

4 A Cultural Analysis of Paternalistic Leadership in Chinese Organizations

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Paternalistic leadership, which combines strong discipline and authority with fatherly benevolence and moral integrity couched in a 'personalistic' atmosphere, has been found to be prevalent in overseas Chinese family businesses (CFBs). After critically reviewing the extant literature, we identify three constituent elements of paternalistic leadership (PL): authoritarianism, benevolence and moral leadership. We trace the deep cultural roots of each element and explore their relevance to organizations in contemporary Chinese societies. We then identify key research issues and propose a preliminary PL model for future studies on leadership in Chinese organizations.

INTRODUCTION

Leadership as a social influence process is a universal phenomenon that transcends national borders, but conceptions of it and the styles and practices associated with it have been found to vary widely across cultures. After all, leaders cannot choose their styles at will and what works for a leader depends to a large extent on the cultural context. Despite cautionary notes to this effect by cross-cultural researchers (Hofstede, 1980b, 1994), contemporary theories and models of leadership continue to be dominated by the formulations of US researchers.

In the Chinese context, much of the empirical research on leadership has relied on translated Western instruments to test the generality of popular Western leadership models to Chinese organizations (e.g., Cheng, 1990; Huang and Wang, 1980). Although this research strategy is useful for identifying the boundary conditions of Western leadership theories as applied to non-Western societies, it is not fruitful for providing a profound understanding of the leadership

phenomenon in Chinese organizations. As many writers have noted (Hsu, 1981), the cultural differences between the East and the West (China and the USA in particular) are probably the deepest in the world. An indiscriminate use of the Western leadership models and research tools inevitably misses the unique aspects of Chinese leadership.

In recent years, the rapid rise of Asian economies that are dominated by overseas Chinese in Hong Kong, Singapore, Taiwan and much of Southeast Asia has drawn researchers' attention to the management philosophy and practices of overseas Chinese businesses (Wong, 1988; Redding, 1990; Whitley, 1992). Building on Silin's work (1976), several researchers have studied executive leadership in overseas CFBs in Hong Kong, Indonesia, Singapore and Taiwan using an emic approach (Redding, 1990; Cheng, 1995a, 1995b, 1995c). This stream of research has identified a distinct leadership pattern called paternalism or PL. Broadly defined, PL is a fatherlike leadership style in which clear and strong authority is combined with concern and considerateness and elements of moral leadership (e.g., Westwood and Chan, 1992). Elements of this leadership style have also been found to be pervasive in other Asian societies (Pye, 1981, 1985).

The purpose of this chapter is to review the literature on PL in Chinese business organizations. Specifically, we seek to answer the following questions.

1. What are the distinct characteristics of this brand of leadership?
2. What are its cultural roots?
3. Is it a relevant leadership strategy in contemporary Chinese societies?
4. What are the key issues for future research on paternalistic leadership?

Finally we propose a preliminary PL model to guide future research.

PATERNALISTIC LEADERSHIP IN OVERSEAS CHINESE FAMILY BUSINESSES: IDEOGRAPHIC EVIDENCE

Behavioural science investigation of indigenous leadership in Chinese organizations is a relatively recent phenomenon. The work done so far includes several qualitative studies examining executive leadership in CFBs (Silin, 1976; Redding, 1990; Cheng, 1995a, 1995c) and

theoretical elaborations by Westwood and his colleagues (Westwood and Chan, 1992; Westwood, 1997).

Silin's Study (1976)

In the late 1960s, Robert Silin went to Taiwan to study large private enterprises controlled by single individuals. After a year-long study involving 100 hours of interviews with the CEOs (these may also be referred to as the 'boss', 'leader' or 'owner/manager'), middle managers and workers, he provided a detailed account of the leadership philosophy and behavioural patterns of the owner/managers of these enterprises (Silin, 1976). Silin identified the essential characteristics of PL, although he did not label them as 'paternalistic' in his work. Silin's description is outlined below; in this outline and in subsequent discussions of CFB leaders, masculine pronouns are used because these owner/managers were generally men.

Moral Leadership

Leaders are recognized by subordinates as 'morally' superior individuals who lead because of an overwhelming superiority (Silin, 1976: 62). This superiority is manifested in two ways: (1) through a leader's ability to translate abstract ideas about financial and commercial success into concrete reality, and (2) through a leader's ability to reject his egocentric impulses for a higher moral good (Silin, 1976: 128).

Didactic Leadership

The primary role of the leader is to convey to subordinates the methods by which he has achieved success. These methods are normally contained in the leader's thoughts, which, when understood, explain how to convert abstract theory into practical success (Silin, 1976: 128).

Centralized Authority

Management is highly centralized, and decision making often appears arbitrary. The boss's authority is not easily shared or delegated. There is a formal denial of the leader's dependence on subordinates to carry out actions. All initiative is understood to flow outward from him (Silin, 1976: 63).

Maintaining Social Distance with Subordinates

The leader prefers to maintain a distance between himself and subordinates, both in terms of interpersonal contact and work routine. The leader, for his part, must be properly dignified (*zun-yan*). The character *zun* conveys the idea of honour, and *yan* connotes stern, strict, dignified and, interestingly enough, father (Silin, 1976: 66).

Keeping Intentions Ill-Defined

The boss tries to hide his intentions from subordinates to maintain his authority and control. This is done in three ways. First, he tends to give written instructions in short, frequently opaque terms. Second, job descriptions are often lacking in these organizations. Third, although the boss's goals and the general attitudes necessary to achieve them (such as hard work, loyalty and frugality) are known, policies, or the manner in which his ideas are to be translated into action, frequently change. Because of such ambiguities, subordinates must spend considerable time keeping abreast of the boss's inner thoughts or ideas. The highest criterion for judging the trustworthiness of a subordinate is his or her ability to produce or verbalize the boss's inner thoughts or ideas in advance (Silin, 1976: 75).

Implementing Control Tactics

Control takes precedence over operational flexibility. The boss directly controls a wide range of people and activities. Silin noted four specific control tactics used by CFB owner/managers. First, in public, the boss rarely expresses confidence in subordinates, thus maintaining an imbalance of power between the boss and the subordinates. In private, the boss may express faith in subordinates' ability and loyalty. Second, the boss adopts divide-and-rule tactics, encouraging subordinates to compete with each other to achieve group goals and sometimes even exploiting friction between subordinates. Third, the boss never allows any one executive to be too well informed about his plans, thus preventing anyone from gaining enough power to be in control. Finally, the boss appoints loyal subordinates to several positions concurrently so that he can oversee sensitive areas of the business (Silin, 1976: 73).

How are subordinates expected to behave under the above leadership style? According to Silin, they are generally expected to be obedient and depend on the leader. They should express complete trust in the

boss and his judgement. They must remember that the boss cannot be wrong, and they should not publicly express alternative ideas, which may be construed as a sign of lack of confidence in the boss. They must also show deep respect for the boss. Given the large power distance between boss and subordinates, the latter should show their respect for the boss by expressing fear of being fired and by regarding the boss with awe.

How effective is this style of leadership in terms of subordinate satisfaction and performance? Silin did not address this question directly, but he did make three interesting observations. First, subordinates' loyalty to leaders is rationally determined primarily through a belief in the superior ability of the boss, not through interpersonal affection. In fact, there is a lack of affective commitment to the boss and little identification with the firm on the part of the subordinate. Second, the boss's divide-and-rule tactics and the resulting competition among subordinates make it difficult to obtain internal cooperation from different areas within these firms. This situation overburdens the boss with coordination tasks. Third, the subordinates' general sense of powerlessness depresses morale and stifles individual initiative and innovation. Overall, Silin was critical of this brand of authoritarian leadership and thought it to be an obstacle to Taiwanese firms' moving forward to modern (Western) forms of organization. Since Silin came from a cultural background in which egalitarianism, individualism and democracy were dominant, his view is understandable. It is also worth noting that in the late 1960s Taiwan's economy was still in the doldrums, and Silin could not foresee that the enterprises he studied would become dynamos.

Redding (1990)

In the late 1980s, inspired by the phenomenal success of overseas CFBs in the 1970s and 1980s, Redding began an intense study of management practices in such firms in Hong Kong, Singapore, Taiwan and Indonesia. Through in-depth interviews with 72 owner-managers, he identified a distinct brand of economic culture he called Chinese capitalism, in which paternalism is a key element.

Building on works by Silin (1976), Deyo (1978, 1983) and Pye (1985), Redding broke down PL into seven themes (Redding, 1990: 130).

1. Dependence of the subordinate as a mind-set.
2. Personalized loyalty, leading to subordinates being willing to conform.

3. Authoritarianism modified by sensitivity to subordinates' views.
4. Authority not divisible when it has become clearly identified with a person.
5. Aloofness and social distancing within the hierarchy.
6. Allowance for the leader's intentions to remain loosely formulated.
7. The leader as exemplar and 'teacher'.

Redding's interview study confirmed the existence of these themes in executive leadership in the CFBs he studied. This is a significant finding because his study was conducted some two decades later than Silin's and included CFBs from several countries and regions. Therefore, we have some evidence that PL is prevalent in overseas CFBs.

Although Redding's depiction of PL is similar to Silin's in that both recognized elements of authoritarian and moral leadership, they are not identical. Redding noted a benevolent component, which he described as 'fatherly concern or considerateness for subordinates' and 'sensitivity to subordinate views'. This benevolence was not apparent in Silin's (1976) observation of Taiwanese leadership, although it stood out in Pye's (1985) work on Asian politics. Since the leader's benevolence is practised in the context of authoritarianism, it is inevitably expressed in a patronizing manner. Redding also correctly noted that Chinese societies have a strong legacy of 'personalism', a tendency to allow personal factors to be included in decision making. Therefore, the leader's authoritarianism and benevolence may not be extended to all subordinates uniformly but to different subordinates in varying degrees.

Is PL an effective leadership style for CFBs in terms of subordinate satisfaction and performance? Redding did not provide a clear answer to this issue either, as his study looked at the overall functioning of CFBs in their context. Writing in the late 1980s, when the economies of Hong Kong, Singapore and Taiwan were the envy of the world, Redding had a balanced assessment of CFBs. He noted their many strengths (for instance, strategic flexibility, fast response, easy implementation of the boss's personal vision, stable key relationships, subordinates' compliance, diligence, and perseverance) as well as some weaknesses (the danger of factions and cliques, lack of innovation and initiative from below and limitations on how far legitimate authority can stretch). Although it is improper to attribute all these strengths and weaknesses to leadership alone, executive leadership inevitably plays a significant role in the management of CFBs.

Westwood's Model of Paternalistic Headship (Westwood and Chan, 1992; Westwood, 1997)

Building on the work of Silin (1976) and Redding (1990), Westwood proposed a model of paternalistic *headship* for CFBs (Westwood and Chan, 1992; Westwood, 1997). He substituted headship for 'leadership' on the grounds that the basic assumptions pertaining to the leadership construct in the Anglo-American literature were so different from those implicit in CFBs that they should be labelled differently. We agree with Westwood that there are fundamental differences between the cultural assumptions of the West (individualism, egalitarianism, universalism, justice, rights) and the East (familism, submission to authority, particularism, duties and obligations), but we see no compelling reason to confine use of the term leadership to the Western context. Leadership as a social influence process is a ubiquitous phenomenon in human societies and need not be wedded to Western cultural assumptions. In fact, the Chinese have been fascinated by the art of leadership for millennia, as writings from as early as 500 BC demonstrate (e.g., Sun Tzu's *Art of War*).

According to Westwood's model, paternalistic headship is made manifest in a general structural context characterized by centralization, low formalisation and non-complexity, and in a general relational context characterized by harmony building, relationship maintenance, moral leadership and personalism. He identified nine stylistic elements of paternalistic headship: (1) didactic leadership, (2) non-specific intentions, (3) reputation building, (4) protection of dominance, (5) political manipulation, (6) patronage and nepotism, (7) conflict diffusion, (8) aloofness and social distance, and (9) dialogue ideal.

Most of these are similar to Silin's and Redding's descriptions, but conflict diffusion and dialogue ideal need some explanation. First, according to Westwood, social harmony is a paramount social value in Chinese societies; therefore, one of the key activities of the head of an organization is to be alert to potential conflicts and to work to prevent and diffuse them. Although we agree that social harmony is a general value in Chinese social philosophy, we note that it is not necessarily an urgent or salient goal for business owners/managers. Furthermore, conflict can be prevented and diffused in numerous ways (e.g., avoidance, compromise, collaboration), and, thus conflict diffusion by itself does not describe a specific type of leader behaviour. Second, dialogue ideal, a term borrowed from Thompson's

(1989) account of Thailand, describes a business head's apparent concern for the dignity and personhood of subordinates. To what extent dialogue ideal is relevant to leadership in CFBs remains to be determined.

While the prior studies by Silin (1976), Redding (1990) and Westwood (1997) have accomplished much, the following questions are not answered.

1. What specific tactics do paternalistic bosses use, and how do subordinates respond to them?
2. How do Chinese bosses categorize subordinates into in-group and out-group members?
3. In what ways do bosses treat different subordinates differently, and how do subordinates respond to such treatment?

Cheng has discussed these issues (Cheng, 1995a, 1995b, 1995c).

Cheng's Studies (1995a, 1995b, 1995c)

In the late 1980s, Cheng (1995c) began to use the case study approach to examine the leadership style of owners/managers of Taiwanese family-owned businesses. In an in-depth case study of a paternalistic CEO, Cheng found that the CEO's leadership pattern shared many of the features reported by Silin (1976) and Redding (1990). In 1993–4, he conducted in-depth interviews with 18 CEOs of family-owned businesses in Taiwan and 24 of their first-line managers (Cheng, 1995a). The results of this study provided detailed behavioural examples of the CEOs' PL as well as subordinates' responses to it.

According to Cheng (1995a, 1995c), PL in Taiwanese family businesses consists of two broad categories of behaviour: *shi-en* (grant favours) and *li-wei* (inspire awe or fear). For each category of leadership behaviour, Cheng identified specific behavioural patterns as well as corresponding subordinate responses.

Li-wei consists of leader behaviours that stress a leader's personal authority and dominance over subordinates. The leader's *li-wei* includes control and domination, underestimating subordinate ability, building a lofty image for the leader and instructing subordinates in a didactic style. Subordinates respond to the leader's *li-wei* with compliance, obedience, fear and a sense of shame. For each of the above, Cheng provided specific behavioural examples: for instance, the leader's methods of control and dominance include unwillingness to

delegate, top-down communication, information secrecy and imposing tight control; subordinate compliance and obedience are manifested in behaviours such as showing public support for the leader, suppressing dissenting views, avoiding open confrontations, unconditionally accepting the leader's directives and displaying loyalty to and trust in the leader.

The concept of *shi-en* refers to leader behaviours that demonstrate personal favours and generosity. For example, a boss might demonstrate his *shi-en* by offering generous financial assistance to an ex-employee who struck out on his own but later had financial difficulties. In response to the leader's *shi-en*, subordinates feel indebted to the leader, grateful and obliged to reciprocate. How does the concept of *shi-en* differ from the constructs of leader consideration (Fleishman, 1953; Stogdill, 1974) and supportive leadership (Bowers and Seashore, 1966; House and Mitchell, 1974) as described in the Western leadership literature? Consideration refers to the degree to which a leader acts in a friendly and supportive manner, shows concern for subordinates and looks out for their welfare, whereas supportive leadership includes a variety of behaviours by which a manager shows consideration, acceptance and concern for the needs and feelings of other people (Yukl, 1998). Clearly *shi-en* is similar to these behaviours, but it also differs from them in several subtle ways. First, *shi-en* goes beyond the work domain and is both holistic and highly personalized. For example, the leader may help subordinates deal with personal or family problems, perhaps offering aid in an emergency or giving advice on dating or marital disputes. Second, *shi-en* is long-term oriented. The boss may continue to employ old, loyal employees who no longer perform their duties effectively. Third, *shi-en* may be exercised by granting grace and protection: for instance, when subordinates make grave errors, the leader may protect them by avoiding public humiliation or disclosure that may cause irrevocable career damage. Fourth, although consideration is generally couched in an atmosphere of respect for individuals and a spirit of egalitarianism, *shi-en* is practised in the context of strong authority. The boss does not let the subordinate forget who is the boss and who is the subordinate. Considerate behaviours such as treating subordinates as equals, being willing to accept their suggestions, and consulting them before making decisions are not considered *shi-en*.

Cheng also noted that the exercise of paternalistic leadership is highly personalistic in nature: that is, the boss does not treat all subordinates the same (Cheng, 1995b), but routinely categorizes subor-

ordinates into in-group and out-group members. In general, the leader exhibits less *li-wei* and more *shi-en* to in-group members than to out-group members. There are three criteria that determine whether a subordinate is categorized into the in-group or the out-group by the boss (Cheng, 1995b). The first and foremost factor is *guanxi*, the existence of particularistic ties between the leader and the subordinate such as kinship, shared local origin, a teacher-student relationship or a former classmates relationship (e.g., King, 1991; Tsui and Farh, 1997; Farh, Tsui, Xin and Cheng, 1998). The second factor is *zhong-cheng*, which may be defined as a subordinate's willingness to be loyal and obedient to the leader. The third factor is subordinate work competence. An ultimate in-group member is one who has *guanxi* with the leader, who is perceived to be *zhong-cheng* to the leader, and who is competent at work, whereas an ultimate out-group member is one who has no *guanxi* and is perceived to be disloyal, disobedient and incompetent. The psychological process underlying the distinction between in-group and out-group members is therefore similar to that described by leader-member exchange theory (e.g., Scandura and Graen, 1984), although the particular bases for classification are different.

In summary, Cheng's research has broadened and elaborated on previous research by Silin (1976), Redding (1990), Westwood and Chan (1992) and Westwood (1997). It extends this line of research by examining the dynamics between PL and subordinate responses. It provides a framework that uses *shi-en* and *li-wei* to help us understand PL with behavioural examples. What Cheng called *li-wei* includes the following elements from Silin, Redding and Westwood's conceptions of paternalism-control and dominance, centralized authority, aloofness and social distancing, keeping intentions ill defined, reputation building and didactic leadership. Cheng's *shi-en* corresponds to Redding's fatherly concern and sensitivity to the subordinate's view (or needs) and to Westwood's patronage. His description of leaders' bases for categorizing subordinates into in-group and out-group members and for subsequent differential treatment is an elaboration of Redding's personalism and Westwood's nepotism. The only part of PL that is notably missing in Cheng's framework is moral leadership. In retrospect, the lack of discussion on moral leadership is not because it was absent or unimportant in Cheng's sample of paternalistic leaders but because, coming from an indigenous framework, the subtle virtues that define leader morality and integrity were taken for granted.

ELEMENTS OF PATERNALISTIC LEADERSHIP

The above review suggests that the phenomenon of PL in CFBs may be broken down into three distinct elements: authoritarian leadership (or authoritarianism), benevolent leadership and moral leadership (or leader morality and integrity). Authoritarian leadership, which is similar to Cheng's concept of *li-wei*, refers to leader behaviours that assert absolute authority and control over subordinates and demand unquestionable obedience from subordinates. Benevolent leadership, which is similar to Cheng's *shi-en*, refers to leader behaviours that demonstrate individualized, holistic concerns for subordinates' personal or family well-being. Moral leadership, which is subtle and hard to describe, may be broadly depicted as leader behaviours that demonstrate superior personal virtues or qualities that provide legitimacy as well as arouse identification and respect from subordinates for the leader. PL is thus defined as a style that combines strong discipline and authority with fatherly benevolence and moral integrity couched in a personalistic atmosphere.

There is quite a consensus among these writers about what constitutes authoritarian and benevolent leader behaviours. Less can be said about moral leadership, since these writers were not consistent on the exact virtues or qualities that a leader must possess in order to be morally superior. Silin's idea of moral leadership depends on demonstrated financial and commercial success and unselfishness. Although unselfishness is clearly a Confucian virtue, financial and commercial success is not necessarily indicative of morality and integrity in Chinese societies. Redding also recognised the importance of moral values in Chinese societies. He argued that an understanding of the Chinese moral charter is essential to an understanding of the emergence of Chinese capitalism (Redding, 1990: 239). This moral charter, according to Redding, includes a broad set of Confucian values such as filial piety, human-heartedness, reasonableness, tolerance, propriety, respect for the hierarchy of age and sense of responsibility to workers. Westwood (1997: 467) pointed out two facets of moral leadership in CFBs. First, the boss needs to be seen to adhere personally to rules of proper and virtuous behaviour and thus serve as model for others, and second, the boss needs to signal that the authority inherent in his role is not being exercised purely for his own self-interest but on behalf of the collective, taking account of the well-being of all concerned. Although the above writers do not agree upon a fixed set of virtues or personal qualities, they all seem to agree that a pater-

nalistic leader is a morally superior person who leads in part by his virtues. In this sense, PL may be construed as a form of virtuocracy (Pye, 1981, 1985; Whitley, 1992).

Since it is unclear which specific leader behaviours or virtues illustrate moral leadership in CFBs, we review two other studies that point to the importance of a leader's moral character in Chinese organizations. First, Cheng and Zhuang (1981) studied effective leadership styles in Taiwanese military personnel and found moral character to be an important dimension of leadership. They asked soldiers to generate statements to describe leader behaviours and then combined these statements with items adapted from Fleishman's Leader Behaviour Description Questionnaire (LBDQ) to construct their leadership scale (Fleishman, 1953). Factor analysis of 1160 surveys of these military personnel yielded three independent factors of leadership: consideration, initiating structure and *gong-si-fen-ming* (being scrupulous in separating public from private interests). The first two factors were of course identical to those typically found in LBDQ in the West. The third factor refers to certain aspects of a leader's moral character. Figure 4.1 lists the English translations of the five items used by Cheng and Zhuang (1981) for the moral character factor. An examination of these items reveals that all five reflect concerns about engaging in behaviours that could be construed as abusing one's authority for selfish personal gain.

A second line of research conducted in the PRC also suggests that a leader's moral character is an important dimension of Chinese leadership (Ling, Chen and Wang, 1987; Xu, 1989; Ling, 1991). Building on the work of Misumi (1985), who showed that effective leaders in Japan scored high on both performance and maintenance behaviours, the cited authors discovered a third dimension of leadership, moral character, that was independent of performance and maintenance but essential in accounting for leadership effectiveness in the PRC. Moral character here refers to the perceived moral integrity of the superior. Figure 4.1 also provides an English translation of items taken from the Chinese CPM (character, performance and maintenance) scale on the leader's moral character. The CPM scale, which has 30 items, is an indigenous instrument developed in the PRC for measuring three dimensions of leadership. It has been tested widely in the PRC and has acceptable reliabilities and a clean factor structure (Ling, 1991). An examination of the items reveals that the leader's moral character is primarily conceptualized as an absence of unprincipled, selfish behaviours, especially that of taking advantage of one's positional

Cheng and Zhuang's Scale (1981)

1. He does not take advantage of his subordinates for personal gain.
2. He is not prejudiced against those who are in the minority.
3. He does not abuse his position to pursue self-gain.
4. He does not borrow money from his subordinates.
5. He does not manipulate *guanxi* (personal relationship) for self-interest.

Chinese CPM Scale (Ling, 1991)

1. Your superior is not clannish. He does not organize factions or engage in faction politics.
2. Your superior endures hardship before others do, and enjoys happiness after others have had enjoyment.
3. Your superior is vengeful and designs devious schemes to punish his opponents. (reversed)
4. Your superior is highly disciplined and does not mix personal interests with business. He places organizational goals ahead of his personal goals.
5. Your superior ingratiate himself with superiors to gain favours and is a yes man. (reversed)
6. In hiring and promotion, your superior is not jealous. His or her decisions are based on individual qualifications or merits only.
7. Your superior uses his authority to seek special privileges for himself. (reversed)
8. Your superior does not claim other's work or contributions as his own.
9. Your superior does not use *guanxi* (personal connections) or back-door practices to obtain illicit personal gains.
10. Your superior is not preoccupied with acquiring personal fame or wealth.

Figure 4.1 English translation of items that measure leader's moral character

power to pursue personal gain or other personal agenda. Nearly all items in the table reflect this deep-rooted concern.

Moreover, this concern about the abuse of authority for selfish gain does not seem to be limited to those who are in leadership positions. It is also reflected in the conception of organizational citizenship behaviour in Taiwan. Farh, Earley and Lin (1997) showed that organizational citizenship behaviour in Taiwan consisted of three etic dimensions (identification with company, altruism towards colleagues and conscientiousness) and two emic ones (interpersonal harmony and protecting company resources). The emic dimension of protecting company resources refers to 'discretionary behaviour by an employee to avoid negative behaviours that abuse company policies and resources for personal use' (Farh, Earley and Lin, 1997: 429). The

abusive behaviours include 'use company resources to do personal business (e.g., company phones, copy machines)', 'conduct personal business on company time', and 'view sick leave as benefit and make excuses for taking sick leave' (Farh, Earley and Lin, 1997: 428).

The above findings, taken together, suggest that although leader morality and integrity may entail many virtues, two seem to stand out in Chinese contexts: not acting selfishly (especially refraining from abusing authority for personal gain) and leading by example. Since the samples for the above studies were not drawn from CFBs, one may question whether the above results can apply to PL. We believe that they are probably relevant for two reasons. First, leader virtues are shaped by social norms in a society, and thus they are likely to transcend organizational boundaries. Second, the two virtues identified above were very similar to the two facets of moral leadership described by Westwood (1997). Therefore, we conclude that these two virtues are central behavioural elements of leader morality and integrity in PL.

Figure 4.2 summarizes leader behaviours under each of the three key elements of PL and the corresponding subordinate responses. The specific behaviours listed are illustrative, not exhaustive. Under authoritarian leadership, the major types of leader behaviours include asserting authority and control, underestimating subordinate competence, building a lofty image and acting in a didactic style. The corresponding subordinate responses include compliance, obedience, respect, fear and shame. Leader benevolence is manifested mainly in individualized care. Its corresponding subordinate responses are gratitude and willingness to reciprocate. Leader morality and integrity is demonstrated by acting unselfishly and leading by example, which in turn inspire identification and imitation by subordinates.

Implicit in Figure 4.2 is the complementarity of leader and subordinate roles. Authoritarian leadership cannot work unless subordinates have been socialized to respect vertical hierarchy and have a dependent mind-set (Pye, 1981; Redding, 1990). Leader benevolence cannot be sustained if it does not engender feelings of indebtedness and a willingness to reciprocate in subordinates. Moral leadership works only if subordinates identify with their leader's moral superiority and are willing to imitate it. When both leaders and subordinates play their respective roles, social harmony exists. When a subordinate is not ready or willing to play his or her role, a leader's insistence on PL (especially authoritarian leadership) will be futile at

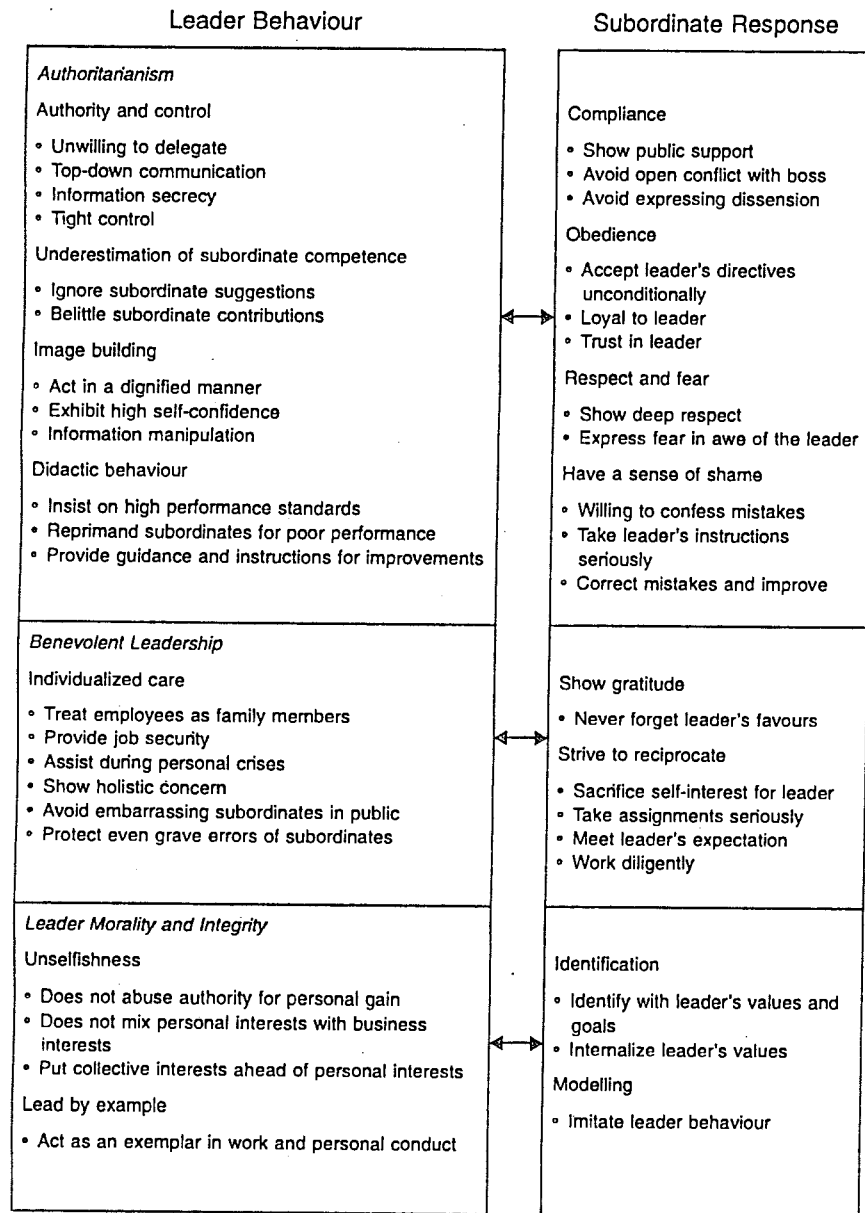


Figure 4.2 Paternalistic leader behaviour and subordinate response

best and may lead to strain, disharmony and even a breakdown of the relationship at the worst. In this sense, PL is based more on followership than on leadership.

CULTURAL ROOTS OF PATERNALISTIC LEADERSHIP

What are the primordial social and cultural forces in Chinese societies that render Chinese employees receptive to PL? Why do such leadership and the corresponding subordinate behaviours (especially absolute obedience) not carry the same stigma in China as they do in the West? We analyse these questions in the following section.

Authoritarian Leadership

To understand authoritarian leadership in Chinese contexts, one must understand the social structure of the traditional Chinese family. Of all the great civilizations, China made the family the most central (Bellah, 1970). Under the influence of Confucianism, the family has been the basic building block of Chinese society for three millennia. Of the five cardinal relationships in Confucian socialism (emperor–minister or subject, father–son, husband–wife, older brother–younger brother, and friend–friend), three of them explicitly address social relations within the family (father–son, husband–wife and brother–brother). In China's patriarchal tradition, the vertical bond between father and son is considered paramount and supersedes all other social relations, including the husband–wife relationship, and the father's authority over sons (and other family members) is absolute. In his insightful work on law and society in China, Chu (1961) summarized the authority of the father in a traditional Chinese family as follows:

The Chinese family was patriarchal. The grandfather or father was the ruling head and had authority over all the members of the family, including his wife and concubines, his sons and grandsons, their wives and children, his unmarried daughters, his collateral relatives who were junior to him and who shared his domicile, his slaves and servants. His control of the family economy and his power to make financial decisions strengthened his authority. In addition, since the concept of ancestor worship was central to the perpetuation and solidarity of the family, the authority of the family head, who was also

the family priest, was further enhanced. Finally, his authority was recognized and supported by law. (Chu, 1961: 20)

On the surface, this form of patriarchal authority closely resembles that found in ancient Mediterranean cultures such as those of Israel, Rome and Greece (Bellah, 1970). For example, the leaders of the ancient tribes of Israel commanded complete obedience from their wives, sons and sons' families. Even later, in the time of Christ, filial piety was still considered by the Jews as 'among all the commandments the weightiest of the weighty' (Bellah, 1970: 83). The fifth of the Ten Commandments was of course 'Honour your father and your mother that your days may be long upon the land which the Lord your God give you' (Exodus 20:12).

However, as Bellah (1970) pointed out, there are fundamental differences in the nature of the patriarchal authority in the Chinese and ancient Mediterranean cultures. The difference does not concern who is in charge, but how he is in charge. In the West, the power of the patriarch originated from his contact with God and his obedience to divine commandments. As Western societies developed, the relationship between the patriarch and God grew increasingly remote, and patriarchal power no longer went unchallenged. The development of complex political units and powers in ancient Greece and Rome resulted in competition between the state and the patriarch for power over individuals, which further eroded the legitimacy of the patriarch. The ensuing rise of the Western legal tradition put increasingly tighter limits on the scope of patriarchal power, as is described by Hamilton:

Roman laws codified the patriarch's personal power by specifying the areas in which his personal judgement alone had jurisdiction. As the West became Christian and Rome fell, the family gradually lost its patrilineal tradition, becoming more truncated in the Middle Ages and nuclear in the modern era. But the areas of personal discretion remained, and within those areas, a notion of patriarchy persisted into modern times, becoming virtually synonymous with the arbitrary power of men over women. (Hamilton, 1990: 82)

Thus, the West saw the steady decline of patriarchalism. In contrast, the Chinese had no omnipotent gods who legitimized fatherly authority. Instead, patriarchy was founded on the father-son relationship defined in Confucianism. The essence of this relationship is captured

in the concept of *xiao*, translated as 'filial piety' and literally meaning 'submission to the will of the father'. For Confucianism, the family is in many respects the religious context (Bellah, 1979: 87). Since one's relation to the universe is mediated through one's parents, one's primary religious obligation is filial piety. Thus filial piety is not just a defining virtue for a perfect man, but the glue that holds the patrilineal family together and the cornerstone of an orderly Confucian society. The centrality of filial piety in Chinese society can be seen from the following passages recorded in Confucian classics dating from some 2000 years ago:

Serving parents when alive with love and affection and when dead with grief and sorrow – this completely exhausts the basic duties of living men. (from *Xiao Jing, The Book of Filial Piety*, ch. 18)

Filial piety is heaven's pervading principle, earth's fundamental meaning, and the people's duty. (from *Xiao Jing, The Book of Filial Piety*, ch. 7)

You Zi said, 'Few of those who are filial sons and respectful brothers will show disrespect to superiors, and there has never been a man who is not disrespectful to superiors and yet creates disorder. When the root is firmly established, the moral law (*Dao*) will grow. Filial piety and brotherly respect are the root of humanity (*ren*).' (from *Lun Yu, the Analects*, ch. 1, discourse 2)

Not only did China and the West differ on the very basis on which fatherly authority originated, but this authority followed different trajectories of historical development. While the power of the father over the household became codified and restricted in the West, patriarchalism was strengthened in imperial China by increasingly rigidly defined role relationships (Hamilton, 1990; Smith, 1994). For example, during the Tang (618–906 AD) and Song (960–1279 AD) periods, Chinese imperial law held it a crime to kill a son regardless of the reason, although the punishment was lessened if the son had been disobedient. In the Ming (1368–1644 AD) period, fathers would go unpunished if they killed their sons for being unfilial. And China's last dynasty, the Qing (1644–1911 AD) maintained the most authoritarian rule in Chinese history (Smith, 1994).

Why did China's imperial rulers and the privileged elite tolerate and even strengthen patriarchalism over the years? The Legalist school was a key factor (Yu, 1976; Smith, 1994). The Legalist school

originated in the Spring–Autumn Period of ancient China (403–221 bc), at roughly the same time that Confucius was preaching his moral philosophy. In that period, the reigning Zhou dynasty had disintegrated, which resulted in complete social chaos and lawlessness. Unlike Confucianists, the Legalists were objective and realistic, looking to the present rather than the past for solutions (Chan, 1963). They denounced moral platitudes and vain talk, demanding accomplishments and results. Their answer to the pressing problems of the time was to establish a powerful, centralized imperial regime that could unify China and rule it with iron-fist discipline. Assuming that human nature was evil and driven by self-interest only, the Legalists advised the emperor never to trust, delegate to, or share authority with, ministers. They encouraged the use of various forms of control tactics in policing ministers and advocated that a harsh penal code must be publicly proclaimed and applied to all. In Chinese history, the Legalists were instrumental in setting up the dictatorship of Qin (221–206 bc), which unified China and instituted the tightest regimentation of life and thought in Chinese history.

It can be readily seen that Legalism is entirely incompatible with Confucianism, which advocates the cultivation of virtue, the development of individual personality, government for the people, social harmony, and the use of moral principles, moral examples, and moral persuasion (Chan, 1963: 251). After 15 years Qin collapsed, and the Han dynasty followed (206 bc–220 ad) and ruled during one of the most glorious periods in all of Chinese history. In early Han times, under Emperor Wu (141–87 bc), Confucianism was adopted as a state cult, and Legalism was relegated to the status of a minor school of thought. The Legalist administrative approach, however, proved too practical and too addictive to be abandoned by China's imperial rulers. Emperor Wu's government was fundamentally Legalist in structure, although Confucian in spirit (Yu, 1976; Smith, 1994: 31).

To compete with Legalism to win the support of imperial rulers, Confucianism went through a subtle transformation (Yu, 1976: 32). Out went mutuality in dyadic relationships, in came a relentless emphasis on the duties and obligations of the weak roles (minister, son, wife and younger brother) in *wu-lun* relationships. This transformation is best demonstrated in the idea of Three Bonds (*sang-gong*) proposed by Tung Chung-Shu (c.179–104 bc), a prime minister of Emperor Wu. The Three Bonds stipulated the emperor as the ruler of the minister, the father as the ruler of the son, and the husband as

the ruler of the wife. The non-reciprocal obligations owed by inferiors to superiors within this framework set the authoritarian tone of much of life in traditional China until the end of imperial times (Smith, 1994).

In this politicized Confucian social order, the source of imperial authority lies in the role relationship between the emperor and the minister (or the subject), which itself was an extension of the father–son relationship. By affirming and embracing patriarchy as the organizing principle of society, China's imperial rulers solidified their absolute authority over their subjects as well. Hamilton summarized the nature of Chinese patriarchy well in the following passage:

Chinese patriarchy places the stress on the subordinate's duty to obey (*xiao*), assigns role obligations that signify his or her submission to duty (e.g., mourning rites), and restricts legitimate acts of power and obedience to behaviour in role sets (e.g., father/son, emperor/subjects, husband/wife). This depersonalized form of patriarchy is in turn justified by the belief that it is the duty of all individuals to conform to their roles in order to maintain the harmony of the whole. (Hamilton, 1990: 93)

The above analysis points out an important characteristic of patriarchal authority in the Chinese context: that is, its power and its legitimacy hinge on the follower's internalization of their 'subordinate' roles. In the words of Herbert A. Simon, custom is the most important basis for authority because under the influence of custom, subordinates view obedience to authority as socially 'expected' conduct (Simon, 1976: 130). To the extent that Chinese societies are able to inculcate the duties and obligations of 'sonship' into sons or 'followership' into subordinates, patriarchal authority is established.

How does the legacy of patriarchalism in China relate to PL in modern CFBs? Yang (1993) described a generalization process, called pan-familism or generalized familism, in which Chinese people simply generalize experiences and habits acquired in the family to other groups so that the latter can be regarded as quasi-familial organizations. This pan-familism process can take place at three levels: (1) structural patterns and functional rules, (2) interpersonal ethics and role relationships, and (3) attitudes, thoughts, values and behaviours. Since the family remains the only social or collective group that is really important to contemporary Chinese (Yang, 1988), it is natural for the Chinese to treat the family as the prototype for almost all

other organizations. When pan-familism is applied in a CFB, the owner/manager takes on the role of the father, and the subordinate the role of the son: that is, the all-powerful boss dictates, and the subordinate listens and complies.

We have traced the cultural roots of authoritarian leadership in Chinese societies. Let us turn to the cultural bases of benevolent leadership.

Benevolent Leadership

In the Confucian ideal, dyadic role relationships are founded on mutuality. The following paragraph from the *Li Ji* (*The Book of Rites*) describes the nature of mutuality:

What are the things which humans consider righteous (*yi*)? Kindness on the part of the father, and filial duty on that of the son; gentleness on the part of the elder brother, and obedience on that of the younger; righteousness on the part of the husband, and submission on that of the wife; kindness on the part of the elders, and deference on that of juniors; benevolence on the part of the ruler, and loyalty on that of the minister. These are the ten things which humans consider to be right.

Two principles are clear in the above passage. First, people who assume the superior roles (fathers, elder brothers, husbands, elders and rulers) should treat those who are in inferior roles (sons, younger brothers, wives, juniors and ministers) with kindness, gentleness, righteousness and benevolence. Second, persons who assume the inferior roles should respect their superiors by following the principles of filial duty, obedience, submission, deference, loyalty and obedience. Therefore, the ideal social relations are 'benevolent ruler with loyal minister', 'kind father with filial son', 'righteous husband with submissive wife', 'gentle elder brother with obedient younger brother' and 'kind elder with deferent junior'. These principles also form the cultural mandate and expectations that the leader should be benevolent to the follower.

However, we should hasten to point out that the intensity of role obligations for the superior and the inferior is not symmetrical. The tradition of Three Bonds has made it clear that even when superiors behave in contradiction to their role requirements, inferiors are still expected to fulfil their role obligations. Although the Confucian

classic *Xiao Jing* (*The Book of Filial Piety*), describes the numerous duties and obligations of sonship, no such literature exists on how fathers should fulfil their role; it is as if fatherly love and gentleness were a human instinct that does not need to be cultivated.

Moreover, given the authoritarian role of the father, a father's benevolence does not necessarily translate into his responsiveness to the psychological needs of the son. Psychologists have studied child rearing in contemporary Chinese families and found that the Chinese father-son relationship tends to be marked by affective distance, perhaps even tension and antagonism (Ho, 1987). A recent review by Wu (1994) found that Chinese socialization is characterized by a strong emphasis on training in obedience, proper conduct, impulse control and acceptance of social obligations, with little attention given to independence, assertiveness and creativity. These observations suggest that within Chinese families, fatherly benevolence is often overshadowed by concern for discipline and obedience. A warm, affectionate father may be more the exception than the norm in Chinese families.

How does this cultural heritage play out in the boss-subordinate relationship in CFBs? First of all, we must recognize that subordinates are hired hands, and thus they are rarely totally dependent on the boss or the organization. This limits the range of authority that the boss may exercise. Beyond the expectation for 'fatherly concern', we suspect that the boss treats the employee benevolently for a different reason: that is, the powerful concept of *bao* (response or return: Yang, 1957). The core meaning of *bao* is reciprocity, which has served as one basis of social relations in China. The Chinese believe in reciprocity of actions between one person and another. Favours done for others are often considered 'social investments', for which handsome returns are expected. As Yang pointed out (1957: 291), although acceptance of the principle of reciprocity is required in practically every society, in China the principle is marked by its long history, the high degree of people's consciousness of its existence, and its wide application and tremendous influence in social institutions. This strong sense of *bao* has persisted in contemporary Chinese societies, and it is one of the underlying forces that spawn the ubiquitous phenomenon of *guanxi* (personal connections) in business as well as social relations (King, 1991; Yang, 1994; Tsui and Farh, 1997). Since there is no compelling institutional force that requires the boss to act benevolently to the employees, benevolence on the part of the boss generates indebtedness on the part of the employees, who will then try to reciprocate in

earnest. This reciprocity may take the form of genuine gratitude, personal loyalty, or obedience to and compliance with the boss's requests (beyond what is normally required in the subordinate role). This pattern of the 'patron-client' relationship between leader and subordinate is widespread. It is not only found in overseas CFBs but also in SOEs and government bureaucracies in the PRC (Pye, 1985; Walder, 1986).

In sum, the cultural roots of benevolent leadership originate from the Confucian ideal of the kind, gentle superior, and they are further cemented by practical concern for exchanging superior favours for subordinate indebtedness, personal loyalty and obedience. All come under the umbrella of the powerful norm of reciprocity.

Moral Leadership

As noted earlier, Confucius believed that the cultivation of individual virtues was the foundation of society. In the realm of government, Confucius emphasized the use of moral principles, moral examples and moral persuasion in governing. He did not believe in the efficacy of law and punishment, which he thought could regulate overt behaviours only, not inner thought. The most effective form of governance was therefore leading by virtue and by moral example. In the *Lun Yu* (the *Analects*), several passages illustrate this philosophy vividly:

A ruler who governs his state by virtue is like the north polar star, which remains in its place while all the other stars revolve around it. (Ch.2, discourse 1)

Lead the people with governmental measures and regulate them by law and punishment, and they will avoid wrongdoing but will have no sense of honour and shame. Lead them with virtue and regulate them by the rules of propriety, and they will have a sense of shame and, moreover, set themselves right. (Ch.2, discourse 3)

Ji Kang Zi asked Confucius about government, saying, 'What do you think of killing the wicked and associating with the good?' Confucius replied, 'In your government what is the need of killing? If you desire what is good, the people will be good. The character of a ruler is like wind and that of the people is like grass. In whatever direction the wind blows, the grass always bends.' (Ch.2, discourse 19)

In the Confucian ideal, the basic requirements for a leader were to demonstrate superior morality by performing the rites associated with his roles. At the highest level, the emperor as the Son of Heaven was thought to enjoy absolute powers as long as he ruled the country by virtue. Under the emperor, imperial officials had to demonstrate moral rectitude before they were worthy of being appointed as officials. In the Han period (206 BC–226 AD), the most important criterion for being selected for official posts was a demonstration of possessing the virtues of being a genuinely filial son without corruption. During the Sui-Tang (589–907 AD) and later periods, an examination system was established and institutionalized in which imperial officials demonstrated their moral worth through mastery of the Confucian classics, which were the major sources of Confucian ethics. In the public sphere, for millennia imperial officials were required to observe core Confucian ethics (e.g., filial piety) most seriously. For example, as late as the Qing dynasty (1644–1911 AD), officials had to withdraw from duty for up to three years to mourn the death of a parent (Smith, 1994).

Beyond Confucian ethics, the emphasis on the moral virtue of the official is also necessitated by the lack of institutional protection for citizens in traditional China. Under the influence of Legalism, traditional Chinese law was overwhelmingly penal and designed primarily to protect the entire social order against moral or ritual impropriety (e.g., van der Sprenkel, 1962; Yu, 1976; Smith, 1994). It was only secondarily interested in defending the rights of individuals or groups against other individuals or groups, and not at all concerned with defending such rights against the state (Smith, 1994: 34). It had no due process in the Western sense, no trial by jury, and no formal presentation by counsel. In essence, this legal system was an instrument of state power and control, not a source of individual autonomy (Smith, 1994: 34). Lacking institutional protection for individual rights, the fate of individuals outside the family sphere rested entirely in the hands of imperial officials. The moral character of the officials thus took on added significance in imperial China. Despite modernization, this tendency to rely on the rule of man in lieu of the rule of law has persisted in contemporary Chinese societies to varying degrees (Ho, 1994; Lin, 1994).

In sum, the importance of moral leadership has its roots in the Confucian philosophy of governance. A weak legal tradition and the rule of man further underscore the importance of moral character of those who occupy positions of authority.

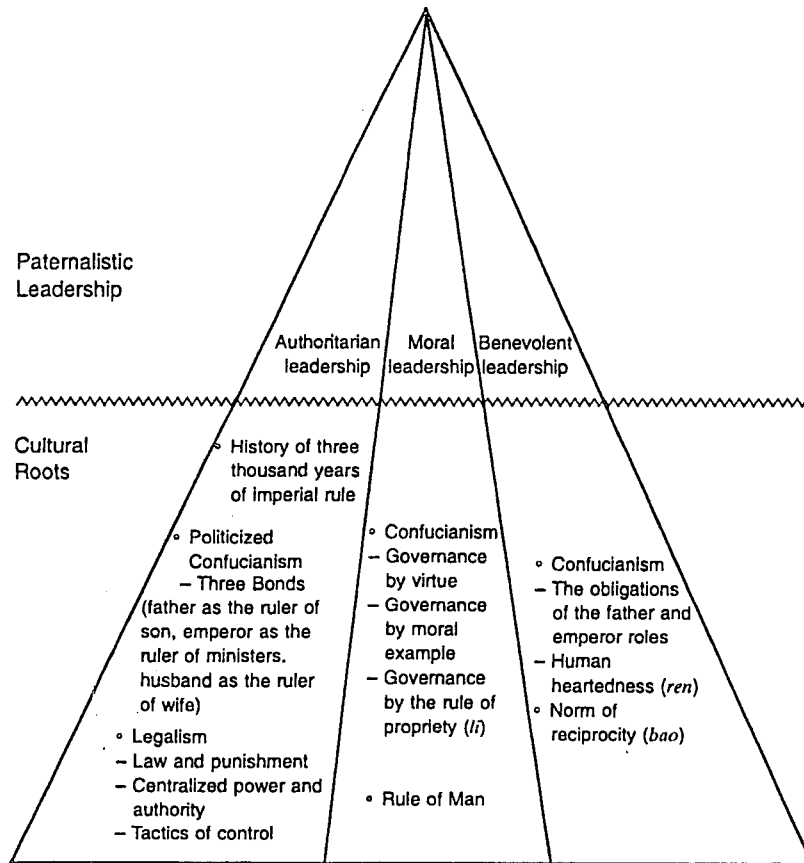


Figure 4.3 Cultural roots of paternalistic leadership

Figure 4.3 lists the cultural forces behind each of the three elements of PL. We have used the image of an iceberg to depict the idea that PL rests on the tip of the mass of Chinese traditional values and ideology.

PRELIMINARY RESEARCH EVIDENCE ON PATERNALISTIC LEADERSHIP IN CONTEMPORARY CHINA

How is PL received in contemporary Chinese societies? Recently we conducted a large-scale survey of work values in the PRC, Taiwan

and Hong Kong, which examined employees' expectations for two elements of PL, authoritarianism and benevolence. We did not investigate leader morality and integrity because it has been addressed in previous research (e.g., Cheng and Zhuang, 1981; Ling, 1991).

The PRC sample consisted of 1025 employees drawn from 38 enterprises from nine different provinces. The Taiwanese sample included 1188 employees drawn from 11 enterprises from seven counties. We tried to make sure that the mainland and Taiwanese samples were comparable. For example, all the enterprises studied were in the electronics, food and service industries. In addition, all our participating Taiwanese companies had PRC subsidiaries, and most of these subsidiaries were also included in the PRC sample. Within each selected enterprise, employees of all ranks were invited to participate in the survey. A detailed description of the two samples can be found in Cheng (1998). The Hong Kong sample was smaller ($N = 256$), and it included employees from two electronics factories of a multinational firm whose mainland and Taiwanese subsidiaries had also participated in the survey. In a separate analysis, we singled out employees from this multinational firm. Since the pattern of results for this sample was substantially the same as that for the larger sample, we report results for the larger sample only.

Our survey contained eight items measuring employee's respect for authority and expectation of leader's benevolence (see Table 4.1). All items were measured on a six-point Likert scale (1 = strongly disagree, 2 = disagree, 3 = slightly disagree, 4 = slightly agree, 5 = agree, 6 = strongly agree). The same Chinese items were used in the three regions.

We factor-analysed the eight items in each sample. Results of these analyses revealed that in each sample, the four items for respect for authority loaded on one factor and the remaining four items, measuring expectation of leader's benevolence, loaded on a separate factor. The two dimensions were modestly correlated for each sample, though the correlation was statistically significant ($r = 0.09, 0.19, 0.14$ for the PRC, Taiwan and Hong Kong, respectively). The Cronbach alphas ranged from 0.56 to 0.60 for respect for authority and from 0.64 to 0.76 for expectation of benevolence.

We examined mean differences across the three regions using one-way analysis of variance (ANOVA) and *post hoc* comparisons. Results are presented in Table 4.1. In terms of respect for authority, the three regions varied significantly, with Hong Kong showing the highest level,

Table 4.1 Respect for authority and expectation of leader's benevolence in the PRC, Taiwan and Hong Kong[†]

Variables	The PRC (N = 1020)		Taiwan (N = 1176)		Hong Kong (N = 261)		F
	M	SD	M	SD	M	SD	
<i>Respect for Authority</i>							
All important decisions in an organization should be determined by management.	3.37 [†]	1.27	3.41 ^{†*}	1.33	3.62 [†]	1.36	3.90*
Superior may reprimand the subordinate in public for poor performance.	3.11 [†]	1.32	2.43 [†]	1.22	2.98 [†]	1.28	83.22**
Success in my organization is mainly due to the effort and leadership of the management.	3.23 [†]	1.29	3.41 [†]	1.37	3.69 [†]	1.38	13.78**
The subordinate should pay close attention to superior's instructions and be willing to repent and follow.	4.28 [†]	1.12	4.29 [†]	1.12	4.57 [†]	0.91	8.07**
Overall	3.50 [†]	0.83	3.39 [†]	0.85	3.72 [†]	0.82	17.67**
<i>Expectation of Leader's Benevolence</i>							
Beyond work relation, the superior should express concern about subordinate's daily life.	5.17 [†]	0.81	5.12 [†]	0.81	4.46 [†]	1.03	78.44**
It is the superior's responsibility to take good care of subordinates.	4.57 [†]	1.09	4.85 [†]	1.00	4.28 [†]	1.07	41.47**
When the subordinate makes mistakes, the superior should teach and admonish with patience.	5.02	0.86	4.97	0.81	4.89	0.76	2.72
When the subordinate encounters personal emergencies, the superior should provide timely assistance.	5.10 [†]	0.85	5.06 [†]	0.79	4.61 [†]	0.85	39.35**
Overall	4.97 [†]	0.68	5.00 [†]	0.65	4.56 [†]	0.65	49.47**

* $P < 0.05$; ** $P < 0.01$.[†] For each variable, means not sharing common superscripts ([†], [†], [†]) differed significantly at the 0.05 level or better using Scheffe's test.

followed by the PRC, and then Taiwan. In terms of expectation of leader's benevolence, Hong Kong scored significantly lower than the PRC or Taiwan, and there was no significant difference between the PRC and Taiwan. Despite these regional differences, all three groups of Chinese employees expressed a strong expectation of leader benevolence (means = 4.5–5.0) and a mixed view on respect for authority (means = 3.39–3.72).

The survey also included several demographic variables, of which age and educational level are of particular interest since they may reflect generational differences and the influence of modernization. Respect for authority was found to be positively correlated with age in the PRC ($r = 0.06$, $p < 0.05$), Taiwan ($r = 0.15$, $p < 0.01$) and Hong Kong ($r = 0.23$, $p < 0.01$), but it was negatively correlated with education in the PRC ($r = -0.09$, $p < 0.01$) and Taiwan ($r = -0.13$, $p < 0.01$) and uncorrelated with education in Hong Kong ($r = -0.08$, n.s.). Expectation of leader's benevolence was found to be uncorrelated with age in the PRC ($r = 0.06$, n.s.) and Taiwan ($r = 0.03$, n.s.), and positively correlated with age in Hong Kong ($r = 0.15$, $p < 0.05$). Expectation of leader's benevolence was also found to be uncorrelated with education in the PRC ($r = 0.01$, n.s.) and Hong Kong ($r = 0.06$, n.s.), and positively correlated with education in Taiwan ($r = 0.10$, $p < 0.01$).

The above results show that Chinese employees had a generally high level of expectation of leader's benevolence, and this expectation was higher in the PRC and Taiwan than in Hong Kong. Furthermore, this expectation was generally unrelated to individual differences in age or education. In contrast, respect for authority was highest in Hong Kong, followed by the PRC and then Taiwan. Older individuals exhibited a higher level of respect for authority, and individuals with more education tended to have lower levels. These results suggest that benevolent leadership is likely to be well received by Chinese employees (especially in the PRC and Taiwan). Authoritarian leadership, however, may not be well received, especially among those who are younger and well educated and from Taiwan or the PRC.

We have reviewed the literature on PL, analysed its cultural roots and provided some preliminary data on how Chinese employees might respond to such leadership. In the final section of this chapter, we will point out key issues that should be addressed and propose a preliminary PL model for future research in this area.

FUTURE RESEARCH DIRECTIONS

Relationships among the Three Elements of Paternalistic Leadership

In this chapter, PL is defined as being composed of three elements – authoritarianism, benevolence, and moral leadership – all of which are rooted in Chinese cultural traditions and found to be present in the leadership behaviour of the bosses of overseas CFBs (Silin, 1976; Redding, 1990; Cheng, 1995a, 1995c). PL is defined as leadership involving all three of these elements to varying degrees. That said, we do not imply that these three elements are inseparable (especially for discussing leadership in non-CFB contexts). Let us speculate about their interrelationships. First, moral leadership is probably positively correlated with benevolent leadership because leader benevolence, as illustrated in our data, was widely expected as part of the leader's role in Chinese societies. Thus a leader who practises benevolent leadership should be more likely to be perceived as possessing moral character by subordinates. Second, the relationship between moral leadership and authoritarianism may be tenuous. On the one hand, the leader's moral leadership (as perceived by subordinates) should strengthen authority, especially referent and legitimate powers (French and Raven, 1959), thus putting the leader in a position to exercise strong influence. On the other hand, the increased sphere of the leader's influence may render authoritarian behaviours entirely unnecessary. The net effect of these two opposing forces may be that leader's moral leadership is unrelated to his authoritarianism.

Finally, the relationship between authoritarianism and benevolence is even more intriguing because Chinese leaders have found it difficult to employ both elements simultaneously. Cheng (1995c) noted that in CFBs and in the military in Taiwan, the head of a unit frequently played an authoritarian role while his or her deputy played a predominantly benevolent role. This occurred because the head found it difficult to play both roles effectively. Similar divisions also occur in many Chinese families, where the father often plays a disciplinarian role and the mother a nurturing one. The difficulty of playing both roles well suggests that the elements of authoritarianism and benevolence are probably negatively correlated.

The above discussion leads us to conclude that although PL consists of three elements, they may not be highly integrated in a single person. It may be more useful to conceptualize them as three styles that con-

verge in the bosses of CFBs. Future research should examine their singular as well as interactive effects on subordinate and organizational outcomes in different types of Chinese organizations.

Societal Modernization and the Challenge to Authoritarian Leadership

As noted earlier, authoritarianism in Chinese culture is rooted in the paramount value of submission to authority. This pillar of traditional Chinese culture has been under relentless assault by Western-led modernization in the twentieth century (Yang, 1998). Studies conducted in Taiwan (see Yang, 1996 for a summary) have shown that submission to authority was incompatible with modern values of egalitarianism and open-mindedness and has been gradually weakened over time. Similarly, King (1996: 270) noted that the Chinese in Hong Kong no longer lived uncritically under the traditional Confucian ideology and had adopted a rationalistic, instrumental attitude towards traditional values.

The recent social history of the PRC proves to be an even more radical blow to the traditional value of submission to authority. In the early 1950s, during the agrarian land reform that engulfed the entire countryside, the landed gentry class (which had been the traditional mainstay of China's peasant society) was put on public trial and had their land confiscated (Chu and Ju, 1993). In the cities, the business class was discredited and wiped out. By the late 1950s, party cadres at various levels had consolidated all authority in the society and created a society of organized dependency (Walder, 1983). Then came the devastating Cultural Revolution (1966–76), which turned the entire society upside down.

When these same Party cadres who had exercised their power with an air of almost absolute finality were subject to all kinds of abuse and humiliation at the hands of the young Red Guards, the basis of authority in Chinese society began to fall apart. Even after the Red Guards were banished to labour exile in remote regions and many of the downgraded cadres returned to their erstwhile positions, the meaning of authority was never the same as before. Authority must still be submitted to when it controls the distribution of extremely scarce resources. But this submission is no longer willingly expressed, but reluctantly extracted and intensely resented. (Chu and Ju, 1993: 312)

Even after two decades, the devastating effect of the Cultural Revolution on respect for authority still surfaced in our survey data. We divided our mainland sample ($N = 1011$) into the following four age groups based on participants' ages at the beginning of the Cultural Revolution in 1966: group 1 – 1 year old or not yet born ($N = 560$); group 2 – age 2 to 11 ($N = 263$); group 3 – age 12 to 16 ($N = 84$); and group 4 – age 17 or above ($N = 104$). Of the four groups, group 3 should be the most heavily influenced by the Cultural Revolution since its members were in the middle or high schools when the Revolution began. They were also the prime age group targeted for joining the Red Guard. We compared differences in respect for authority by age group using ANOVAs and *post hoc* comparisons. The results showed that group 3 had significantly lower scores on respect for authority than any of the other three groups (means for groups 1 to 4 were 3.44, 3.64, 3.22 and 3.67, respectively). No similar age difference was found in samples from Taiwan or Hong Kong. When these 84 individuals were omitted from the PRC sample, the correlation between age and respect for authority rose from 0.06 to 0.11 ($p < 0.01$).

Even within Chinese families, people's attitudes toward filial piety have undergone significant changes over this century. There is evidence that filial piety is generally on the decline and no longer commands the same degree of observance it once did (Ho and Chiu, 1994; Ho, 1996). Although the core filial obligations such as ancestor worship and repaying one's indebtedness to parents have been largely preserved in overseas Chinese communities, absolute obedience to parents and subjugation of individuals' needs and interests to those of their parents have largely been abandoned (Ho, 1996). Moreover, Yang (1988) has noted a shift of the power structure of the family from the father/son axis to the husband/wife axis in the Chinese mainland, Hong Kong and Taiwan. Although parents are still respected, they have lost their total authority and absolute power over their children (Yang, 1988).

The above review suggests that the experience of modernization (and Communism) in contemporary Chinese societies has weakened the very foundation of the Chinese conception of authority. One can no longer assume that submission to authority is a universal value espoused by all Chinese, especially among those who are younger and more educated. Indeed, recent research shows that individual differences in attitudes towards submission to authority moderated the relationship between work attitude and organizational behaviour in

Hong Kong and Taiwan (e.g., Farh, Earley and Lin, 1997; Farh, Leung and Law, 1998; Pillutla, Farh, Lee and Lin, 1998).

It is also worth noting that cross-cultural research continues to show that Chinese societies as a whole tend to exhibit a larger power distance than many Western countries (Hofstede, 1980a; Smith and Wang, 1996). There is also evidence from cross-cultural research that, compared with their Western counterparts, Chinese leaders tend to be less participative (Xia, 1987), to be much more likely to rely upon their superiors in handling events (Smith and Peterson, 1988), and to have a more paternalistic attitude towards companies (Chang, 1985). These observations may have led Hofstede and Bond to conclude: 'The ideal leader in a culture in which Power Distances are small would be a resourceful democrat; on the other hand, the ideal leader in a culture in which Power Distances are large is a benevolent autocrat (or "good father")' (Hofstede and Bond, 1988: 14). These broad generalizations probably hold true in cross-cultural comparisons, but they should not be interpreted as suggesting that, within Chinese culture, authoritarian leadership is associated with positive subordinate responses or organizational outcomes. As we have seen from our recent survey, submission to authority as a social value is no longer viewed positively (or even negatively) in Chinese societies. This suggests that authoritarian leadership may also no longer be viewed positively. This is especially the case for Western-invested organizations in China since Chinese employees who self-select into such organizations expect participative leadership. These are interesting possibilities that need to be scrutinized in future research.

In conclusion, with the deterioration of the traditional value of submission to authority in Chinese societies and the fact that most managers are not owners of their organizational units, authoritarian leadership in its present form is unlikely to be well accepted by Chinese employees. Like filial piety, it must be transformed to adapt to the modern context. We think that this transformation may take two different forms. First, authoritarian leadership may be transformed by purging the leader behaviours that are particularly degrading to individual dignity (e.g., belittling subordinate contributions, ignoring subordinate suggestions, tight control and insisting on absolute obedience). Other facets of authoritarian leadership (e.g., image building, providing guidance and instructions, high performance standards) may still be retained and even reinforced in some organizational contexts. Second, instead of being fixated on building personal *wei* (impressive strength or might which inspires awe or

fear), the owners/managers may direct their attention to building the *wei* of core principles or values that they cherish. When *wei* is transferred from the owner/manager to core principles or values, subordinates are no longer obedient to 'man' but to 'law'. They no longer experience the fear and awe associated with the exercise of the authority of the owner/manager, but the *wei* of the core principles or values. Impersonal authority built on principles or values is less likely to arouse employee resistance than personal authority in contemporary Chinese societies. It also has the benefits of evolving a strong, more enduring corporate culture, smoother managerial succession, and greater stability and continuity over time. Future research should study these speculations.

Unresolved Issues Surrounding Moral Leadership

Our analysis suggests that for moral leadership to work effectively, a society must have a single set of clear moral standards. In other words, moral leadership may not work effectively in a pluralistic society in which conflicting value systems coexist. In traditional China, Confucianism provided the guiding ethical principles for the entire society. In contemporary Chinese societies, modern (or Western) values coexist with traditional Confucian values, and each has its own system of moralities (Hwang, 1998). It is thus increasingly difficult to define a single set of values that are accepted by all. What are the important virtues for moral leadership in this changing context? Earlier, we argued for two important virtues for moral leadership in contemporary Chinese societies: (1) to avoid acting selfishly and (2) to lead by example. The importance of these virtues is based on studies conducted in the PRC and Taiwan. How important are these virtues for business organizations in overseas Chinese communities such as Hong Kong? Are there other virtues important for moral leadership, given the rapid infusion of Western values? These are important issues that need to be addressed in future research.

Researchers also need to examine how subordinates form their impression of leaders' moral integrity, how this impression changes over time, which leader behaviours are most influential in the impression formation process, what impact moral leadership has on subordinate- and organization-level outcomes, and, finally, how organizations develop and cultivate a culture of moral leadership. These issues are important not only for organizations, but also for Chinese societies at large, which are often criticized for paying too little attention to business ethics.

Unresolved Issues Surrounding Benevolent Leadership

Leader benevolence refers to behaviour that demonstrates individualized, holistic concern for a subordinate's well-being. Here we have the image of a caring leader who is attentive to subordinates' needs. Our survey results indicate that Chinese employees in the PRC, Hong Kong and Taiwan held a strong expectation of benevolent leadership, and this tendency did not vary across age or educational status. These findings suggest that leader benevolence is still expected and appreciated by employees. However, when leader benevolence is actually put into practice, it may lead to conflicts with modern values such as equity, equality, economic rationality and respect for individual privacy. For example, in resource allocation, benevolent leadership implies that the boss will distribute resources among subordinates based on the need rule rather than on equity or equality. A leader's protection of long-term loyal employees may clash with today's market rationality of downsizing and restructuring. A leader's concern for subordinates' private lives may offend those who are conscious of their privacy. These potential conflicts suggest that although benevolent leadership is a popular idea, practising it without trampling on basic modern values is no easy task. Future research should examine how Chinese leaders practise benevolence without creating these value conflicts, and how Chinese employees espousing varying degrees of modern values respond to different types of benevolent practices.

Relations with Leadership Styles in the Western Literature

PL is prevalent in CFBs, but the essence of the leadership task in modern organizations is the same, involving directing, organizing, influencing, decision making and controlling. Thomas Manning, a managing director of Ernst and Young who operates out of Hong Kong, has been quoted as saying: 'About 80% of what these Asian family companies are trying to do is the same as what others are trying to do worldwide. What makes a good company in Asia makes one in San Francisco or in Stuttgart' (Dumaine, 1997). We should not be surprised to find some similarities between elements of PL and leadership styles described in the Western leadership literature. Although the purpose of this chapter is not to detail these similarities as well as differences between the East versus the West, it is nevertheless useful to point out the obvious for future cross-cultural research.

Earlier we noted similarities and differences between consideration and benevolence. The concept of individualized consideration in Bass's model of transformational leadership (Bass, 1985, 1996) is even more similar to benevolence. Future research should examine how Chinese and Western leaders express benevolence and individualized consideration in their cultural contexts, and how subordinates respond to these leader behaviours.

Despite the differences in the conceptions of authority between China and the West, several aspects of authoritarian leader behaviours (see Figure 4.2) are similar to Western concepts of autocratic leadership, initiating structure and high performance expectation. Although autocratic leadership has fallen out of favour in modern organizations in the West, the other leadership concepts are still quite relevant. Future research should examine cross-cultural differences in subordinates' perceptions of leader authority and how their perceptions influence their response to various forms of authoritarian leader behaviours.

Beyond benevolence and authoritarianism, the leader's morality and integrity has begun to receive increasing research attention in the Western leadership literature. For example, Burns (1978) described the transforming leader as one who can raise the consciousness of followers to higher levels of morality and motivation by appealing to ideals and moral values such as liberty, justice, equality, peace, and humanitarianism. In Bass's conceptualization of transformational leadership, the leader's integrity and trustworthiness are considered important attributes of charisma (Bass, 1985). In Schein's model of cultural leadership (Schein, 1992), role modelling (also called leading by example) is one of the five primary mechanisms by which a leader can mould the culture of an organization. Role modelling here refers to communicating values and expectations through the leader's own actions, especially actions showing loyalty, self-sacrifice and service beyond the call of duty.

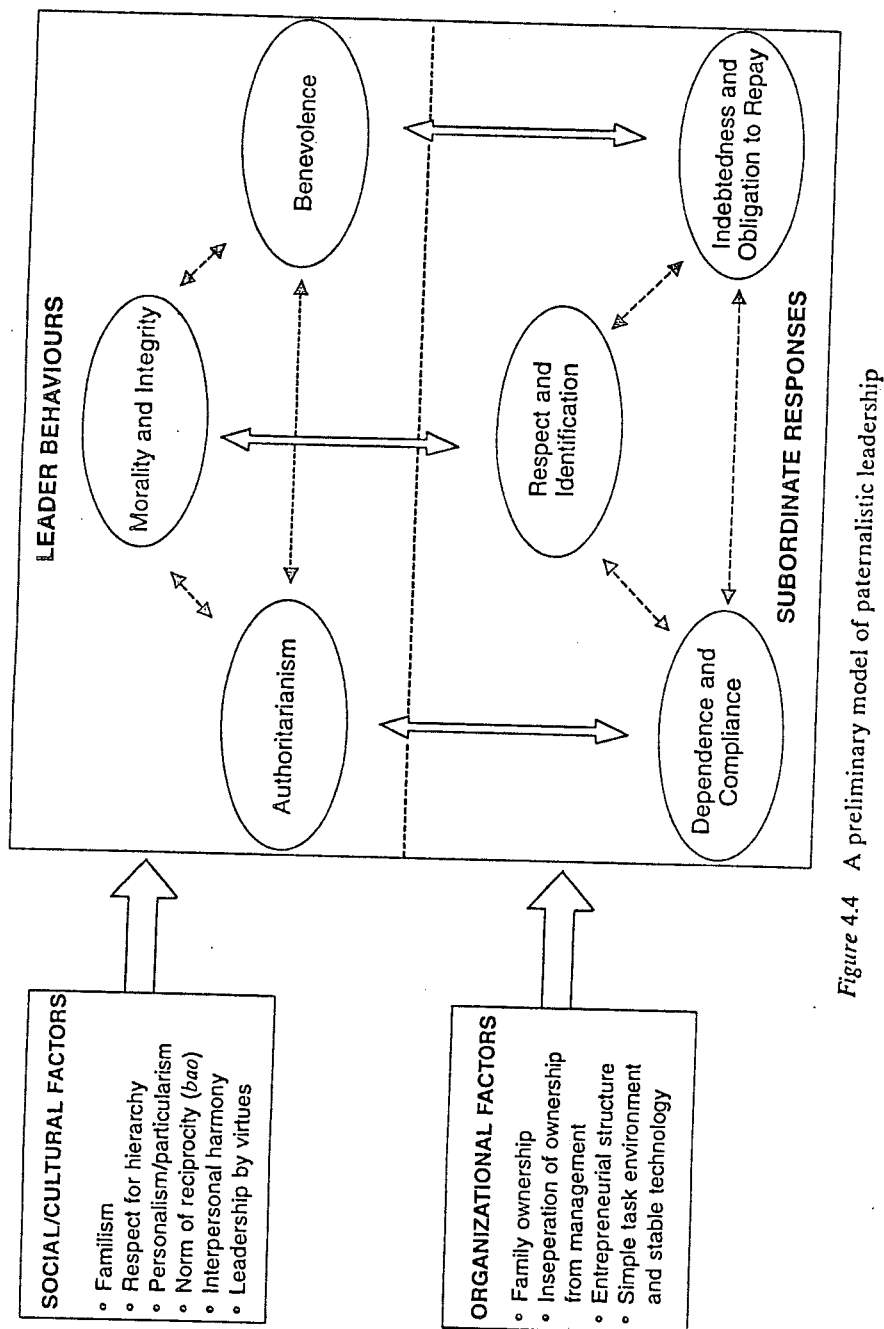
Several studies conducted in the USA have shown that perceived leader integrity is positively correlated with subordinate trust in leaders (Morgan, 1989), job satisfaction (Vitell and Davis, 1990; Craig and Gustafson, 1998), and negatively correlated with desire to quit (Craig and Gustafson, 1998). More interestingly, the newly developed Perceived Leader Integrity Scale (PLIS; Craig and Gustafson, 1998) includes several items that address ethical concerns found in Chinese scales of leader morality and integrity (Cheng and Zhuang, 1981; Ling, 1991). For instance, the following items taken from the PLIS express

concerns about leader selfishness and lack of exemplary behaviour: 'Would steal from the organisation', 'Would take credit for my ideas', 'Would blame me for his/her own mistake', 'Always gets even', 'Gives special favours to certain "pet" employees, but not me', and 'Is a hypocrite'. These studies suggest that leader morality and integrity are important for leadership effectiveness in China as well as in the USA. Future research should explore the commonalities as well as differences in the East-West conceptions of moral leadership.

Finally, the similarities in cross-cultural leadership lead us to speculate that Western leadership theories which have the same concerns as Chinese culture may be more transferable to Chinese organizations than those which do not. Using a sample from Taiwan, Chen and Farh (1999) found preliminary support for this general proposition. They found that the 'relationship-oriented' transformational leader behaviours (e.g., facilitating collaboration, providing individualized support and providing an appropriate model) had a strong positive effect on subordinates' job satisfaction, organizational commitment, in-role performance and organizational citizenship behaviour. The effect of 'task-oriented' transformational leader behaviours (such as articulating a vision, giving intellectual stimulation and holding high performance expectations) on subordinate responses is less strong. Future research should take national culture into consideration in formulating a more complete theory of effective leadership in global settings.

A Preliminary Model of Paternalistic Leadership

We would like to close this chapter by presenting a preliminary model of PL to integrate our thinking in this area. This model is depicted in Figure 4.4. At the heart of the model are the three elements of PL and their corresponding subordinate responses. Leader morality and integrity is linked to subordinate respect for and identification with the leader. Leader authoritarianism is connected with subordinate's dependent mindset and willingness to comply with authority. Finally, leader benevolence is associated with subordinate's indebtedness to the leader and sense of obligation to repay his/her indebtedness. We use vertical double arrows to depict the reciprocal nature of the relationship between leader's paternalistic behaviours and subordinate responses. Moreover, the three elements of PL (i.e., authoritarianism, morality and integrity, and benevolence), albeit distinguishable, are certainly not independent. Although we have speculated about



their interrelationships, the exact form of these relationships remains to be clarified in future research. We use dotted lines to suggest their interdependency. Likewise, the three types of subordinate responses are also interrelated. For example, subordinates' indebtedness to the leader and their perception of leader morality and integrity are probably positively associated with their willingness to comply with leader's directive. We therefore use dotted lines to connect the three types of subordinate responses to indicate their interdependency.

The phenomenon of PL is embedded in the context of a host of social/cultural and organizational factors. The key social/cultural factors consist of familism and Confucian values, which include respect for hierarchy, personalism/ particularism, the norm of reciprocity (*bao*), interpersonal harmony, and leadership by virtues. These factors have already been discussed in detail in preceding sections of this chapter. The organizational factors, however, need some explanations. Drawing on previous work by Redding (1990) and Westwood (1997), we consider PL is more likely to be found in organizations with the following characteristics:

1. *Family ownership.* The organization is predominantly owned by members of a family. Family ownership allows the management to adopt the Chinese family as a model for organizing and running the business. Key familial features include the owner/manager as the father figure, the employee as the obedient son, holistic concern for employees, strong authority conferred upon the leader, personalized loyalty between the leader and the subordinate, and expectations of obedience and conformity within the hierarchy.
2. *Non-separation of ownership from management.* The combination of ownership with management legitimizes the strong authority of the owner/manager. As the owner/founder of the organization or their close kin, the manager/owner is intensely committed and has in-depth knowledge about its business, both of which further strengthen his or her authority.
3. *Entrepreneurial structure.* The organization tends to be new and small, with limited product lines and geographic dispersion. It tends to have a simple internal structure with a low level of specialization, formalization, standardization, and professionalization.
4. *Simple task environment and stable technology.* The organization tends to face a relatively simple task environment. Its core technology is well understood and does not change unpredictably.

These characteristics allow the owner/manager to maintain tight control and centralize key decisions without losing effectiveness. These characteristics also allow the organization to be less dependent on the initiatives of employees for its survival.

In our preliminary model, the social/cultural and organizational factors provide the appropriate context for the practice of PL. This means that PL is more likely to be practised (and perhaps more effective) in family-owned and -managed businesses than in non-family-owned businesses. Individuals who identify with traditional Chinese cultural values (such as submission to authority) are more likely to respond positively to PL than those who do not. PL will lead to more positive outcomes when it is practised in a small organization with a limited product line, a simple task environment and a stable technology than in a large organization with diverse product lines, a complex environment and unstable technology.

This preliminary PL model is rudimentary, but it draws our attention to the essential elements of paternalistic leader behaviours and corresponding subordinate responses. It also points out the social/cultural and organizational factors in which PL is likely to be viable. We hope that this model may serve as a starting point for the development of a more complete theory of PL in Chinese contexts.

CONCLUSION

In this chapter we have taken an indigenous perspective towards the analysis of PL in Chinese organizations. We began with a review of the ideographic evidence on PL in CFBs, which culminated in the identification of its three constituent elements: authoritarianism, benevolent leadership and moral leadership. Each of the elements is further linked with a set of corresponding subordinate responses (psychological as well as behavioural). We then investigated the cultural legacy of China that underlies PL, explored its relevance to Chinese organizations in contemporary societies, and speculated about its challenges in light of societal modernization. We concluded the chapter by outlining a preliminary PL model.

Leadership is a subject that has intrigued Chinese people and scholars for more than three thousand years. It is also a subject of enormous importance to leaders and organizations of the contemporary world as they face unprecedented challenges in globalization, intense competition and technology innovation. Through in-depth analysis of

the cultural underpinnings of leadership in CFBs, we hope to stimulate research on understanding the type of leadership style that would fit well with changing Chinese cultural values and meet the needs of modern organizations at the same time.

Note

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