketing performance includes sales volume, market share, customer satisfaction, new product launch rate etc., the most frequently used being market share and consumer

satisfaction. Financial performance includes returns on investments (ROI), profit level and cost effectiveness. Marketing and financial performance are basic goals that have direct bearings on how well a company survives and thrives.

Second, besides marketing and financial performance, a company may also aim at satisfying customers with their product/service excellence to create a favourable corporate image. Therefore, on top of these typical measures of company performance, we added customer satisfaction. Creating customer satisfaction can help a firm achieve a favourable corporate image and may help the firm to improve its marketing and financial performance in the long run. Customer satisfaction is one of the primary dependent variables in consumer research, but is much less frequently used in research on strategic management. Since satisfying customer needs is also a primary objective of the JSLO, it should be taken into consideration.

Third, the other additional measure of firm performance is the effectiveness of the JSLO. In fact, if a jupsang leader cannot produce a perception that most improvised strategies adopted are found effective, the JSLO is not worth being cultivated. As this measure is directly related to the performance of the strategy adopted by jupsang leaders, it can be regarded as a global measure of jupsang leadership. A firm in good shape should be able to behave consistently across all important JSLO components.

In summary, business performance consists of three parts, the first relating to financial and marketing performance (profit and market share), the second relating to customer satisfaction and the last relating to the effectiveness of the execution of strategy. In this study, seven items were used to measure these performance indicators. Responses were made on a 5-point scale ranging from “much worse than” to “much better than” the previous leader.

The seven performance measures were subjected to exploratory factor analysis with varimax rotation. The analysis produced one factor with eigenvalues greater than unity, accounting for 67.18% of the total variance. The single solution occurs when factor loadings are larger than .7. These results indicate that all seven measures serve to explain firm performance as a result of jupsang leadership orientation. Results of the exploratory factor analysis on firm performance were then applied to assess the predictive validity of the scale for the JSLO. Figure 4 shows a structural model in which the JSLO, consisting of five subscales, has a causal effect on firm performance. The model was again tested using Amos 18.01. Results of the analysis indicate that the data fit the model well. The goodness-of-fit appears to be acceptable, as the normed CMIN/df = 1.592) is less than 2. AGFI is found to reach an

acceptable level of 0.90 and CFI is 0.940. Parsimony-adjusted measures, PNFI and PCFI, are found to be 0.72 and 0.79 respectively, which are higher than the threshold of 0.6. Additionally, the RMSEA (0.61) is found to be less than .08, indicating the error terms are small and acceptable. As such, we conclude that the JSLO scale has predictive validity.

<Insert Figure 6 about here>

Cross-Sample Stability

This is the last stage of the scale development of the JSLO, but was not adopted by Churchill (1989) and de Vellies (2003) in their models. It is important that the scale for the JSLO achieves cross-sample stability so that it can be used to gauge jupsang leadership in various kinds of companies. To achieve this, we assessed the cross-sample stability by splitting the sample into two sub-samples: state-owned-enterprises (SOE) and non-SOEs, as SOEs comprise almost half of the sample (45.5%). Technically, cross-sample stability was assessed using the following procedure. First, we specified a confirmatory factor analysis model with the JSLO as the latent manifest variable and, second, we examined the extent to which this specification is invariant across the SOE and the non-SOE sub-samples. In this analysis, sequential testing procedures for examining increasingly restrictive forms of variance were adopted (Cheung and Rensvold, 1999; Mullen, 1995; Singh, 1995). Table 5 contains the results for the comparisons of the JSLO construct across the two sub-samples. The model (M1) that was initially estimated involved a one-construct, five-indicator specification, whereby the factor pattern was set to be invariant across the SOE and non-SOE sub-samples. Fitting this model to the covariance matrices of the two sub-samples produced a satisfactory fit (normed $\chi^2 = 1.81$, GFI = .89, CFI = .93, PNFI = .724 and RMSEA = 0.05). Furthermore, the Hoelter index was found to be 209 at $p = 0.05$, indicating that the model fits the data and the sample size is adequate. Hence, we can conclude that the same factor loadings of the JSLO are mapped into the two sub-samples. This allows us to perform increasingly restrictive analyses to establish similarities and differences in the two sub-samples. The model (M2) further constrains factor structure to be equal across the two sub-samples. This model was obtained by adding the specification of the equality of factor structure to the model (M1). As this model is nested in M1, a chi-square difference can be computed to formally test the hypothesis of equal structure. The test shows that the hypothesis is supported: $\chi_d^2(10) = 10.39$, $p = 0.41$. Hence, we can conclude that the factor structures are the same in both sub-samples. Given the equal factor structure, we further tested whether or not the covariances

among five dimensions were equal across sub-samples (M3). The chi-square difference test shows that the covariances are equal for the two sub-samples: $\chi^2_d(1) = 1.51, p > 0$.

<Insert Table 5 about here>

In conclusion, the measurement scale for the JSLO can be said to generalise that the factor structure and factor loadings are invariant in the two samples, which provides evidence of the cross-sample stability of the JSLO scale.

Cross-Sample Validation

A combined measure of the vision, innovation, market competence, agility and readiness orientations was computed as an average of equally weighted sums of the scores on the five subscales of the JSLO. The mean values of the JSLO for the SEO sub-sample and the non-SEO sub-sample are 4.270 and 4.290 respectively. T-tests were employed to examine the differences between the two sub-samples. Table 6 shows that there is no significant difference between the two sub-samples on the mean value of the JSLO. However, it reveals that SOEs are more conservative in nature, as they are less jupsang leadership-oriented than non-SOEs.

<Insert Table 6 about here>

Further analysis also reveals that the non-SOE sub-sample has higher values in regard to the vision, innovation and readiness orientations, as compared to the non-SOE sub-sample. On the other hand, the SOE sub-sample has a slightly higher value of market competence, as compared to the SOE sub-sample. However, all mean values are not significant, at $p = 0.05$. Despite the findings, it makes sense that, as SOEs tend to be larger in size, it is natural that they have a higher score on the market awareness orientation.

Conclusion

This study sought, first, to develop and validate a measure of the JSLO and, second, to examine the impact of the JSLO on business performance.

The findings in this study support our assertion that the JSLO is a five-facet construct, consisting of five components: agility, innovation, vigilance, market awareness and vision

orientations. Our data indicate that these components are convergent on a common construct and the relationship of the scale developed in this study has acceptable discriminant validity and convergent validity. The predictive validity of the JSLO instrument was assessed by constructing a structural equation model. The model was tested using Amos 18.01 and was found to achieve satisfactory predictive validity. In summary, the scale developed successfully meets standards for reliability and validity.

With respect to the JSLO and performance link, the findings indicate that the respondents' degree of JSLO is positively associated with business performance under the present leader as compared to the past leader. These findings support prior theoretical research that suggests that leadership is a factor in determining organisational effectiveness. The implication is that firms in the PRC can improve their performance through the adoption of the JSLO.

Academic and Managerial Implications

The present study makes both academic and practical contributions and suggests several applications for future research. Our academic contribution is to offer a significance advance to the current literature on strategic leadership. First, we explore the nature of the JSLO and then develop a conceptual model with five components; namely, agility orientation, innovation orientation, vigilance orientation, market awareness orientation and vision orientation. Though some of the ideas expressed in the conceptual model may be familiar to managers and marketers, the value of the model is in integrating these various notions in order to provide a more succinct picture of the JSLO. Second, we provide empirical evidence of the testable scale that is both reliable and valid. This gives new theoretical insight into how the JSLO is generated. Third, we empirically tested the model and found that it has a substantial association with a firm's business performance in regard to enhancing competitive advantage, indicated by market and financial performance, customer satisfaction and the effectiveness of strategy execution. Our conceptualisation and empirical findings are encouraging. We have provided a useful foundation on which further theoretical and empirical research in the field of strategic leadership and the JSLO can be built.

For practitioners, our findings confirm the long-held belief that the JSLO is a crucial factor in business performance. Leaders wishing to improve their relationships with their subordinates and customers constantly need to monitor strategic moves made by jupsang leaders. The proposed scale could be used as a diagnostic tool for leaders to identify areas where specific improvements are needed and to pinpoint aspects of the JSLO that requires work. For the

results of such an exercise to be meaningful, some benchmarks or norms should be used as a basis for comparison. For example, external benchmarking at the industry level in terms of the JSLO can be obtained, so as to provide a more meaningful comparison with major competitors. In addition to this, periodic measurement of a leader's performance in the three identified areas could help managers, first, track changes over time as a result of adopting jupsang strategies and, second, provide warning signs if aspects of the business performance fall below the safety line. Other than the applicability of the model in the monitoring process, the five components of the JSLO model may serve training needs by helping human resource managers to develop appropriate training programs that can help improve the staff's understanding of the activities involved in developing a jupsang leadership culture. Furthermore, top management may use this framework to develop relevant and effective business strategies and tactics. Chief executives may use this framework to set clear policies that balance the relationships and benefits among leaders and their followers, and senior executives and managers. In addition to this, changing the corporate culture and reward systems accordingly enhances follower satisfaction and, at the same time, reinforces the behaviours that make jupsang strategies a good instrumental tool for executional effectiveness.

Limitations

Although this research project has provided relevant and interesting insights into an understanding of the JSLO, it is imperative to recognise limitations associated with this study. First, data in this study were obtained from a representative group of middle-senior executives from China, who attended a forum in Hong Kong. Although it can be said that the sample represents a cross-section of a large number of businesses in the urban areas in China, it would be useful to obtain a broader and wider sampling frame from comparably small firms in the rural areas, particularly in the western part of China. Since respondents' perceptions, attitudes and behaviours are influenced by a degree of modernisation, it would be interesting to test whether or not the existing JSLO model can be generalised to situations in other parts of China. Along the same lines, on top of testing the model on a national scale, replications of this study on a wider scale with different national cultures or environments is also essential in regard to the generalisation of the findings.

Second, cross-sectional data were used in this study. Consequently, the time sequence of the relationship between the JSLO and business performance cannot be determined

unambiguously. The results, therefore, might not be interpreted as proof of a causal relationship, even though a causal relationship between them was assumed. The development of a time-series database and testing of the JSLO's association with performance in a longitudinal framework would provide more insight into probable causation.

Directions for Future Research

Our study represents an early attempt at building and testing a conceptual framework of the JSLO. The present findings are therefore indicative rather than conclusive. However, this study suggests some future research directions in the study of the JSLO. First, it would be useful to assess the generalisability of the JSLO developed in this study to other contexts, such as in the manufacturing and service sectors. With more replicative and creative research, it is expected that a more comprehensive conceptual framework related to the JSLO can be developed in the future.

Second, the conceptual framework of the JSLO in this study only considers five components. Research may wish to include other components that may effectively reflect jupsang leadership characteristics. This is likely to make the framework more comprehensive but more difficult to be developed and tested.

Third, the results of this study do provide support that the JSLO has a positive impact on business performance, which, as a multidimensional construct, may be characterised in various manners, including effectiveness, efficiency and adaptability (Walker and Ruekert, 1987). As such, it would be useful to explore the complexities of the relationship between the JSLO and alternative dimensions of business performance in future studies.

Fourth, in addition to previous studies that have suggested that the effects of some components on business performance may be mediated by innovation (Han et al., 1998), this study indicates that the innovation orientation, which is a component of the JSLO, has a direct effect on business performance in terms of competitive advantage. Results of this study are also consistent with recent literature, which indicates that relationship strategies may influence business performance (Leo et al., 2003).

Fifth, the determinants (i.e. antecedents) of the JSLO also require both theoretical and empirical investigation. In fact, managers need to know how they can be instrumental in shaping the JSLO of their firms.

Finally, data for this study were collected through the key informant approach. Although the use of middle and senior managers as key informants is adequate and appropriate for reliable and valid data (Tan and Litschert, 1994), the information generated by a firm is not the only source of information about its level of the JSLO. In fact, it is important to contrast a firm's degree of the JSLO as assessed by internal information (e.g., managers' responses to questionnaires, as in this study) with a firm's level of the JSLO as perceived by its customers, competitors and shareholders. This is possibly another challenging area of future research in regard to the JSLO.

Table 1.
Profile of the Respondents

Characteristic	Number	Percent
Ownership Type (n = 318)		
State-owned enterprises	135	45.5
Private enterprises – locally owned	92	27.4
Private enterprises – foreign-owned	55	16.4
Joint venture enterprises	36	10.7
Industry Type (n = 251)		
Consumer durables	22	8.7
Fast-moving consumer goods	19	7.5
Materials and components	37	14.7
Capital industrial equipment	80	31.7
Business services	24	9.5
Consumer services	34	27.4
Business Type (Multiple Responses = 718)		% of Responses
Retail	91	12.7
Wholesale	78	10.9
Brand development	171	23.8
Manufacturing	207	28.8
Product/service design and development	171	23.8
Number of employees (n = 346)		
Less than 99	59	17.1
100 – 299	65	18.8
300 – 499	37	10.7
500 – 999	34	9.8
1000 – 4999	80	23.1
5000 and more	71	20.5
Sales (n = 328)		
Under 100 mil. RMB	83	25.3
101 – 500 mil. RMB	80	24.4
501 mil. – 1 bil. RMB	39	11.9
Above 1 bil. RMB	126	38.4
Profit (n = 322)		
Under 10 mil. RMB	84	26.1
10.1 – 50 mil. RMB	93	28.9
50.1 mil. – 100 mil. RMB	48	14.9
Above 100 mil. RMB	97	30.1

Table 2.

Results of Exploratory Factor Analysis of the Five Key Components (N = 350)

Construct and Measurement Item	Factor Loading	Item Total Correlation
Agility Orientation (alpha = .842; AVE = .693)		
1. My leader always does things in a smooth manner.	.834	.704
2. My leader reacts quickly and promptly.	.849	.758
3. My leader usually performs flexibly, without hesitation.	.761	.664
Innovation Orientation (alpha = .782; AVE = .642)		
1. Challenging current regulations and practices is my leader's working style.	.803	.662
2. My leader recognises that a change in organisation structure is a must to let the work be done smoothly.	.830	.632
3. My leader is an adventurous manager.	.771	.569
Vigilance Orientation (alpha = .767; AVE = .575)		
1. My leader has a good understanding of himself, knowing the limits of his own capabilities.	.758	.513
2. My leader has never stopped learning from various parties.	.690	.621
3. He always self-appraises in order to improve.	.822	.676
Market Awareness Orientation (alpha = .773; AVE = .567)		
1. My leader thinks that it is necessary to understand the needs of the market so as to crack the market easily.	.843	.613
2. My leader urges us to know how big the market is.	.829	.668
3. My leader has a thorough understanding of the market positioning of our products/services.	.550	.556
Visionary Relationship Orientation (alpha = .786; AVE = .506)		
1. My leader is proactive in building good customer relationships, so as to enhance customer loyalty.	.728	.648
2. My leader is proactive in enhancing relationship ties with various channels.	.822	.721
3. My leader regards building a renowned brand as a way for the company to move forward.	.558	.517

Table 3.
Discriminant Validity of the JSLO Scale

Constructs	Constrained Model (A) (One Single Construct Model)		Unconstrained Model (B) (Two-Construct Model)			Difference (Between Model A and Model B)	Dd f
	df	$\Delta\chi^2$	p#	df	$\Delta\chi^2$	$\Delta\chi^2$	Δdf
Paired Constructs	9	213.01	.52	8	14.04	198.97*	1
Agility – Innovation	9	247.25	.46	8	28.51	218.74*	1
Agility – Readiness	9	219.12	.48	8	25.15	193.98*	1
Agility – Market Competence	9	145.80	.56	8	14.39	131.42*	1
Agility – Vision	9	251.53	.36	8	11.59	239.94*	1
Innovation – Readiness	9	252.18	.36	8	10.65	241.54*	1
Innovation – Market Competence	9	178.33	.44	8	14.12	164.21*	1
Innovation – Vision	9	138.94	.64	8	42.03	96.91*	1
Readiness – Market Competence	9	87.64	.75	8	33.66	53.98*	1
Readiness – Vision	9	115.36	.68	8	48.75	66.61*	1
Market Competence – Vision	9			8			

p# is the correlation coefficient between constructs.

*Significant at $p = 0.001$.

Table 4

AVE and Correlations Among the Five Components of the JSLO Scale

	Jupsang Leadership Orientation	Agility Orientation	Innovation Orientation	Vigilance Orientation	Market Awareness Orientation
Agility Orientation	.740+				
Innovation Orientation	.623	.521+			
Vigilance Orientation	.723	.465	.367		
Market Awareness Orientation	.767	.514	.360	.677	
Visionary Relationship Orientation	.811	.506	.406	.767	.729

+ All correlation is significant at the 0.01 level (2-tailed).

Table 5.
Results of Two Sample Analysis Comparisons
Between the SOE Sub-Sample and the Non-SOE Sub-Sample

Goodness-Of-Fit Index	Acceptable Value (Range)	Model		
		M1: Equal Factor Loading	M2: Equal Factor Structure	M3: Equal Factor Loading and Error Variances
$\chi^2(df)$	Small Relative to df	321.2(178)	324.49 (182)	326.98 (183)
P	$p > .05$	.410	.500	.500
χ^2/df	< 3.0	1.810	1.780	1.790
GFI	$> .90$	.890	.880	.899
CFI	$> .90$	.930	.930	.930
PNFI	$> .60$	.724	.739	.742
RMSEA	$< .08$	.050	.500	.500
Hoelter	> 200 at $p = 0.05$	209	212	211
Model Comparison			M2–M1 $\Delta\chi^2_d(10) = 10.39$, $p = 0.41$	M3–M2 $\Delta\chi^2_d(1) = 1.51$ $p = 0.78$

Table 6.
Mean Levels of the Jupsang Leadership Orientation

	SOE Sub-Sample	Non-SOE Sub-Sample	Significance
JSLO	4.270	4.290	n.s.*
Vision Orientation	4.387	4.499	n.s.
Innovation Orientation	3.576	3.656	n.s.
Market Competence Orientation	4.630	4.587	n.s.
Agility Orientation	4.140	4.130	n.s.
Readiness Orientation	4.169	4.315	n.s.

*n.s. = not significant at $p = 0.05$.

Figure 2.

The Five Components of the JSLO Scale

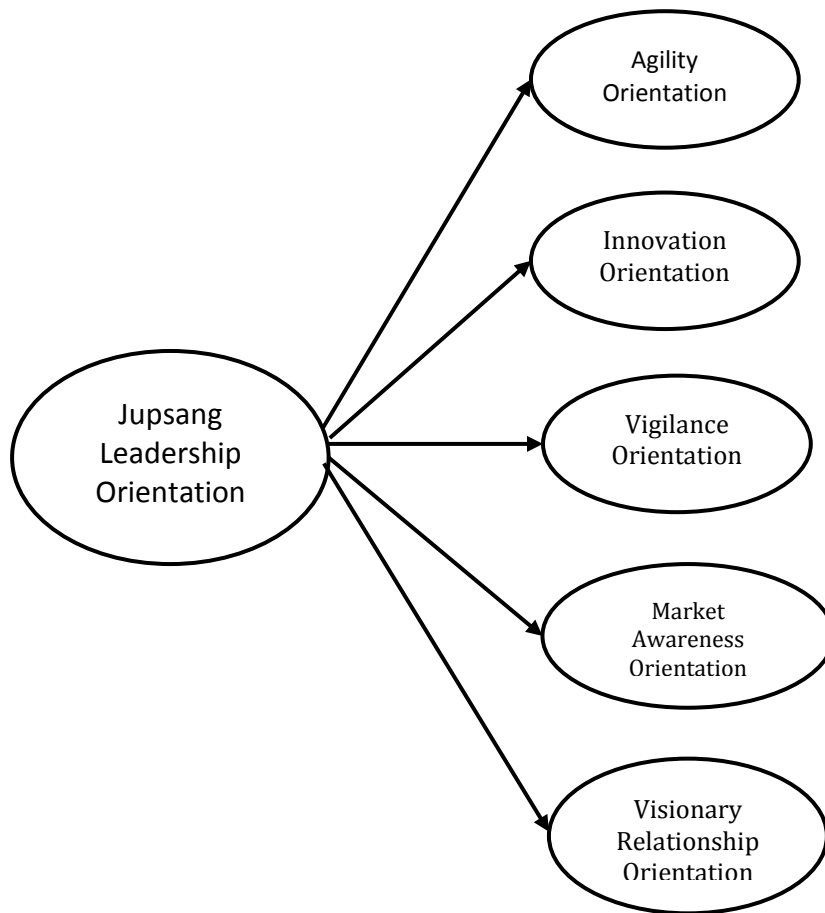
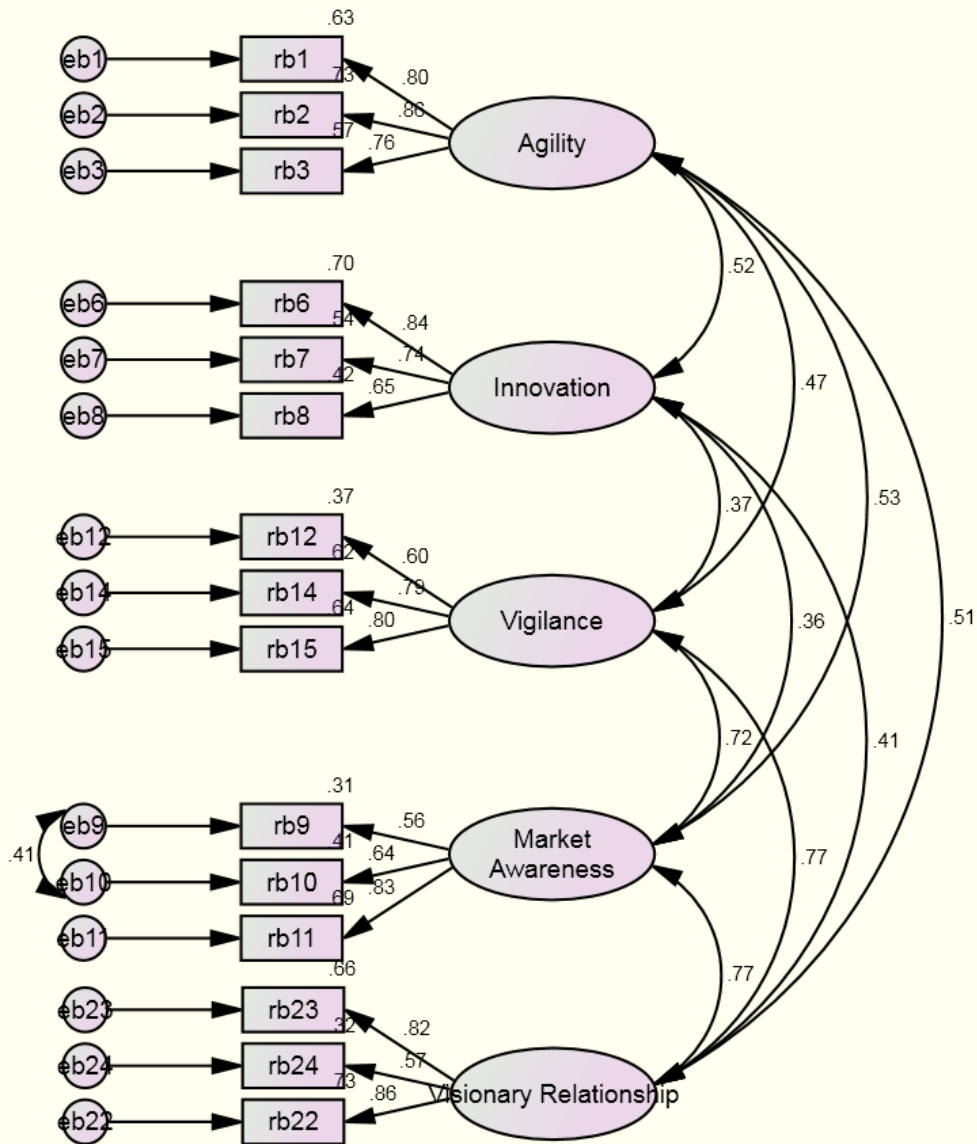


Figure 2.

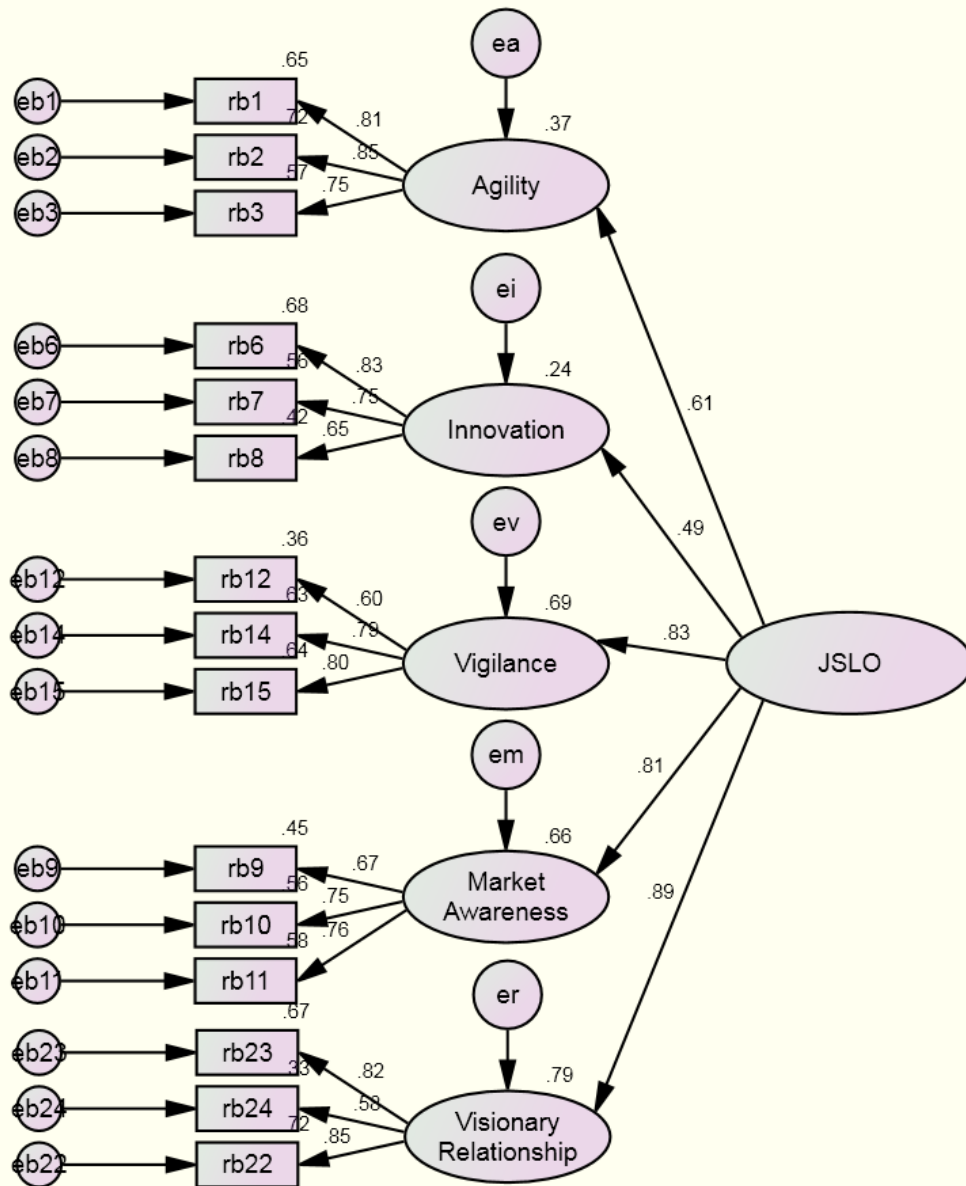
Confirmatory Factor Analysis of the Jupsang Leadership Orientation



chi-square = 176.834 degree of freedom = 79
 normed chi-square = 2.238
 GFI = .935 AGFI = .901 CFI = .957 PNFI = .697
 RMSEA = .060 SRMR = 0.0463

Figure 3.

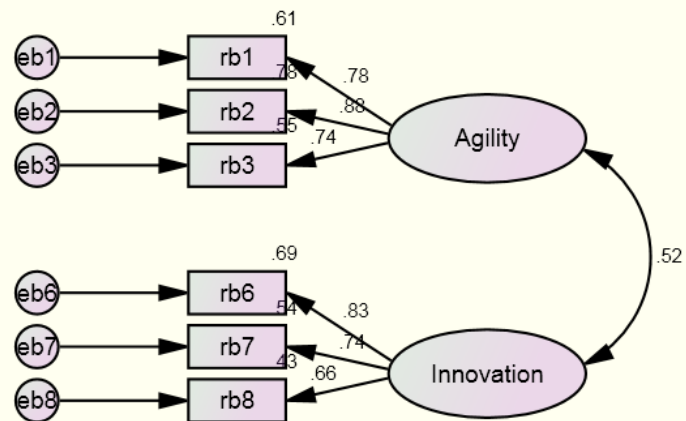
Second Order Confirmatory Factor Analysis of
the Jupsang Leadership Orientation



chi-square = 247.659 degree of freedom = 85
 normed chi-square = 2.914
 GFI = .909 CFI = .929 PNFI = .726
 RMSEA = .074 SRMR = 0.636

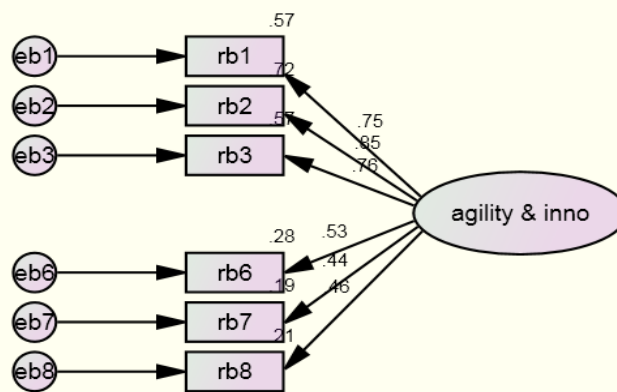
Figure 4a.

Testing Discriminant Validity
(Unconstrained Model B with Two Orientations)



chi-square = 14.043 degree of freedom = 8
normed chi-square = 1.755
GFI = .987 AGFI = .966 CFI = .993
RMSEA = .047 RMR = .062

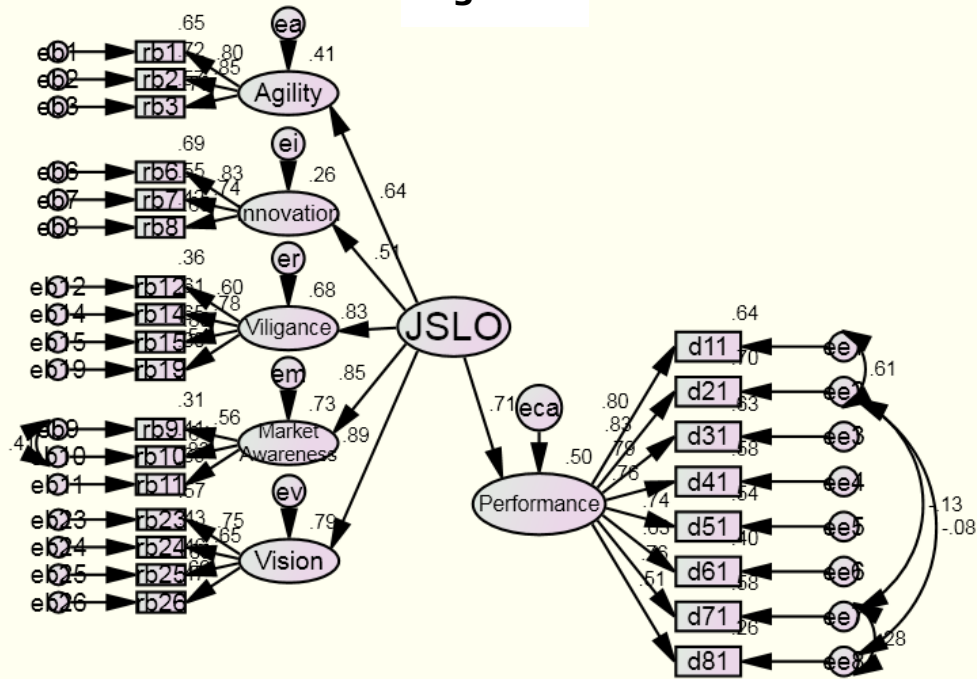
Figure 4b.
Assessing Discriminant Validity
(Constrained Model A with Two Orientations Collapsing into One)



chi-square = 213.017 degree of freedom = 9
 normed chi-square = 23.669
 GFI = .807 AGFI = .550 CFI = .750
 RMSEA = .255 RMR = .254

Predictive Validity of Jupsang Leadership Orientation Using Performance as Criterion

Figure 5



chi-square = 489.122 degree of freedom = 264

normed chi-square = 1.853

GFI = .899 CFI = .948 PNFI = .787

RMSEA = .049 SRMR = 0.05

References

- Arbuckle, J.L. (2003) *Amos 5.0: Updates to the AMOS Users' Guides*. Chicago, IL: Small Waters Corporation.
- Phillips, L. & Bagozzi, R. (1986) On marketing organizational properties of distribution channels: Methodological issues in the use of key information. In L.P. Bucklin & J.M. Carman (eds.). *Research in Marketing* 8: 313-370.
- Bentler, P.M. (1990) Comparative fit indexes in structural model. *Psychological Bulletin* 107(2): 238-46.
- Brockner, J., Siegel, P.A., Daly, J.P., Tyler, T. & Martin C. (1997) When trust matters: The moderating effect of outcome favorability. *Administrative Science Quarterly* 42: 558-583.
- Chai, S. & Rhee, M. (2000) Confucian capitalism and the paradox of closure and structural holes in East Asian firms. *Management & Organization Review* 6(1): 5-29.
- Chakravarthy, B.S. (1986) Measuring strategic performance. *Strategic Management Journal* 7(5): 437-458.
- Clarkson, M.B.E. (1995) A stakeholder framework for analyzing and evaluating corporate social performance. *Academy of Management Review* 20(1): 92-117.
- Chang, Eric C. & Wong, Sonia M.L. (2004) Political control and firm performance in China's listed firms. *Journal of Comparative Economics* 32: 617-636
- Cheung, C.K. & Chan, A.C.F. (2005) Philosophical foundations of eminent Hong Kong Chinese CEOs' leadership. *Journal of Business Ethics* 60(1): 47-62.
- Cheung, G.W. & Rensvold, R.B. (1999) Testing factorial invariance across groups: A reconceptualization and proposed new method. *Journal of Management* 25(1): 1-27.
- China MBA Guide* (2014) Hong Kong: China Economic Review Publishing.
- Churchill, G.A. Jr (1979) A paradigm for developing better measures of marketing constructs. *Journal of Marketing Research* 16(1): 64-73.
- de Vellis, R.F. (1991) *Scale Development: Theory and Applications*. Newbury Park: Sage Publications.
- Donaldson, T. & Preston, L.E. (1995) The stakeholder theory of the corporation: Concepts, evidence and implications. *Academy of Management Review* 20(1): 65-91.
- Fu, P.P., Chow, H.S.I. & Zhang, Y. (2001) Leadership approaches and perceived leadership effectiveness in Chinese township and village enterprises. *Journal of Asian Business* 17(1): 1-16.
- Fu, P.P. & Tsui, A. (2003) Utilizing printed media to understand desired leadership attributes in the People's Republic of China. *Asia Pacific Journal of Management* 20(4): 423-446.

- Ghemawat, P. (2008) The globalization of business education: Through the lens of semi-globalization, *Journal of management development*, 27, 391-414.
- Greenley, G.E. & Foxall, G.R. (1996) Consumer and non-consumer stakeholder orientations in UK companies. *Journal of Business Research* 32(2): 105-16.
- Greenley, G.E. & Foxall, G.R. (1997) Multiple stakeholder orientation in UK companies and the implications for company performance. *Journal of Management Studies* 34(2): 259-84.
- Greenley, G.E. & Foxall, G.R. (1998) External moderation of associations among stakeholder orientations and company performance. *International Journal of Research in Marketing* 15(1): 51-69.
- Greenley, G.E., Hooley, G.J., Broderick, A.J. & Rudd, J.M. (2004) Strategic planning differences among different multiple stakeholder orientation profiles. *Journal of Strategic Marketing* 12(3): 163-82.
- Greenley, G.E., Hooley, G.J., Rudd, J.M. & Broderick, A.J. (2002) Multiple stakeholder orientations: Measurement issues and performance outcomes. *Working Paper*, Aston Business School, Birmingham.
- Hair, J.F., Anderson, R.E., Tatham, R.L. & Black, W. (1998) *Multivariate Data Analysis*, 5th ed. Englewood Cliffs, NJ: Prentice-Hall, 87-138.
- Han, J.K., Kim, N. & Srivastava, R.K. (1998) Market orientation and organizational performance: Is innovation the missing link? *Journal of Marketing* 62(4): 30-45.
- Harman, H.H. (1976) *Modern Factor Analysis*. Chicago, IL: The University of Chicago Press.
- Hitt M.A. (2008) Leadership and management in China, Chen C.C., and Lee, Y.T. edited, Cambridge University Press.
- Hooley, G., Cox, T., Fahy, J., Shipley, D., Beracs, J., Fonfara, K. & Snoj, B. (2000) Market orientation in the transition economies of central Europe: Tests of the Narver and Slater market orientation scales. *Journal of Business Research* 50(3): 273-85.
- Hooley, G.J., Fahy, J., Cox, T., Beracs, J., Fonfara, K. & Snoj, B. (1999) Marketing capabilities and firm performance: A hierarchical model. *Journal of Market-Focused Management* 4(3): 259-78.
- Jing, R., de Ven, V., Andrew H. (2014) A yin-yang model of organizational change: The case of Chengdu Bus Group. *Management & Organization Review* 10(1): 29-54.
- Kantabutra, S. & Avery, G.C. (2007) Vision effects in customer and staff satisfaction: An empirical investigation. *Leadership & Organization Development Journal* 28(3): 209-229.
- Kohli, A.K. & Jaworski, B.J. (1990) Market orientation: The construct, research propositions, and managerial implications. *Journal of Marketing* 54(2): 1-18.

- Lee, Y.G. & Marshall, M.I. (2013) Goal orientation and performance of family businesses. *Journal Family Issues* 34: 265-274.
- Lin, C. (2008) Demystifying the chameleonic nature of Chinese leadership. *Journal of leadership and organizational studies*, 14, 303-321.
- Ma, L. & Tsui, A. (2015) Traditional Chinese philosophies and contemporary leadership. *Leadership Quarterly* 26(1): 13-24.
- Malhotra, N., Kim, S.S. & Patil, A. (2006) Common method variance in IS research: A comparison of alternative approaches and a reanalysis of past research. *Management Science* 52(12): 1865-1883.
- Mullen, M.R. (1995) Diagnosing measurement equivalence in cross-national research. *Journal of International Business Studies* 26(3): 573-96.
- Narver, J.C. & Slater, S.F. (1990) The effect of a market orientation on business profitability. *Journal of Marketing* 54(4): 20-35.
- Navarro, P. (2008) The MBA core curricula of top-ranked US business schools: A study in failure? *The academic of management learning and education*, 7, 108-123.
- Nunnally, J. (1978) *Psychometric Theory*, 2nd ed. New York, NY: McGraw-Hill.
- Parsons, T., & Shils, E.A. (1951) *Toward a general theory of action: Theoretical foundation for the social sciences*. Cambridge, MA: Harvard University Press
- Peng, M.W. & Luo, Y.D. (2000) Managerial ties and firm performance in a transition economy: The nature of a micro-macro link. *Academy of Management Journal* 43(3): 486-501.
- Podsakoff, P.M., MacKenzie, S.B. & Lee, J.Y. (2003) Common method biases in behavioral research: A critical review of the literature and recommended remedies. *Journal of Applied Psychology* 88(5): 879-903.
- Podsakoff, P.M. & Organ, D.W. (1986) Self-reports in organizational research: Problems and prospects. *Journal of Management* 12(4): 531-544.
- Sawyer, R.D. (1994) (translation) *Sun Tsu: Art of War*. Boulder, CO: Westview Press.
- Schumacker, Randall E. & Lomax, Richard G. (1996) *A Beginner's Guide to Structural Equation Modeling*. Lawrence Erlbaum Associates.
- Sin, L.Y.M., Tse, A.C.B., Yau, O.H.M., Chow, R. & Lee, J.S.Y. (2003) Market orientation and business performance: A comparative study of firms in mainland China and Hong Kong. *European Journal of Marketing* 37(5/6): 910-40.
- Sin, L.Y.M., Tse, A.C.B., Yau, O.H.M., Chow, R.P.M., Lee, J.S.Y. & Lau, L.B.Y. (2005) Relationship marketing orientation: Scale development and cross-cultural validation. *Journal of Business Research* 58(2): 185-94.

Singh, J. (1995) Measurement issues in cross national research. *Journal of International Business Studies* 26(3): 597-619.

Steger, U., Fang, Z. & Lu, Wei (2003) *Greening Chinese Business: Barriers, Trends and Opportunities for Environmental Management*, Sheffield: Greenleaf Publishing Limited.

Steenkamp, J.E.M. & van Triip, H.C.M. (1991) The use of LISREL in validating marketing constructs. *International Journal of Research in Marketing* 8(4): 283-299

Tan, J.J. & Litschert, R.J. (1994) Environment-strategy relationship and its performance implications: An empirical study of the Chinese electronics industry. *Strategic Management Journal* 15(1): 1-20.

Tsui, Anne S., Wang, H., Xin, K., Zhang, L. & Fu, P. P. (2004) Let a thousand flowers bloom: Variation of leadership styles among Chinese CEOs. *Organizational Dynamics* 33(1): 5-20.

Waley A. (1992) (translation) *Lao Zi*. Hunan: Hunan Publishing House.

Walker, Orville C. & Ruekert, Robert W. (1987) Marketing's role in the implementation of business strategies: A critical review and conceptual framework. *Journal of Marketing* 51(3): 15-33

Yau, H.M., Chow, R., Sin, L.Y.M., Tse, A.C.B., Luk, C.L. & Lee, J.S.Y. (2007) Developing a scale for stakeholder orientation. *European Journal of Marketing* 41(11/12): 1306-1327.

Yukl, G. & Lepsinger, R. (2004) *Flexible leadership: Creating value by balancing multiple challenges and choices*. San Francisco, CA: Jossey-Bass.