



**Linnæus University**

Sweden

Master Thesis

# Transformational Leadership

*In Chinese Context*



*Author: Shen Bi & Yingqi Ni  
Supervisor: Mikael Lundgren  
Examiner: Philippe Daudi  
Date: 31-May-2015  
Subject: Thesis Project  
Management, Methodology and a  
Master's Thesis  
Level: Master  
Course Code: 15VT-4FE74E*

# Abstract

In this thesis, we are studying the issue of transformational leadership in Chinese context, which is subjected to social science category. The reason why we concentrate on this research issue is based on the limited available references of Chinese transformational leadership, on our personal interests of transformational leadership and on the rather interesting and mysterious Chinese context covering the influence of globalization, digitalization and so forth. At the same time, we will focus on two major research questions, what leaders and followers' expectations are during transformation in Chinese companies and what skills and abilities Chinese transformational leaders need in practice.

Since we have ascertained the research issue and questions, the methodology of grounded theory and relevant literatures of organizational change, full range of leadership model, followership, and skill approach laid the solid foundation for our further data collection and data analysis. And the way of interviewing and questionnaire as specific methods of data collection played a crucial role in gathering empirical data, which gives contributions to theory development for our research.

Through collecting and analyzing data, we constructed our theory of Chinese transformational leadership. For improving transformation performance in Chinese companies, transformational leaders is required to take both leaders and followers' expectations into consideration and to lead the transformation with effective leadership skills and abilities. In addition, we found that there is a new implication of transformational followership for readers and a comparatively vague concept of trust in transformation process in Chinese companies for further study.

## Keywords

Transactional Leadership, Chinese Context, Trust and Harmony, Transformational Leadership, Organizational Change, Followership, Grounded Theory, Expectations, Skills and Abilities

## Thanks

We would like to thank our examiner Philippe Daudi and supervisor Mikael Lundgren for their kind supports and professional suggestions in the course of thesis writing. Without their help, we believe that it is hard to make our work that smooth and great. When we have confusion about thesis structures and contents, their advice always direct us to a clear road in case we deviate our research aims. Additionally, through Mikael Lundgren and Philippe Daudi's feedbacks, we learned what the 'reader awareness' is, that means as authors you are responsible for making your work really understandable and readable and you have to read your own work from reader's perspective. That actually inspires us while polishing the thesis at the last period. Moreover, we appreciate Professor Brörn Bjerke, Professor Kjell Arvidsson and Professor Annika Schilling's rewarding feedbacks in every seminar sessions.

We also want to show our appreciation to the respondents we interviewed for our research. Their contributions make the final theory development. And we are very thankful to our opponent Désirée Sibert, her opposition advice have great impacts on the last editing.

# Table of Contents

<b>1 Introduction</b>	<b>6</b>
1.1 Theoretical Background	6
1.2 Follower's Perspective	8
1.3 Our Personal Interest	9
1.4 Research Issue and Questions	10
1.5 Our Purpose	11
<b>2 Why Chinese Context</b>	<b>12</b>
2.1 Financial Crisis Hitting China's Companies	12
2.2 Influence of Entrance of Overseas-funded Companies	15
2.3 Chinese Companies Heading to International Arena	16
2.4 Influence of Digitalization	17
2.5 Response to New Consumers' Needs	19
2.6 Influence of Traditional Chinese Culture	21
2.6.1 <i>Harmony and Trust</i>	21
<b>3 Methodology</b>	<b>24</b>
3.1 Our Presumptions	24
3.2 A Qualitative Approach	25
3.3 Grounded theory	26
3.4 Data Collection	28
3.4.1 <i>Primary Data</i>	28
3.4.2 <i>Secondary Data</i>	31
3.5 Data Analysis	32
3.5.1 <i>Memos and Diagrams</i>	33
3.5.2 <i>Open Coding</i>	33
3.5.3 <i>Axial Coding</i>	34
3.5.4 <i>Integration and Selective Coding</i>	34
<b>4 Literature Review</b>	<b>36</b>
4.1 Organizational Change	36
4.2 Resistance to Change	37
4.3 A Full Range of Leadership Model	40
4.4 Effective Leadership	42
4.5 Followership	44
<b>5 Analyzing Our Findings</b>	<b>47</b>
5.1 Open Coding on Followers' Expectations	47
5.1.1 <i>Followers' Expectation on Work Content</i>	48
5.1.2 <i>Followers' Expectation on Material</i>	50
5.1.3 <i>Followers' Expectation on Career Development</i>	51
5.1.4 <i>Followers' Expectation on Job Security</i>	51
5.1.5 <i>Followers' Expectation on Work Atmosphere</i>	52
5.1.6 <i>Followers' Expectation on Training</i>	53
5.1.7 <i>Followers' Expectation on Problem Solving</i>	54

5.1.8 Followers' Expectation on Communication _____	54
5.1.9 Followers' Expectation on Empathy _____	56
5.1.10 Followers' Expectation on Planning _____	57
5.2 Axial Coding on Followers' Expectation _____	57
5.2.1 Followers' Expectation on Job Satisfaction _____	58
5.2.2 Followers' Expectation on Transformational Leadership _____	59
5.3 Open Coding on Leaders' Expectation _____	61
5.3.1 Category one: Organizational Vision _____	62
5.3.2 Category two: Business Content _____	62
5.3.3 Category three: Leaders' Competency _____	62
5.3.4 Category four: Follower's Competency _____	63
5.4 Axial Coding on Leaders' Expectation _____	63
5.4.1 Core Category one: People-oriented Expectations _____	63
5.4.2 Core Category two: Organization-oriented Expectations _____	64
5.5 Open Coding on Skills and Abilities _____	64
5.5.1 Category one: Planning Skill _____	66
5.5.2 Category two: Envisioning Skill _____	67
5.5.3 Category three: The Skill of Transmitting Information _____	68
5.5.4 Category four: Communication Skill _____	68
5.5.5 Category five: The Ability of Being Empathic _____	70
5.5.6 Category six: Motivation skill _____	71
5.5.7 Category seven: The Ability of Bing Committed _____	72
5.5.8 Category eight: The Skill of Employing Talents _____	73
5.5.9 Category nine: Empowerment Skill _____	73
5.5.10 Category ten: Training Skill _____	74
5.5.11 Category eleven: The Skill of Problem Solving _____	75
5.5.12 Category twelve: The Skill of Optimizing Process _____	76
5.6 Axial Coding on Skills and Abilities _____	76
5.6.1 Core category one: Hard Skills of Transformational Leadership _____	77
5.6.2 Core category two: Soft Skills of Transformational Leadership _____	77
5.7 Integration and Selective Coding _____	78
<b>6 Conclusion _____</b>	<b>80</b>
<b>7 Future Research Directions _____</b>	<b>82</b>
<b>References _____</b>	<b>84</b>
<b>Appendices _____</b>	<b>88</b>

## Table of Figures

Figure 1: Lighter exports in Wenzhou from 2008 to 2013 _____	13
Figure 2: Anti-dumping initiations against China _____	14
Figure 3: Transformational leadership components with required attributes _____	42
Figure 4: Categories for followers' expectations _____	47
Figure 5: Categories for leaders' expectations _____	61
Figure 6: Categories for transformational leadership skills and abilities _____	65
Figure 7: Core categories for hard skills and soft skills _____	76
Figure 8: Theoretical model of transformational leadership in Chinese context _____	79

# 1 Introduction

In this chapter, we would like to elaborate the starting points of our thesis, why we want to study transformational leadership in Chinese context. We will concern with theoretical background and our personal interest in transformational leadership. Furthermore, the research issue, questions, and purpose will be presented step by step.

## 1.1 Theoretical Background

The research of transformational leadership has started from 1978 by James MacGregor Burns who made a distinction between ‘transactional leadership’ and ‘transformational leadership’. The key focus of transactional leadership lies in the exchange of followers’ efforts and rewards paid by leaders. The effectiveness of transactional leadership depends on the degree of satisfaction of leaders’ self-interests and followers’ self-interests. On the contrary, transformational leadership (Burns 2010) pays attention to ‘collective interests and spiritual pursuit’ including ‘moral uplift’ and followers’ leadership development. Transformational leaders may partly give up or even sacrifice their self-interests to achieve organizational goals and values. During the past 30 years, knowledge in transformational leadership has been developed by plenty of researches. Bass and Avolio argued that transformational leadership comprises four key components, ‘individualized consideration’, ‘intellectual stimulation’, ‘inspirational motivation’ and ‘idealized influence’ (Bass & Riggio 2006, pp. 5-7). ‘Idealized influence’ refers that transformational leaders behave as role models to influence their followers (Bass & Riggio 2006, p. 5). ‘Inspirational motivation’ refers that transformational leaders motivate and inspire followers by providing meanings to their work (Bass & Riggio 2006, p. 5). ‘Intellectual stimulation’ is that transformational leaders stimulate their followers’ efforts to be innovative and creative (Bass & Riggio 2006, p. 6). ‘Individualized consideration’ is that leaders pay attention to each individual follower’s needs of self-development (Bass & Riggio 2006, p. 7). In addition, on the basis of Bass and Riggio’s researches of transformational and transactional leadership, Bycio, Rick & Joyce (1995) have shown a ‘five-factor model’ for leadership with the support of multifactor leadership questionnaire. This model includes two facets, transactional leadership and transformational leadership (Bycio, Rick & Joyce 1995, p. 379). Transactional leadership includes 2 factors, ‘contingent reward’ and ‘management-by-exception’ (Bycio, Rick & Joyce 1995, p. 380). Transformational

leadership covers 3 factors, 'charismatic leadership', 'individualized consideration', and 'intellectual stimulation' (Bycio, Rick & Joyce 1995, p. 380). The model was testified by the empirical data that questionnaires collected from 4000 nurses. And the research results show high correlation among contingent reward of transactional leadership and factors of transformational leadership. Such correlation makes us think of the possibility to combine some of model's factors, as they are not so differential with each other. The five-factor model is not irrefutable from our viewpoints.

Although plenty of researches of transformational leadership have been conducted, most of them are studied in western context. The term, transformational leadership is brought up in western context. Although plenty of models and concepts about transformational leadership have been introduced, there are still no explicit research outcomes on what skills and capabilities are needed by leaders for effective transformation. Let us move our focus to Chinese researches of transformational leadership. As a matter of fact, there are not many new studies of transformational leadership in China. What some of Chinese practitioners have contributed is verifying the theory of transformational leadership with help of empirical data. For example, Li and Shi (2003, p. 117) try to verify transformation leadership including 4 components of 'individualized consideration', 'intellectual stimulation', 'inspirational motivation', and 'idealized influence' through questionnaires under Chinese background (Li & Shi 2003). They found that idealized influence and inspirational simulation from transformational leaders have positive influence on leadership effectiveness, while intellectual motivation and individualized consideration do not show significant relations to Chinese business leaders' effectiveness and satisfaction, which is inconsistent with findings in western context. In this way, we believe that existing theories of transformational leadership may not be applicable in Chinese context. It seems that transformational leadership is fit more with western business settings and there are few dimensions of transformational leadership being researched in Chinese context, so it is worthwhile for us to contribute our efforts to the field of transformational leadership in Chinese context. Since we are going to touch upon Chinese context, we think it is necessary to give you an all-round account of Chinese facts that trigger increasing numbers of organizational transformation. The Chinese context will be elaborated in the chapter 2.

## 1.2 Follower's Perspective

For our research, we also would like to concern with follower's perspective when studying transformational leadership, because of people's inappropriate perception of leadership and the inclination of leadership researches. Many decades ago, leaders were commonly understood as people who control over followers. As leaders take dominated position, traditional researches are constructed from leaders' perspective. Studies of leadership are inclined to study how leaders behave and act to effectively achieve organizational goals and to improve organizational performance. For instance, in Burns's study, emphasis was put on training leaders rather than training followers with regard to leadership (Burns 2003, p. 137). As a result, researches about followership are disregarded to a large degree, especially in the context of transformation. Rather, leadership is re-studied and re-considered nowadays. People are becoming aware of leaders could never function successfully their leading role without followers' willingness to be led in various settings. It is time for us to shed some light on transformational leadership from follower's perspective.

Besides the reason that there are not many people attending to study leadership from follower's perspective, we have other considerations as well. Firstly, the difference between transactional leadership and transformational leadership, as we stated before, is associated with what followers' expectations leaders take into consideration when setting goals and with the different ways of motivation. For example, transactional leaders frequently give followers material rewards like higher salary or promotion in order to make followers finish tasks. Yet transformational leaders inspire followers to achieve their collective goals with inspirational motivation like sharing vision or exchanging minds (Greenwald 2008, p. 247). We truly believe that it is extremely important to focus on followers' behaviors and performance during transformation, because a smooth and successful transformation not only depends on objectives set by leaders and on their push to followers to implement transformation in a command way, but also relies on followers' engagement and attitudes towards leaders' performance. Secondly, for the nature of leadership, we deem that leadership is a relationship between followers and leaders. For us, it is not enough to study transformational leadership if seeing leadership as leaders lead and followers follow in a simple way. Leaders and followers are correlated with each other in effect. Followers' expectations are factors to influence the development of leaders' skills. Likewise, leaders' performance can influence followers' behaviors and expectations. Thus, we are supposed to take

followers' perspectives into consideration in our study, which can give us a chance to see how leaders and followers influence each other in reality. Last but not least, we agree John Maxwell's point that 'If you're out in front and no one is behind you, you're not leading, you're just going for a walk' (Cochran 2014, p. 98). It is clear to understand that leading is interacting with someone else who is willing to follow you. To induce or persuade people to stand behind you is concerned with what leaders' skills and abilities are. For example, in a mobile application company, if a leader wants colleagues to join in a tough project, launching a new application for tracking mailing packages, first of all, the leader has to share his/her vision with colleagues to convince them. And then the leader has to be open to creative feedbacks and more. Only by doing so, it is possible to rouse colleagues' commitment to a collective goal and the leader can effectively take the leading role in the project. In this case, it involves not only solid professional knowledge, but also leaders' skills of envisioning, sharing and listening. In the meantime, we cannot neglect followers' expectations and ideas of how leaders behave can motivate and inspire them, which are related to whether followers are willing to follow their leaders.

### 1.3 Our Personal Interest

On top of the description of theoretical background of transformational leadership, we in fact have our own personal experience of once working in a department that was doing transformation in Shanghai, China. This internship experience also gives us ideas and determination to research Chinese corporate transformational leadership. During the internship, that company was undergoing a transformation of department restructure. We saw the transformation process being quite chaotic and ineffective and there were different understandings and needs between the leader and followers. What is more, it is not easy for leaders to win followers' support and followers are hard to get leaders' sufficient help. For example, when employees were in face of increasing workloads, leaders only pushed them and did not care for employees' inner activities, which cause less cohesiveness and low morale in the organization during transformation. We tried to figure out what on earth the factors could influence the performance of transformation. The factors maybe followers and leaders various expectations on transformation and maybe leaders' short of indispensable and effective skills like communication between leaders and followers. In this sense, we would like to discover and develop

transformational leadership in Chinese context, which can throw light on transformational leadership for Chinese business leaders and employees.

In short, according to the theoretical background of transformational leadership and real experience of involving in transformation, we will unfold the thesis by researching the transformational leadership in Chinese context and we believe it could be interesting and rewarding to research this topic from follower's perspective in Chinese companies.

#### 1.4 Research Issue and Questions

In this section, we are coming to the research issue and questions. For our thesis, we believe it is obvious for you to get our research issue on transformational leadership in Chinese context by our prior accounts. Main reasons leading us to this issue are changing business circumstance, poor transformational performance in practice and neglecting followers' needs and influence in transformation process. We believe the high rate of transformational failure in China could be blamed on the implementation of transformation vision, rather than vision itself. Thousands of Chinese companies are undergoing or tend to start organizational transformation, which inspires us to take this research. We want to more or less point out how to practice transformational leadership in China. Before we go deeper to transformational leadership skills and abilities, we try to find out people's expectations on transformation because we think the poor performance of transformation may lie in the difference of roles, expectations, and interests between followers and leaders. Therefore, we come up with our two interesting research questions at this stage, which will direct us to further research. Our research questions are formulated as follows:

- 1. What are leaders and followers' expectations during transformation in Chinese companies?*
- 2. What skills and abilities are needed for transformational leaders in Chinese companies?*

## 1.5 Our Purpose

Since we have formulated the research questions, we expect the research outcomes could bring some implications on study of transformational leadership both in theoretical field and empirical field. Through our research, we will throw light on the facts, based on empirical data, about transformational leadership in Chinese context including the expectations from leaders and followers on transformation, on its difficulties and on the significant and indispensable skills and abilities for leaders. We hope this research would increase or verify the knowledge of transformational leadership. Furthermore, we also hope our research will stimulate practitioners in business field. We hope our interviews and findings could help them improve their performance in corporate transformation process as leaders or followers.

## 2 Why Chinese Context

It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of Light, it was the season of Darkness, it was the spring of hope, it was the winter of despair. (Dickens 1859, p. 5)

Like the description from Dickens, for companies in China, now it could be the best of times, as well as the worst of times. Companies have the chance to acquire billions of revenue, however, they may also take higher risks, comparing to other foreign companies around the world. Moreover, today is also an era for corporate transformation. Plenty of companies try to transform for survival or expansion. They try to increase or maintain competitive advantages through costs cutting or profits expansion. If they could succeed in the implementation of transformation, companies may see the light of great growth and development. If they fail in the transformation, they may be stuck in the darkness of failure. Accordingly, in this chapter we would like to present what Chinese business background really is to you, which urges Chinese companies to board on the boat of transformation.

### 2.1 Financial Crisis Hitting China's Companies

Thanks to the fast growing Chinese economy and globalization in the past 3 decades, China's exporting companies has enjoyed fast growth due to endless orders from foreign customers, which thanks to Chinese products' cheap price and good quality. It seemed that companies did not need to worry about sales. The more products companies could produce, the more profits they could earn. However, although millions of companies were boosted, these companies were homogeneous. As they serve as original equipment manufacturers, such companies developed little sophisticated techniques, innovation and self-owned brand. Since 2007, China's competitive advantage has been quietly slipping away. Problems started to burst out due to the financial crisis.

There is no doubt that widespread financial crisis accelerates the decline of China's export industry due to the weakening competitive advantage caused by increasing cost of labor and raw materials, and RMB appreciation. All costs are growing. For example, around 2004, monthly payment of a worker without working experience and basic skills were about 850 Yuan, while in 2008, it was more than 1200 Yuan. Cost of per ton of raw materials of shoes has risen over 3000 Yuan due to the rising prices of petrochemical products which are the main source of raw materials (Liu 2008, para. 11).

Furthermore, RMB had appreciated over 10% from 2007 to 2008 (Liu 2008, para. 11). The winter of China's millions of manufacturing and exporting companies had come since 2007 with the simmering of financial crisis. Thousands of manufacturing and exporting companies went bankruptcy. Many of others stopped production or shut down as well. Take lighter processing-for-exportation industries as examples. Wenzhou, a small city in the east of China, is the symbol of processing exports especially for lighter exports. The exports growth rate was decreasing (Wenzhou Statistics 2013). It suffered years of negative growth since 2010 as well (see in figure 1). 'Hundreds of companies have gone bankrupt. In 2006, there were about 600 lighter companies in Wenzhou, but now it is less than 100', according to Fajing Huang, owner of Rifeng lighter company (Chen 2008, para. 8). He said his company's lighter sales had dropped by 60% since 2009 (Chen 2008, para. 8). However, the disaster in Wenzhou is just a miniature of current situation on 'made in China' manufacturers influenced by financial crisis.

The most direct consequence of worldwide recession is that the number of orders Chinese companies could receive slumps, due to declining demand in American and European market that are Chinese manufacturing companies' major customers. The drop on orders is deadly to China's companies, as most of them who contribute to widely distributed 'made in China' products always take high-volume, low-margin strategy. As margin profit is low, companies need to keep high rate of production to break even. Unfortunately, break-even production volume went further higher in the past few years, as profits are squeezed out due to increasing cost. Therefore, financial crisis worsens the decline of such manufacturing-for-exportation companies.

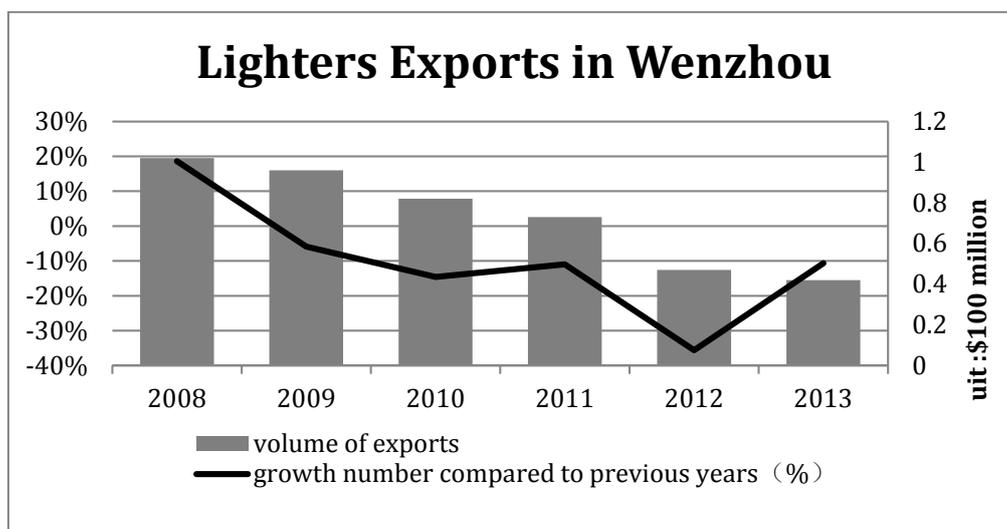


Figure 1: Strips represent for total volume of lighter exports in Wenzhou from 2008 to 2013. The solid line represents for percentage of growth compared to previous years.

Moreover, a new bout of trade protectionism has come, along with the economic downturn, which hits China's manufacturing-for-processing companies as well. Anti-dumping measures are the most frequent methods used to guard benefits of local companies in importing countries from predatory prices on products offered by particular exporting country with extremely high anti-dumping tax rate. However, the importing country always has more power in the identification of predatory prices, therefore, it exists large space to be abused by importing country. From World Trade Organization (WTO) statistics, a rise in anti-dumping cases from 165 in 2007 to 287 cases in 2013 throughout the world could be seen (see in figure 2). As the biggest target of anti-dumping in the world, every year more than 25% of anti-dumping cases are against China since 2003, much higher than an average of 5%-10%, compared to the second highest anti-dumping against country (WTO Statistics 2014). Millions of companies that were involved in the anti-dumping cases suffered from significant profit cut or disappearance. For example, in 2012, European Union started to impose anti-dumping tariffs, at an average of 47.7%, on Chinese solar panels, following U.S.A's punishment of as much as 249.96% on solar panels in China. These were big blows to China's solar panel manufacturing and exporting companies. For example, companies like Suntech Power, LDK Solar delisted from the New York stock exchange market, and Daqo new energy struggled in the great deficit. To China's companies in the manufacturing and export industry, for now, transformation is a choice of survival or perishing.

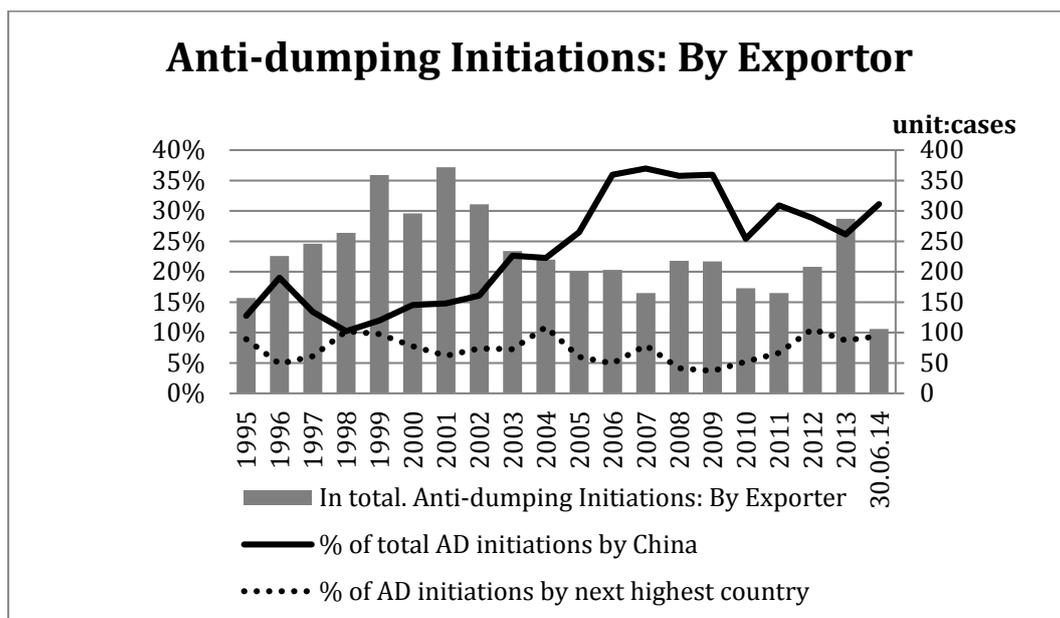


Figure 2: Strips represent cases of in total anti-dumping initiations. The solid line represents for the percentage of anti-dumping initiations against China among total cases. The dotted line

represents for the percentage of anti-dumping initiations against next highest country compared to China in total cases.

## 2.2 Influence of Entrance of Overseas-funded Companies

To Chinese companies, they are influenced by globalization in two aspects, entrance of overseas-funded companies, which threatens their market share in the local market, and Chinese companies' heading for international market, which brings new opportunity of growth. No matter what kind of effects globalization has on, it all asks companies for transformation to fit new changes. We want to throw light on the importance of corporate transformation in Chinese context by the following description with examples. As global companies are becoming smarter when taking business strategies in China, Chinese local companies are difficult to keep their market share, let alone, to win more. The fact is that more and more famous global companies take the localization strategy that mainly refers to 'Human Resource Localization' and 'Research and Development Localization' (Xiong & Cao 2011) to adapt to Chinese market and business culture better. Thus, Chinese local companies need to and have to do transformations on corporate management.

Human Resource Localization means that multinationals are recruiting and hiring local talents who mostly are undergraduates from Chinese first-class universities, like Peking University and Tsinghua University. This localization strategy results in 'talents war' between multinationals and local companies, which is a challenge for Chinese companies to attract more talents in the competition with foreign companies. Unfortunately, cruel reality shows that more and more undergraduates and graduates prefer multinationals after graduation not only for better salary and welfare, but also for brighter career development plan for self-actualization and so forth. Besides, multinationals' success on talent competition by Human Resource Localization strategy improves their competitiveness in local market. They carve up market share in the same industry with Chinese companies, which forces part of less competitive Chinese companies out of the market.

In this case, it requires Chinese companies to transform their talent attraction and recruitment system, organizational culture, business operation mode and marketing strategies to face the inevitable challenges.

Moreover, Research and Development Localization means that multinationals are much more willing to purchase raw materials and production facilities from China due to the

lower cost and because Chinese suppliers have improved the products quality and addressed the issue about difficult communication with foreigners, which triggers the research and development localization strategy. However, it has adverse effects on the promotion of Chinese companies' level of getting profits and on the development of innovative and creative abilities, which is because of the 'technology lock-in effect' (Xiong & Cao 2011, p. 1). 'Lock-in' means that multinationals take advantages of monopoly and internalization of advanced technology to set some technological barriers on the process of technology design, production, package, advertisement and marketing, and multinationals' research and development (R&D) department controls over the key technology by transferring the non-core technology to Chinese companies (Xiong & Cao 2011, p. 1). It turns out that Chinese companies have to rely more on multinationals. Therefore, in order to change this situation, Chinese companies have to do some transformations in R&D department, such as to cooperate and communicate with foreign R&D department, to implement cross-borders mergers to globalize the R&D investment and so on. These two multinational localization strategies challenge Chinese companies to start and implement organizational transformation in an urgent way.

The above-mentioned elaborates on the necessity and importance of transformation in Chinese companies from one perspective of globalization. From another perspective, in attempt to perform on the world stage and to head for the international arena, Chinese companies are required to make changes in the products design, products quality and the like.

### 2.3 Chinese Companies Heading to International Arena

Today numerous Chinese business leaders are racking their brains to establish a global and famous brand to win international market share. Take Midea, nowadays a successful and global leading Chinese company specializing on household appliances, as an example. Up to now, Midea has become world's largest supplier for electric fans, electric cookers and oil-type electric heaters, and it ranked NO.5 in the list of most valuable Chinese brands in 2013. However, the road of successful transformation from a local company to a global company is not easy. Midea experienced 13 global acquisitions and mergers from 1999 to 2012. It spares no efforts to properly solve contradictions on ways of working in research and development, production and sales with other merged and acquired companies. Successful integrations cause its faster reaction to needs of oversea markets. To reinforce technological advantage, Midea takes

extensive cooperation with global leading counterparts, including Toshiba, Sanyo and Texas Instruments. Midea has set a good example for other Chinese companies to explore and share more international market while the whole world is planning to enter into Chinese market. We think Midea's successful experience may prove that international market is a huge opportunity for Chinese companies for further growth. By growth and transformation, Chinese companies may find new and dynamic market of opportunity and may strengthen their core competitiveness, which turns into global companies.

## 2.4 Influence of Digitalization

In this section, we believe digitalization could become one of factors that drive Chinese companies to make transformation. Digitalization mainly has influence on business model of current companies. With the growth of Information Technology (IT) in China since 1960s, the Internet and computers have been universally applied, which causes dramatic changes on traditional business model, behavior and management. Extremely numerous Internet-based companies adopt brand-new business model, which leads to trend of transformation of traditional Chinese companies on business model.

The Internet brings enormous possibilities to Chinese businessmen and Chinese companies with its particular attributes. First of all, the Internet provides convenience to business activities and chance to change for companies, as it breaks up the limits of space and time (Wang 2006, p. 9). In this case, companies could reduce transaction cost and improve corporate effectiveness by making full use of online service, where customers could get access in every time and everywhere. Express companies, for instance, provide online package-tracking services for customers 24 hours a day. Beyond constraint of geographic distance and time differences, it becomes possible and easier for Chinese companies to march to global markets, and to better collaborate with foreign business partners. Secondly, the Internet brings effective and efficient communication between business and clients due to its timeliness, for example, online website could collect customers' comments immediately instead of delayed reports from junior staffs in the physical shops. Companies can get feedbacks from consumers in a quick and prompt manner. Thirdly, more transparent information and sharing resources are available thanks to the Internet, which means internet users have access to various kinds of resources, such as latest state policies, cutting-edge fashion and so on.

By capitalizing on these Internet attributes, there is a businessman, Mayun, who established a company called Alibaba group. Taobao ([www.taobao.com](http://www.taobao.com)), is one of brands in Alibaba group, which nowadays has become the most popular online shopping website in China. People can start business and do transactions on Taobao via Internet instead of physical shops due to its full use of the Internet attribution, limitless space. So Taobao offers opportunities to people in hope of starting a new business with less venture capital compared to traditional business model. Taobao becomes a platform or a new product market for consumers and shoppers to buy and sell products. Consumers could enjoy tremendous choices of products by simple requirement of Wifi. Furthermore, Taobao has changed the consumer behavior to a great extent, because people would choose and buy products via Internet rather than go shopping and spend much time comparing goods in person. On top of that, Taobao has opened up the international market, like America, Singapore. It offers Chinese products to international consumers. We can see that Taobao is expanding its business map and increasing its international market share. There is no doubt that Taobao is the fresh fruit of the Internet. At the same time, there are more and more Chinese Internet-oriented businesses, like Baidu ([www.baidu.com](http://www.baidu.com)), Sina ([www.sina.com](http://www.sina.com)), and Tencent ([www.tencent.com](http://www.tencent.com)). The emergence and popularity of these rather successful businesses inspires Chinese traditional companies to make proper and necessary changes in business processes or management so as to adapt to the changing business environment.

China now is in the middle of digital transformation. Although there are many successful IT companies based on the Internet and more and more Chinese companies are expanding their marketplace into the Internet world, according to McKinsey Global Institute's survey, China's Internet is now shifting from consumer-oriented Internet to enterprise-driven Internet (Woetael et al. 2014 pp. 1-3). China has 632 million Internet users both consumers and enterprises in 2014 (Woetael et al. 2014, p. 1). Among them, most of users are consumers for social networking and shopping, etc. Because of the Internet growing impacts on Chinese business sectors, including retail, finance, and manufacturing. And the medium of digitalization has been extended from computers to smart devices, which creates more economic value for China, especially improving the productivity and services. Let us take Taxi service as an example. Previously, people who want to take taxi have to wait by the road and stop an available taxi, which makes it difficult for people who perfectly control time. However, due to the popularity of developing apps, a Chinese company develops a new app named 'Kuaidadi' (Taking

taxi) ([www.kuaidadi.com](http://www.kuaidadi.com)) that can be downloaded in smart phones, which provides users with functions finding an available taxi that is closest to passengers and making it wait at the specified location and time. So people can manage their time well and exactly for going out. In the meantime, it is helpful for taxi drivers to take more passengers every day so that drivers can avoid having no directions to meet a passenger in the city. The taxi business has made an important and beneficial transformation by the appearance of apps. There are more and more applications being developed in China, which plays a meaningful role in easing human life. At the same time, lots of companies are developing or introducing new applied work system for optimizing office works so as to change the situation where people are doing the complex paper works all the time. This kind of change will become efficient and effective for corporate management.

Therefore, by and large, the emerging Internet-related business models and derivative products or applications have significant impacts on Chinese business, and meanwhile, in order to keep up with the pace of development of new information technology, it is the right time for Chinese companies to do transformation about integrating web technologies into company's operations whatever the business missions are.

## 2.5 Response to New Consumers' Needs

For our research, we also consider the factor of new consumer s' needs that cause companies to make changes. We here involve in new generation customers who are born in 1980's and 90's have different preference and needs compared to their parents, generation of 60's and 70's.

The post-80s and post-90s prefer doing everything online, as they have grown up with the development of the Internet simultaneously. When it comes to shopping, these technique-savvies want to get access to shops and products by their computers, cell phones and any other electronic devices. Young generations prefer self-service mode of shopping rather than shoppers' overwhelming recommendation. They have good ability to use the Internet, social networks to do comparison for products and services' prices or quality with help from net friends' advice and experience. However, there are so many traditional industries and companies still remaining in the past mode, which only meets 60's and 70's preference, face-to-face shopping experience. The 60's and 70's prefer detailed recommendation from shoppers and they are not fans for the Internet. Therefore, enormous needs of transformation exist to capture new generation customers

because they have been or are going to be the mainstream group with great purchasing power.

Millions of new customers, increasing of market share and profits would be acquired, if companies successfully meet post-80s and post-90s' needs. We here want to take Alibaba group as an example again, as it introduced Yu'e'bao that is an online financial momentary fund in 2013 in attempt to meet needs and expectations of new customers. Yu'e'bao works as a similar way in which customers deposit in traditional banks but it shows much more convenience. Young generations are busy. They almost have no spare time to deposit in person in a bank, because people frequently have to queue up for very long time. In face of this situation, Yu'e'bao surprisingly shows up to capture young people's eyes. When customers deposit in the fund, they start to get benefit with an interest rate that is much higher than the interest rate of bank current deposit. Customers could withdraw their money at any time without a loss of interest. That is to say, customers could enjoy flexibility and higher earnings compared to traditional business banks. Furthermore, Alibaba allows customers to pay their products on Taobao via balance in Yu'e'bao account. Life becomes far more convenient, as online payment and wealth management are integrated together. As the first online sales momentary funds, Yu'e'bao becomes extremely popular and successful among young people, which has already attracted RMB 578.9 billion (\$93.7 billion) with 185 million online buyers. And the customer groups are mainly comprised by 80's and 90's at the end of 2014. Except for the advantage mentioned before, another reason why customers like Yu'e'bao is that it allows customer to see the development of benefit they have got from the fund day by day, as long as they log in their account. On the other hand, for traditional banks, the introduction of Yu'e'bao brings domino effect that forces a new round of transformation in bank industry. With the popularity of Yu'e'bao, plenty of customers transfer their money from bank account to Yu'e'bao, which cause traditional banks' panic of lack of deposit. Reports that some banks suffer huge loss of deposit could be easily found out in newspapers, which is totally unconceivable a few years ago. Consequently, in order to retain customers, and to keep deposits, banks have to start their transformation to meet young generation's needs through introducing applications of online financing. For Industrial and Commercial Bank of China (ICBC), China's biggest bank, it launches its own online momentary fund, Tiantianyi, to compete with Yu'e'bao by offering competitive interest rate and convenience on the basis of its incomparable brand and security system.

## 2.6 Influence of Traditional Chinese Culture

Since our thesis is going to research Chinese business transformational leadership, we believe that it is necessary to present some of traditional Chinese culture to you. It is because culture plays a crucial role in people's behaviors and beliefs. From our perspective, as a very Chinese, we think Chinese business leaders can be influenced by Chinese culture of harmony and trust.

### 2.6.1 Harmony and Trust

There is no doubt that trust and harmony are quite important in business both in the West and in China. However, there is the particular meaning of trust and harmony in business in China. Moreover, for our understanding and perception of Chinese culture, we believe that it is interesting and inspirational for us to put our understanding of trust and harmony into the research of transformational leadership.

Nowadays, though the role of relationship is fading a bit on account of the backdrop of population mobility and more Chinese being educated with Western culture, it remains a hot issue for Western scholars who are interested in China and Chinese business culture (Graham & Lam 2003). Relationship or connections in Chinese context in effect more refers to personal relationship rather than business relationship. And Chinese expect to have long-term and reciprocal relationship. It becomes clear that doing business in China or with Chinese is associated with personal relationship building. But with our experience and knowledge, the relationship is based on trust ('Xinren'). Undoubtedly, there is no trust there is no business. 'All human beings, regardless of their cultural background, have a strong desire to develop relationships, and trust is crucial in this process' (Cremer 2015, p. 2). In most cases, whether you will do business with other people depends on trust and personal relationship in China. And the trust building relies on how many times both parties have met to a large extent. Businessmen are hard to trust one another with first meeting, because there exists to be a lot of people cheating and lying in order to get much money. Over time, Chinese businesspeople are too cautious to prevent being cheated; they try to build trust by more meetings observation, so that they can know more about the other party in need of business safety. Once trust is built up, business goes forward along with building personal relationship through official or private meetings, such as having dinner together, playing sports together and the like. On the other hand, in an organization, trust and personal relationship play another role. For example, if an employee has built personal

relationship with the leader, she/he may get more support and beneficial opportunities at work. This situation works in the relationship of co-workers as well. When it comes to performance appraisal, personal relationship works on the results. Because of personal relationship and maintaining organizational harmony that will be elaborated then, the outcomes of appraisal are usually perfect looking. There are no negative comments that may give offence to someone in the appraisal sheets. In addition, there is so-called office culture that subordinates need to pay attention to leaders' behavior first. Subordinates would show respect for the leader; that does not mean they totally trust their leader unless they see leader's behavior for backing up them. Given the role of trust and personal relationship in Chinese organization, we would like to research if the role of trust and personal relationship play in change management and transformational leadership in Chinese context.

As for harmony, it is part and parcel of Chinese culture and Confucian, Taoist and Buddhist doctrine. Till now, these doctrines still play a vital role in Chinese society in an implicit and explicit way, despite China is increasingly exposed to the World (Chinn 2014, p. 1112). According to Lai (2008) and Qian (2010), as far as Confucian principles are concerned, social governance and order in people daily lives depend on harmony that is the most critical virtue of a gentleman (Chinn 2014, p. 1112). Moreover, Wei and Li (2013, p. 61) stated that 'harmony presupposes the coexistence of different things and implies a certain favorable relationship among them'. They also argued that harmony has profound influence on social interaction, including interaction with family, business, school and so forth. Based on the study of Li, Zhu & Li (2001), 'harmony is seen both as an ideal for society and social relationships and as the means through which people come together and attain their goals' (Li, Zhu & Li 2001, p. 299). In fact, there are two categories of harmony that are social harmony and interpersonal harmony, respectively. Social harmony is considered from country's perspective. However, we mainly focus on interpersonal harmony that is intimately bound up with personal lifestyle and work style. In light of Confucian value, to maintain interpersonal harmony, tolerating interpersonal disagreements and transgression is encouraged (Leung et al. 2011, p. 796). Because tolerance can be attributed to largely avoid hurting relationship and revenging. It is partly true that maintaining interpersonal harmony is a good way of establishing long-term and mutually beneficial relationship (Leung et al. 2011, p. 796). In many cases, people avoid conflicts and disagreements so as to create harmonious environment. Although avoidance cannot actually resolve conflicts, it provides a time-

out chance to re-think unsolved issues and to have short-term peace. In essence, we think that this kind of harmony is superficial. It brings forth real conflicts or bad relationship underneath the surface. For long-term healthy relationship's sake, people have to face the realistic problem and deal with it. However, people in Chinese organizations either do not mention and express their disagreements or avoid conflicts when it happens. It turns out that people work with emotions in most cases, which has adverse impacts on cooperation and collaboration. For example, because of the conflict of vacation arrangement in a department, two colleagues do not speak out dissatisfaction in a direct way. It is because they are working in a same project at present. For interpersonal harmony and work relationship, they choose to put the issue under the table. And yet their avoidance behavior makes the relationship slightly different, which leads to the impossible second cooperation. Nevertheless, it is really impenetrable that they get along well with each other seemingly, because they do not expect to be assessed with poor interpersonal communication by the leader. As a matter of fact, the conflict is not a big deal as long as they can solve it by discussion and negotiation in a friendly way. Therefore, when it comes to interpersonal harmony in Chinese companies, it is a rather complicated issue to handle because of Chinese unique value.

As people interpret and understand trust and harmony particularly in China, which is different from the West does, we are expecting to know and find out whether these Chinese characteristics do affect transformational leadership.

## 3 Methodology

In this Chapter, what methodology we choose and how to analyze our research findings with the methodology will be unfolded. Arbnor and Bjerke (2009) describe methodology as ‘a mode of thinking’, as well as ‘a mode of acting’. It not only reflects steps and relations needed in the process of constructing knowledge, but it is also the way researchers take full responsibility for knowledge they created by determination where to follow or refute existing concepts and where to set limitation or go beyond rules (Arbnor & Bjerke 2009, pp. 17-19). In this sense, we want to share you our way of thinking and acting through description of our methodology. In effect, when we came up with the research questions in the chapter 1, what we went through is the way we perceive and understand transformational leadership in China. We believe we were following the guide of methodology. And to be continued, in order to discover the answers to the research questions, we will let methodology to direct us step by step.

### 3.1 Our Presumptions

When we start writing this thesis, we start doing research in social science field and taking responsibility to create knowledge of transformational leadership. As Arbnor and Bjerke (2009) consider, research making is regarded as the process of ‘knowledge creating’. So as to say, we actually could be seen as ‘knowledge-creators’ (Arbnor & Bjerke 2009, p. 19). Knowledge could be created with different ways including observation, calculation, explanation, interpretation and understanding. Researchers’ determination of what way they use lies in not only the research questions, but also their ‘ultimate presumptions’ about how their environment is and what role they take in the environment (Arbnor & Bjerke 2009, p. 23). For example, researchers may search knowledge by rigorous statistic analysis and calculation, which is based on careful assumptions. According to various methodology approaches, different researchers may create different meanings. Consequently, methodology is a personal choice depending on researchers’ own paradigm. There is no existence of best practice for methodology.

For our ultimate presumption, we think the world is an interpretive world and perceived reality. We all try to make sense of the facts, objectives and situations we met based on our frame of reference. Due to different frame of references, which is depended on people’s prior knowledge acquired and accumulated in the past experience, we believe different people may have different interpretation to the same thing (Weick 1995, p. 4).

Therefore, we believe various readers may interpret our research results differently with us. This is the reason why in this part, we try to share our presumptions, our purpose and aim in order to enable readers to understand how we will do this research, so that you could be kept in the same page with us as much as possible.

Furthermore, we believe readers with different cultural contexts may interpret the same situation totally differently. For example, in China, people are likely to reply that they did not do very well when they are asked to evaluate their own performance. It does not really mean that they feel terrible about their performance. People are just trying to be humble, which is seen as a polite social behavior. If western people tried to interpret the words that 'I did not perform very well' with their frame of reference, they would feel contradicted and lost. However, misunderstanding is our last expectation. That is one of reasons why we think it is totally important for us to demonstrate our way of conducting our thoughts and ideas carefully. Chinese context is different from the western context to some extent. And we are really aware that our readers may have little frame of reference on Chinese context, so we have spent quite many pages on introducing Chinese context in chapter 2, we expect you can easily perceive and understand what research findings and results will be mainly presented in chapter 5.

### 3.2 A Qualitative Approach

Strauss & Corbin (1990) define any type of research that produces findings not arrived at by statistical procedures or other means of quantification with regard to 'qualitative approach'. In essence, researches will rely on cues and frame of reference in our qualitative research, such as 'persons lives, lived experiences, behaviors, emotions, and feelings as well as about organizational functioning, social movements, cultural phenomena, and interactions between nations', rather than statistical procedures to create knowledge (Strauss & Corbin 1990, p. 10). It implies that qualitative approach emphasizes on the effort to seek meaning of human activity, which fits our belief that reality lies in people's feelings, mind and behaviors. This is the reason why we use qualitative approach for our research, as we try to discover our research on basis of our personal experience and interpretation, instead of numbers. We think boring statistic fails to express plenty of details of human interplay with environment.

A qualitative approach fits the nature of our research topic. Leadership is the mutual influence between leaders and followers, which shows an interactive process. Knowledge of transformational leadership all hides behind individual and

organizational behaviors and activities. What we are doing in this research is digging the crucial knowledge out and showing you readers. For example, when it comes to followers' expectation on transformational leadership, it is very subjective. Some people hope to raise salary through organizational transformation, while some hope an opportunity for job transfer. On the other hand, quantitative approach is less effective to answer 'what' questions that we try to answer. Investigations, for example, have shown that the average failure rate of merger and acquisition, one important type of organizational transformation is up to 70% (Christensen, Alton & Rising 2011, p. 48). However, the number '70%' could not tell us what factors lead to this outcome. For us, we really want to know what causes the failure, or why the other 30% companies succeed in the transformation.

### 3.3 Grounded theory

In our thesis, we are going to adopt grounded theory, which is developed by Barney Glaser and Anselm Strauss in their 1967 book, 'the Discovery of Grounded Theory'. Before the introduction of grounded theory, qualitative research was regarded as unscientific and 'unworthy of serious recognition' due to its alleged subjective and unsystematic characteristics (Goulding 1999, p. 6). However, grounded theory gradually captured people's attention to the qualitative research, as it set out 'a systematic procedure of collecting and analyzing qualitative data', which achieves validity and reliability concerning from previous critics (Goulding 1999, p. 40). For Strauss and Corbin, grounded theory means, 'a theory was derived from data, systematically gathered and analyzed through the research process' (Strauss & Corbin 1990, p. 12). Grounded theory demonstrates a way of developing or reflecting theories, which grounds in the rhetoric, language, and behaviors. With its emphasis on creating knowledge from human interaction with environment, extensive database becomes available for researchers. So, we are allowed to collect data from records, films, interviews, newspapers and so on. Furthermore, the process of grounded theory emphasizes on the interaction between data and researchers (Strauss & Corbin 1990, p. 13). Theory evolves during the research process with its continuous interplay between data collection and researchers' analysis (Goulding 1999, p. 8). According to grounded theory, researchers could analyze data they have already collected before total completion of collection process.

The reason why we use grounded theory is that it could be seen as a dynamic process, which enables us to go for more data according to our analysis on existing data. It allows us to go further into questions, ideas, and theories developed during the process of analysis. When analyzing data, we will constantly develop more ideas and thoughts than our planning. Traditional methodologies require researchers not to begin analyzing until the whole data collection finished. We think such ways restrict for deeper exploration of knowledge as a result. Through grounded theory, we can become more flexible to the research process, and we could take less assumptions and knowledge before the start of research. Latter research process depends on the earlier analysis result. We could let theories emerge through our gradual evolving thoughts and ideas in the process of research.

What is more, grounded theory could leave space for our creativity and awareness. Grounded theory not only keeps its validity and reliability in the scientific procedures, but also calls for creativity in the process. We are required to be open-minded, even to go beyond boundary for data analysis so as to find out as much possibilities of the interpretation as possible. Take one of grounded theory's analytical tools as an example, which is called 'far-out comparison'. This tool is to put two events or objects that seem totally unrelated together, and to compare their similarity and dissimilarity in order to achieve more knowledge (Strauss & Corbin 1990, p. 23). For the instance Strauss & Corbin illustrated, researcher, Hughes, made the comparison between psychiatrists and prostitutes due to their properties of profession and client orientation (Strauss & Corbin 1990, p. 82). With innovative analysis, new discoveries and fresh ideas come out. This is also one of the reasons why we would like to use grounded theory. We are not workers who just set screws to the engine according to the drawing. Instead, we are engineers who create an engine with innovation by following basic rules. We feel that we are allowed to exert our best potential to the research and we would like to play our creativity while creating knowledge of transformational leadership. We hope to bring practical and insightful knowledge to you. Although transformational leadership is well researched in western world, there also exists much space for us to research in Chinese context.

## 3.4 Data Collection

After we had decision to adopt grounded theory as a methodology in our study, we have to collect enormous empirical data to support our research in order to write a convincing thesis. When it comes to data collection approaches, there are two main data forms including primary data and secondary data. Therefore, we will depict these two data forms that we are going to collect in practice.

### 3.4.1 Primary Data

Since we take our study as a qualitative research, we are here gathering data in primary form of words, not numbers. In this sense, we are touching upon two major methods for collecting primary data of collecting questionnaires and conducting individual interviews. The process of collecting primary data is interesting as we can get substantial data originally. And primary data can give us a realistic view to the research topic at hand. Because of the high relevance and reliability of primary data, we can generate theories through grounding and analyzing these data.

#### 3.4.1.1 Questionnaires Method

Questionnaire that provides a relatively cheap, quick and efficient way of obtaining large amounts of information from a large sample of people is a method to collect primary data (McLeod 2014, n.p). In face of the new field of transformational leadership and complicated Chinese context, we are hard to get sufficient information and knowledge of the status quo of transformation in Chinese companies, and how Chinese office workers perceive transformation and transformational leadership. Therefore, we start to design a questionnaire with several questions including gender, positions and expectations of changes to observe what transformation and transformational leadership are in Chinese office workers' eyes. We think the analytic result of questionnaires may give contributions to further data collection of interviewing and to data analysis. It is because we already had rough and basic understandings of Chinese viewpoints of transformational leadership. In this sense, this understanding can give us a guide to formulate highly focused interview questions to gain more real and original points from the interview respondents. Meanwhile, we can also obtain the supplementary answers to our research questions in need of strengthening our thesis.

We designed the questionnaire in Chinese because of our main investigation objectives are Chinese office workers. And we posted it on a professional Chinese website that

specifically helps researchers gather data. Until we stop collecting the online questionnaires, we have gathered 84 questionnaires in sum, which is a quite good result to start organizing and analyzing these data. As for your information, we are attaching our questionnaire sample on the appendix, and you can go to this website (<http://www.wenjuan.com/s/J7RfYb/>) to check our questionnaire.

#### *3.4.1.2 Interview Method*

For the reason why we choose to do interviews is that we believe the interview can provide us with many possibilities to listen and learn from the respondents' real experience. In the meantime, we can combine our own observation with what we listened to improve the understanding of our topic of Chinese corporate transformation and its leadership. Moreover, it is a good opportunity to directly communicate with people involved in transformation, and to exchange our knowledge of transformational leadership both in theoretical manner and in practical manner.

Organizing an individual interview is not seemingly easily handled, because we are in face of a person who cannot be controlled by us. But we have to do interviews in order to get the information what we want. The only thing for us is to well prepare our interview questions that play a crucial role in deeply digging respondents' experience for more information. And to formulate the interview questions in an orderly and neutral way is a rather crucial step. Therefore, we will prepare and formulate interview questions beforehand that aim to dig out the relevant information of transformational leadership. However, when it comes to formulating interview questions beforehand, it seems to frame our creative thinking more or less. In this way, we will see interview questions as an outline in case of any embarrassed silence during interview, which is beneficial to make the whole individual interview smooth and cohesive. In addition, 'for any kind of interview, it may take a while to develop the right question for getting precisely the kind of data we are interested in' (Cochran & Patton 2002, p. 11). Hence, the formulated questions could be the open ones that are required to get more opinions and statements from respondents, rather than the closed ones that will get answers with 'yes' or 'no'. In such a way, we can provide interviewees with a freer and broader conversation environment. Furthermore, it is better to create an informal interview atmosphere, because respondents generally and unconsciously dodge some of sensitive questions. In short, before going to interview, the well-arranged interview questions are

essential. Nevertheless, being overly stubborn to the questions is a danger, which may limit our thinking of research focus.

***Interview with a manager:***

Based on our research problem about Chinese organizational transformational leadership, we draw our attention to Chinese companies that are or were executing transformation plan. In the beginning, we discuss the topic with each other literally from leader's perspective, because we think that leadership is about what a real leader is and how the leader works. Therefore, we try approaching Chinese department managers to have individual interviews. But we are rejected several times for various excuses. In effect, it is difficult to find right respondents who are willing to share their experience with us in China. However, finally, we are lucky to get helps from a department manager who was in charge of organizational transformation in a Chinese company. Her brief profile is presented as follows.

**Xu** (For interviewee's requirement, we can only use her family name here.) who is an accounting manageress works in the financial department for more than 10 years. She led accounting department to implement transformation of outsourcing accounts payable business. She led Shanghai accounting office to become an accounting hub in China.

By interviewing with her, we would like to see how she performs and leads in the context of organizational transformation. At the same time, it is important for us make sense out of how she thinks about transformational leadership.

***Interview with followers:***

As we stated in chapter 1, we will write the thesis from follower's perspective, therefore, we would like to show our respondents as followers in Chinese companies in this part. In practice, transformational leadership in an organization is not only concerned with leaders' expectations and performance, it also involves in a group of followers who in person expect what changes they will make and how to implement transformation. And we want to see what followers are expecting on the transformational leadership and know how followers are smoothing organizational transformation over if the transformation is not as easy and simple as they imagine before. In effect, we get six respondents from different industries, including banking, finance and the like, to have

interviews. We will give you a brief introduction to these interviewees (For interviewees' requirements, we can only use their family name in our thesis.).

No.1. **Gu** who is a reimbursement agent works in the accounting department in a company in Shanghai for almost 3 years. Her job is to process travel reimbursement from employees' around China. When she was recruited, the financial department was undergoing a transformation.

No.2. **Zhao** who is a reimbursement agent works in the accounting department in a company in Shanghai for almost 3 years. Her job is to process travel reimbursement from employees' around China. When she was recruited, the financial department was undergoing a transformation.

No.3. **Xue** who is an accounts payable (AP) coordinator works in the accounting department in a company in Shanghai for more than 5 years. Her job after transformation is to coordinate information and work with outsourcing company in accounts payable business.

No.4. **Ni** who is an accounting assistant worked in the accounting department for half a year specializing in accounts payable business.

No.5. **Hong** who is a purchasing agent works in the supply chain department in a company in Shanghai for 2 years. Now the company she works in is undergoing a merger with another subsidiary.

No.6. **Zhang** who is an anti-fraud agent works in the anti-fraud department in a credit card company in Shanghai for 3 years. The department she works in is trying to take over business from another department to finish business consolidation.

Their interviews play an extremely important role in our thesis, and what the theory we will get actually thanks to these interviews.

About our interview questions, we will attach them on the appendix of thesis for the record. And because of these interviewees are from China, we conducted the interviews in Chinese. If you are interested in the Chinese interview records, you can contact us via [master15thesis@gmail.com](mailto:master15thesis@gmail.com).

### **3.4.2 Secondary Data**

In addition to abovementioned primary data collection methods, secondary data gathering is a support for our thesis. When we make use of secondary data, which means we are using the data initially collected by someone else. With regard to the time

of our thesis writing, actually we cannot conduct a large-scale data collection about transformational leadership. Thus, secondary data gives us an aid to underpin our arguments to a large degree. Nevertheless, there is a risk that we can easily cheat other researchers' analysis results, so, it is a must for us to be creative with available data (Andersen, Prause & Silver 2011). When reading other research papers, we have to gain some new insights that are beneficial for our own thesis from already collected data. In the meantime, before we make advantage of secondary data in a proper way, it is important to know how to find out highly relevant and credible secondary data. As Arbnor and Bjerke (2009) stated that we need take some important issues into considerations in use of secondary data. These are if the secondary data is appropriate for our own research needs and to what extent we can trust the research we find. When utilizing secondary data, we have to be meticulous and be able to deal with large and often complex data effectively and efficiently (Andersen, Prause & Silver 2011). For instance, in chapter 2, we used two graphs to help us give a vivid account of Chinese economic history. We take those figures as secondary data. Although those data were collected by others, we believe the data are appropriate and useful for our description. The way to combine primary data with secondary data in our thesis contributes to a convincing thesis for you. And we believe that our thesis as a qualitative research can provide you with an intelligible and justifiable social-science-related research in studying transformational leadership in Chinese context.

### 3.5 Data Analysis

Data analysis is an extremely vital phase in the research process, because we need learn how to live with data and to give meanings to data in order to find out what data means and how data works. In order to generate substantial theory through our data, coding as an analytic tool can be used. According to Goulding (2002), coding is the strategy for analyzing data, it includes the process of breaking apart data we collected from interviews, observations and the like, 'into distinct units of meaning which are labeled to generate concepts'. Corbin and Strauss (2008) also stated how to analyze data, which needs us break down data, like an interview record, into several components, then determine the 'properties and dimensions' (Corbin & Strauss 2008, p. 46) of each component in light of our experience and knowledge, then examine and figure out how components relate to each other and the whole so as to finally give rise to theories. For our research based on grounded theory, we take coding as our strategic method to

analyze data, which incorporates the process of open coding, axial coding and integration (Corbin & Strauss 2008).

### **3.5.1 Memos and Diagrams**

First of all, we would like to touch upon the very important term memos that are a large amount of written records, which plays a crucial role in coding. In the whole process of research, it is necessary to write memos, which helps us to recall and re-compare concepts. As Corbin and Strauss stated (2008) that ‘qualitative analysis involves complex and cumulative thinking that would be very difficult to keep track of without the use of memos’. When we read books and articles about transformational leadership or when we discuss the interview scripts, some new ideas could come out, which is necessary for us to write them down for consideration and combination. And during data analysis, sometimes we cannot have more insights about one concept any more, but when we reread that memo, it is possible to have new contributions to the same concept one or two days later. Therefore, writing memos is a good habit for doing qualitative analysis. As for diagrams, we actually draw some diagrams for concepts that have strong and dynamic relations when we finally discuss the theoretical framework about transformational leadership. It is clear and apparent for you to know about connections among concepts.

### **3.5.2 Open Coding**

Open coding is the initial stage of data analysis, which requires us to break data apart into components and to interpret each component with all potentials and possibilities. It also requires us to consider the context of interviewees, and then we can give interpretative descriptions that are the early concepts to the data. Before we start analyzing our interviews records, we firstly go through one whole record and write down our rough ideas as a memo. In the meantime, we remove some records that are not concerned with our topic. And we continue coding the selected record through breaking it down into several pieces. We code that record piece by piece. We interpret each piece according to our personal experience and professional knowledge by writing a memo. The memo includes our understandings and interpretations about interviewee’s single word and our questions that we have no ideas about one word or concept. We compare data to each other and compare the same word in different contexts so that we can draw out similarities and differences of each piece of data. It is a process that we abstract

concepts from interpreting an interviewee's words. Or we label a concept by interviewee's actual words, which is called 'in Vivo codes' by Corbin and Strauss (2008). We may happen to some fresh concepts that need us collect new data to code and interpret further. Thus, taking grounded theory as our methodology is to collect data and analyze data simultaneously. And then we keep on coding other pieces in the same way. After that, we put the similar, relevant or repeated concepts in an interview record under one category.

### **3.5.3 Axial Coding**

As stated before, we create categories by doing constant comparisons in our memos. And then we try to find out if the property and dimension of categories or concepts are related to each other, which is the process of axial coding. According to Goulding (2002), axial coding is higher-level abstraction process and 'it is the appreciation of concepts in terms of their dynamic interrelationships' (Goulding 2002, p. 78). And axial coding is the early stage of theory construction. In this phase, we do our best to gain a core category that lays foundation for generating theory. In addition, we need find out the relation between the core category and subcategories. When we determine that these two or three concepts/categories have relations, we are trying to elaborate concepts/categories in a cohesive way. Hence, 'axial coding is the strategy for bringing data back together again in a coherent whole' (Charmaz 2006, p. 60). When we figure out the relation between concepts, it is important to think about the context again that may affect the relation. For example, we interviewed a manager from a multinational company, which is more or less different from the statement by a manager of state-owned company background. Therefore, their statements about transformational leadership are of similarities and differences, which leads to different relations between concepts. So we need actually take context into account in the whole coding process.

### **3.5.4 Integration and Selective Coding**

As presented above, we make sense of the relation between the core category and subcategories, which means we start forming 'a complete conceptual story' to generate a theory. In attempt to reach the final analysis result, we come to the final process of data analysis in this part, that is to say, the final stage of coding in the 3ed of Corbin and Strauss's book is 'integration' (Corbin & Strauss 2008, p. 264), while it is 'selective coding' in their 2ed book (Corbin & Strauss 1998). Though different terms, what we are

doing for the research is the same. We integrate results of open coding and axial coding with something seemingly missing during coding to ‘construct a plausible explanatory framework’ (Corbin & Strauss 2008, p. 264) about our research topic. After interacting with data, we eventually give rise to our theory for you in a structured manner.

Although we can reach our aim of theory construction by doing qualitative analysis, in effect, it is not an easy and comfortable process, we almost live with the topic and data collection, sometimes in relation to the way to collect data about transformational leadership occurs in our dream, it is obvious to see how we strive to do our research. As Corbin and Strauss demonstrated that we can get some insights and inspirations from our dream.

## 4 Literature Review

In this Chapter, we would like to show you some highly relevant literature reviews that support us to analyze our findings and propose the final theory. We believe that description of organizational change, transformational leadership, skill approach and followership have to be presented as follows.

### 4.1 Organizational Change

Based on the general Chinese business background we have stated above, it includes Chinese characteristics, globalization, and widespread applied information technology. These factors lead to the start of organizational changes in Chinese companies to a large extent. Therefore, it is first of all that we have to speak to change that is explained as ‘making something or someone different’ by Webster dictionary (Merriam-Webster 2015). Rather transformation is radical shift from one state of being to another. Such shift involves shift of culture, behavior and mindset that affects the transformation process (Andersen & Ackerman Andersen 2001, p. 39). In this way, transformation in effect is of more meanings compared to change, which decides people how to lead transformation, rather than manage it. But in our thesis, in order to remove confusion about using these two words, we treat transformation as new type of change, that is, transformational change, which does not affect the use of change and transformation.

Back to our research topic, we mainly do research about change in organization level, so we think organizational change is defined by ‘making organization different’, which is related to culture, behavior and mindset. At the beginning of the 21<sup>st</sup> century, organizational change was primarily associated with reengineering and information technology installations in need of organizational development (Andersen & Ackerman Andersen 2001, p. 2). And the hot topic at that time was about how to manage change, rather than lead change, because the business environment at that time was relatively stable. Organizational changes focused on mechanically planning and implementing changes, the surface of transformation, due to less concerns with culture and mindset. ‘Management’ really worked in context of stable organizations, which was ‘to bring about, to accomplish, to have charge of or responsibility for, to conduct’ (Bennis & Nanus 2007, p. 20). However, nowadays, simply depending on change management by putting emphasis on ‘how to plan better for implementation and how to overcome employees’ resistance’ (Andersen & Ackerman Andersen 2001, p. 2) is not enough for

effective transformation, and it is highly likely to get changes failed. If we see transformation as the very heart of the onion, managing change is just like peeling the skin of onion, while leading change relating to organizational culture and followers' mindset goes deeper to touch onion's heart. Also in practice, we are now in need of transformational change due to the radically altered nature of change and general business environment. The business world has become much more competitive and complex. As a matter of fact, management is not that story today, instead transformation requires 'leading' that is 'influencing, guiding in direction, course, action, opinion' (Bennis & Nanus 2007, p. 20). For companies in the West, they have gradually shifted their mind from change management to transformational leadership, while in China, more and more companies are aware of the importance of leading change. Nevertheless, the efforts of transformation do not pay off, which is the driver for us to research what skills and abilities exactly need for leaders in Chinese organizational transformation. We believe in China in order to strive for the success of organizational changes, it is of great importance to put efforts not only to planning and implementation of changes, but also to human factors that are the people who plan the changes (leaders) and people who should implement the changes (followers) and also people affected by changes (Alas 2009, p. xii). Human factor, of course, incorporates follower and leader's expectations on transformation, which is deeply influenced by Chinese cultural background.

## 4.2 Resistance to Change

Now that people are becoming aware of the importance of leading change, why there are also many people resisting to change all the time. We will in this section shed light on the reasons of changes resistance in theoretical perspective. It is true that when it comes to change, most of people treat it as a bad thing that is unknown and problematic. They may think everything now is already perfect; there is no reason to change. Or there is too much risk to change. Things like that may affect how leaders lead organizational change and personal change that is related to get employees' mindset change to accept organizational transformation. Before we get to know how to develop transformational leadership, we have to understand what the nature of change really is and then figure out why employees usually resist change.

According to Eikenberry and Harris (2011), change is emotional and situational. We can link change with emotions. For example, it is frequently to see in China that an employee gets promotion because of his excellent track records, but he feels unhappy

and depressed because the promotion requires him to move to a new region as a senior manager away from his family. Although the fact of promotion per se is a good change, it is with emotional feelings. Or there is another example about applying new work system in a department; the leader decides to apply new accounting work system in order to improve work effectiveness, which sounds good for employees in accounting department. But the truth is that employees feel stressful at the start of implementing new change, because they cannot handle work smoothly and there are problems occurring during operating new system. Although the situation may become good over time, but the negative feelings of employees more or less have impacts on their thinking and work performance. Moreover, change is associated with unknown (Eikenberry & Harris 2011, p. 69). In most cases, people may become scared and anxious when leaders inform them of a coming change, because of the unknown future that may have more works, layoffs. Therefore, because change is full of emotions, from follower's perspective, it is highly likely to resist change in case of taking risks, and meanwhile, from leader's perspective, it is difficult to come up with right and workable ways to influence and inspire followers and make them do personal change.

As Eikenberry and Harris (2011) also stated change is situational because 'what we think and how we feel about change depends both on the context and our lived personal experiences with change' (Eikenberry & Harris 2011, p. 69). When it comes to context, put simply, whether people accept changes depends on the situation. Some of people may accept changes at work, while some of people are more willing to change at home and vice versa. As to speak to personal experience that plays a crucial role in people's attitude towards change, if a person who had experienced an awful change may become cautious, which results in resisting other changes to a large extent, on the contrary, if a person who had a satisfactory and excited experience about change may become willing to welcome next change. For this reason, to know about the nature of change for transformational leaders is necessary so that leaders can perform leadership skills in a proper and effective way.

Since we have presented the nature of change above, we would like to depict the reason further why people resist change. On one hand, according to Eikenberry and Harris, 'resistance to change exists in nature because homeostasis-the tendency for living things to remain stable-tries to hold things the same' (Eikenberry & Harris 2011, p. 104). On the other hand, in addition to biological explanation, we think there are three reasons for resistance to change. First of all, people are satisfied with status quo. When people are

in face of change, they think that since current situation is comfortable, it is no need for change. People are used to staying their comfort zone that makes them feel peaceful and less stressful. For example, there are many Chinese people who are working in a state-owned business that is characterized by stable work situation and good welfare, even if there is a job opportunity of higher salary, they cannot give up on their current job and make a change, which is very common in China, because people are very aware that higher salary means more works and more stress. They are accustomed to working in a stable environment; it is not suitable to work with pressure. For this reason, people are more likely to keep status quo rather than make changes proactively.

Secondly, people cannot get the sufficient information about forthcoming change. In most cases, employees only know about they will make change, but they are not clear about what targets they will reach, which direction they will go and how to implement change. Employees are supposed to get the information from their leader. So if people could not have knowledge of what will be achieved and how to change, they may become anxious and will lose trust to the leader. Generally, many of Chinese companies' top-level leaders who initiate a transformation plan focus on results, they do not care about how employees feel and how employees implement change during transformation process, instead they just concentrate on if the change has finished and achieved good performance. In this case, because of lack of support and inspiration from leaders, employees will become so confused that they resist change.

Last but not least, people are afraid of too high costs and so many risks for change. The cost more than just refers to money. As stated above that the example of change is emotional, if people got promoted at cost of not being able to stay with family, it is very often that Chinese employees will become extremely stressful and will finally give up on the promotion opportunity. It is because Chinese are much more family-centered. In addition, people are not willing to take risk that changes may lead to lose customers on hand. As a consequence, it is hard to make change happen if people perceived the cost and risk of change.

We have elaborated on the reasons for resistance to change; it is critical for transformational leaders to understand the facts and to consider how to influence employees with their leadership skills and abilities.

### 4.3 A Full Range of Leadership Model

As we mentioned in the chapter 1, transformational leaders play roles as ‘visionary change agents’ responsible for achievement of organizational goals and tasks (Burns 2010, p. 20). For Bass and Riggio, they define transformational leaders as people who ‘stimulate and inspire followers to both achieve extraordinary outcomes and develop their own leadership capacity in the process’ (Bass & Riggio 2006, p. 3). Transformational leaders inspire followers to commit to an organizational shared vision and goals. They help followers grow and develop into leaders by responding to individual followers’ needs via empowerment and coaching (Bass & Riggio 2006, p. 3). For better demonstration the effectiveness, frequency and activeness of leadership, Bass & Avolio (1994) developed a full range of leadership model, which includes transactional leadership and transformational leadership. For transactional leadership, it means ‘a process of exchange that is analogous to contractual relations’ and ‘contingent on the good faith of the participants’ (Downton 1973, p. 75). Transactional leaders focus on the obligation and pay decided by contracts. In the full range model, transactional leadership includes three factors, active management-by-exception (MBE-A), passive management-by-exception (MBE-P) and contingent reward (CR) (Bass & Riggio 2006, p. 8). When leaders take MBE-A strategy, they arrange active deviances monitoring, while for MBE-P, leaders take action passively until deviances occur. To achieve effective leadership performance, MBE-A requires a safety environment to avoid followers’ fear of being punished. Moreover, when leaders supervise a large number of subordinates who report to them directly, MBE-P could be an effective way. Contingent rewards are a typical carrots-and-sticks method. It could be effective to simple, mechanical and repetitive work. When rewards are psychological, contingent reward could also be transformational. Laissez-Faire leadership is also mentioned here. It could be seen as the opposition to transactional leadership by its emphasis on avoidance and absence of leadership to achieve effective performance (Bass & Riggio 2006, pp. 8-9). Although transactional leadership could be effective in some situation as we mentioned before, for example, MBE-P could be effective to leaders supervising plenty of subordinates, transactional leadership neglects people’s need for self-accomplishment and self-development which is out of range of material needs. Transformational leadership tries to enhance followers’ performance and build their commitment to organization’s targets through satisfaction of such needs (Yukl 1998). In the full range of leadership model, transformational leadership includes four

components, idealized influence (II), inspirational motivation (IM), intellectual stimulation (IS) and individualized consideration (IC) (Bass & Riggio 2006, pp. 5-7).

Idealized influence (II) asks leaders to serve as role models for their followers (Bass & Riggio 2006, p. 2). To serve as a role model, leaders should show their enthusiasm to the work, to the organizational objectives and to collective interests in order to arouse followers' enthusiasm to devote themselves to organizational goals (Gregory, Russell & Patterson 2004, p. 352). Moreover, II has a large relation to charismatic leadership. When leaders have II, their followers will identify themselves with leaders and want to emulate them. To cultivate II, leaders should be trusted, and respected and admired by followers at first (Bass & Riggio 2006, p. 5).

Inspirational motivation (IM) refers to leaders' motivating and inspiring behaviors to followers by providing meaning and by challenging their works (Bass & Riggio 2006, p. 2). 'The development of a shared vision' is leaders' key mission in acting inspirational motivation (Jung & Avolio 2000, p. 952). Leaders should try to inspire followers' willingness to commit to organizational goals and collective interest, even to sacrifice some of their self-interests through envisioning their vision. To Bass and Riggio, they argue that for effective vision sharing, leaders should involve followers in the creation of vision instead of traditional way that leaders take full responsibility for vision-creation (Bass & Riggio 2006, p. 3). Leaders should communicate with followers about both parties' ideas and opinions in the vision in order to effectively motivate followers' commitment to the goals and shared vision.

Intellectual stimulation (IS) is leaders stimulate their followers' efforts to be innovative and creative by questioning assumptions, problems and approaching old situations in new ways (Bass & Riggio 2006, p. 2). By IS, leaders have to keep high rationality and critical thinking in the transformational process in order to stimulate followers' innovation (Gregory, Russell & Patterson 2004, p. 352). Leaders should have strong problems solving ability. If leaders could not find the crux of the problem, how they could stimulate others to solve problems. Through IS, creativity, diversity, and innovation are encouraged (Bass & Riggio 2006, p. 6).

Individualized consideration (IC) refers to leaders pay attention to each individual follower's needs, especially for self-accomplishment and self-development, through coaching and mentoring (Bass & Riggio 2006, p. 2). To understand followers' personal expectation, leaders are required to be a good listener to hear followers' voice. To achieve followers' needs on self-accomplishment and self-development, leaders should

provide learning and practice opportunities for followers' development. Followers should be considered as potential leaders. Therefore, leaders should take the supporting and mentoring role to simulate followers' leadership (Bass & Riggio 2006, p. 7).

According to the description of four components of transformational leadership, we could see that different components ask for leaders' different abilities and skills in transformation. We extract out and form such required attributes in the following table (see in figure 3) according to former researchers' studies on transformational leadership above.

Figure 3: Transformational Leadership Components with Required Attributes.

Transformational Leadership Components	Required Attributes
Idealized Influence	Trust
	Respect
	Modeling
	Enthusiasm
Inspirational Motivation	Vision
	Envisioning
	Communication
	Commitment to goals
Intellectual Stimulation	Rationality
	Problem solving
Individualized Consideration	Personal attention
	Delegation
	Listening
	Training
	Coaching
	Mentoring
	Supporting

Source: Bass & Riggio 2006, pp. 2-5; Gregory, Russell & Patterson 2004, p. 352; Jung & Avolio 2000, p. 952

#### 4.4 Effective Leadership

Leaders' ultimate goal is to practice the effective leadership in organizations. Put another word, leaders expect themselves to 'think strategically and navigate unknown effectively' (Schoemaker, Krupp & Howland 2013). For this reason, leaders are required to develop leadership skills and abilities. When it comes to leadership skill which has been studied for long time, it is Katz (1995) who shifted researchers' attention to skills research in his article of 'Skill of an Effective Administrator' (Northhouse 2012, p. 43). Then Mumford and his colleagues advanced the skills research, which brings forth a skill-based model of leadership (Mumford et al. 2000).

Here we would like to touch upon the most important part of that leadership skill model, that is, leaders' competencies covering problem-solving skills, social judgment skills and knowledge (Northhouse 2012, p. 48).

'According to Mumford, Zaccaro, Harding, et al. (2000), problem-solving skills are a leader's creative ability to solve new and unusual, ill-defined organizational problems' (Northhouse 2012, p. 48). Whether organizations conduct transformation or not, there exists a number of problems. It is probably that transformational leaders would encounter more complex problems, which hinders them from making effective leadership possible. In this sense, leaders have to make sure they have clear understanding of their capabilities so as to take possible actions to organizational problems. Additionally, to know what the problem is and to make sense of problems are demanded for leaders. In practice, so many leaders can generate solutions immediately when confronting problems, but they get the poor performance. It is because they ignore to take time understanding what the real problem is. We believe that during transformation in Chinese companies, the problem-solving skills must be developed for leaders, because we observed a lot of failure cases of transformation in China.

On top of problem-solving skills, according to the leadership skill model, the social judgment skills are required as well for leaders' competencies. As Mumford et al. (2000) stated that 'social judgment skills are the capability to understand people and social systems' (Mumford et al. 2000, p. 46). It demands leaders to take followers' thinking and behavior into consideration when dealing with organizational problems. As a matter of fact, to understand and concern followers' feelings is of great significance for leaders, as leaders have to cooperate with followers to reach the organizational goals. Just as we stated before that people always resist organizational changes with emotions, we believe that as a transformational leader it is impossible to force your followers to implement transformation. Leaders are supposed to show their empathy to stand in followers' shoes and come up with feasible solutions together with followers. This kind of ability of leaders is also called 'perspective taking' delineated by Mumford and his colleagues (Northhouse 2012, p. 50). Mumford et al. take perspective taking as the leaders' capability to understand what perceptions followers have to some certain problems (Northhouse 2012, p. 50). Besides, Mumford and colleagues also regard the skill of 'social perceptiveness' as social judgment skills. 'Social perceptiveness' requires leaders to perceive what the motivators are towards their followers, and to perceive how followers will react if facing transformation. Thus for leaders, we believe that they have

to master the skill of motivation. From Mumford and his colleagues' viewpoints, social judgment skills include 'social performance' that incorporates other leadership skills and abilities, such as communication skill, persuasion skill and conflict management skill and so forth (Northhouse 2012, p. 50). In all, we deem that such social judgment skills contain specific leadership soft skills that are inclined to deal and work with people.

In that leadership skill model, 'knowledge' is included into leaders' competencies. The knowledge is intimately bound up with implementing leadership skills, like organizing organizational facts (Northhouse 2012, p. 51). Thinking about an example of organizational transformation, leaders know facts of the strength and weakness of their followers who are going to engage in the transformation. And in order for a successful transformation, knowledgeable leaders have abilities to organize the followers' information, which concerns with putting whom in a particular position.

We strongly think the leadership skill model may give contributions to this research, because we are studying the skills and abilities of transformational leaders. We really would like to help Chinese business leaders make effective leadership possible through our research, especially during transformation.

## 4.5 Followership

As we explained in previous chapters, we study the transformational leadership from both leader's and follower's perspective. Thus we will touch upon followership that is the opposite concept to leadership. It is the process people use to follow and it is what followers do when they follow (Riggio, Chaleff & Lipman-Blumen 2008, p. 54). We will elaborate on different types and roles of followers and the relation between followership and leadership, which contributes to lay solid foundation for our analysis of data on transformational followers' expectations, behaviors and mindset.

There are five styles of followership that is claimed by Riggio, Chaleff & Lipman-Blumen (2008), which includes the sheep, the yes-people, the alienated, the pragmatics and the star follower styles. For style of the sheep, it is obvious that followers who behave like sheep are passive and need be taken care of. The sheep-like followers are waiting to be motivated and be arranged to do some works in organizations. But, from our perspective, it is hard to say that there are sheep-like followers having negative impacts on transformation performance. From our observations, there are more or less sheep-like followers in Chinese companies, especially in state-owned enterprises due to

its fixed and stable work schedule. This type of employees thinks that their responsibilities are to finish works arranged by superiors. As for the second style of followership, the yes-people are positive, energetic, passionate and used to toeing the line from leaders. They are always on leader's sides, but it is hard for them to consider the organizational vision and to contribute critical feedbacks to their leaders. Although they are good at finishing their works because they treat themselves as doers, they cannot proactively reflect on what they have done. The third style of followership is the alienated who are energetic to think for themselves. What they consider are the benefits they will obtain or the potential loss they will pay if they follow their leaders' vision. That will bring about negative atmosphere because they are used to challenging leaders' actions in a skeptical manner, which has an adverse influence on creating healthy organizational culture. As for the fourth one, it is the pragmatics who wait and see which way the wind is blowing (Riggio, Chaleff & Lipman-Blumen 2008). It is very often that we can see this type of followers who will wait to see the situation in organizations and then choose to stand the right side to avoid being involved in battles without gunpowder smoke. The last style of followership is the star followers who are of critical viewpoints. They think of leaders' plan or vision independently so that they can give supports or feedbacks to their leaders. It is beneficial for leaders to have star followers who help leaders get where to go. We think this kind of followers can be regarded as strategic partners in an organization.

When it comes to the role of followership, Riggio, Chaleff & Lipman-Blumen (2008) noted that there are three vital roles of followership including an interactive role, an independent role and a shifting role (Riggio, Chaleff & Lipman-Blumen 2008, pp. 27-35). When we throw light on these three roles of followership, we are combining followership with leadership so as to figure out the effective relationship between leaders and followers. Firstly, followers take an interactive role that may supplement and support leadership role (Riggio, Chaleff & Lipman-Blumen 2008, p. 27). It is true that leaders and followers exist simultaneously and followers take on most of work. Followers and leaders cooperate and rely on each other in the context of interaction role and they have influence on one another. The relationship between leaders and followers are mutually helpful. In this sense, followers are very willing to participate in the decision-making process. Meanwhile, they will exert hearts and efforts to think about organizational changes in a critical way. We deem that this kind of relationship that can accelerate the advance of organizations to achieve the goals is necessary and significant.

Secondly, followers take an independent role that means followers can manage themselves instead of being controlled by leaders. For example, followers can have a clear plan of career development for themselves rather than leaders design for them, which brings more space and time for leaders to think about other decisive issues. From another perspective, self-management of followers is also leadership that refers to lead themselves, which can be improved by more training and experience. In addition, followers who work from home are required to be independent and to have abilities to lead themselves. Last but not least, followers take a shifting role in an organization, which means leadership and followership being alternated in some cases. In practice, it is common nowadays that followers take the lead in many team projects. Members have complementary expertise and experience in a team, which makes each member may be suitable for specific issues to take leadership role. So in such a team, members can experience both followership role and leadership role. Likewise, Pree (2004) in his book 'Leadership is an art' has similar description about this situation. But Pree defines the term as 'roving leadership' (Pree 2004, p. 49) from leadership's perspective. He states that roving leadership that is an issue-oriented idea refers that followers can share ownership of problems or take possession of a situation, because no one is expert at everything (Pree 2004, pp. 48-49). Therefore, we believe that the role of followers and leaders today are free to meet the realistic and practical demands.

## 5 Analyzing Our Findings

In this chapter, we would like to give you a clear and elaborate description of what theory we construct from the interviews and questionnaires. We will analyze the collected data based on the guide of grounded theory including open coding, axial coding and integration. The main analysis outcomes are expectations of leaders and followers and the skills and abilities needed for Chinese transformational leadership.

### 5.1 Open Coding on Followers' Expectations

For this part, we would like to figure out followers' expectations through individual interviews and questionnaires. We also want to show you the way we abstract categories from original data as transparent as possible.

When we interviewed with our respondents, we separately interviewed six followers. Four of them are colleagues who work in the same company, while others work in others companies. Before starting analyzing the results of interviews and questionnaires, we selected key words that in the same category are highly relevant to each other and focus on employees' viewpoints and expectations to organizational transformation (see in figure 4). By coding the key words, we get the 10 categories for followers' expectations on transformation, which is demonstrated as follows.

1. Followers' expectation on Work Content
2. Followers' expectation on Material
3. Followers' expectation on Career Development
4. Followers' expectation on Job Security
5. Followers' expectation on Work Atmosphere
6. Followers' expectation on Training
7. Followers' expectation on Problem Solving
8. Followers' expectation on Communication
9. Followers' expectation on Empathy
10. Followers' expectation on Planning

Figure 4: Categories for followers' expectations with key words abstracted from interviews and questionnaires.

<b>Work Content</b>	<b>Material</b>
Increasing workload	No benefit improvement
Reasonable workload	Better compensation and benefit (C&B
Decreasing workload	Good working infrastructure
Matched roles and responsibility	Well-allocated office resources

Clear announcement of roles (including others)	<b>Career Development</b>
Simplified business process	Engagement in new projects
Open instructions and job descriptions	Promotion
Well-arranged work handover process	Get access to more business process and knowledge
Rational delegation	More interesting works
Simpler report process	Job rotation to get work abilities improved
<b>Job Security</b>	Better job opportunity
Adapt to transformation	<b>Work Atmosphere</b>
Keep the post	Better team work
Layoffs	Helpful and supportive
Turnover tide	Better collaboration and cooperation
Working location changes	<b>Problem Solving</b>
Cancellation of position	Quick and active response to occurring problems
<b>Training</b>	Create plan B for sudden problems
Instant and sufficient on-job training	Problem solving instead of problem transmitting
Professional training	Non-violent solutions to conflicts
<b>Communication</b>	<b>Empathy</b>
Leaders should be responsible for interdepartmental communication.	Leaders consider followers' personal interest before acting.
Formal notice of job description change in transformation	Leaders are helpful when employees confront problems.
Interpersonal relationship change	Leaders are alert to difficulties of transformation employees met.
Direct interdepartmental communication	Respect for employees' hard work and devotions
Explicit channels for feedbacks and communication	Care about employees' emotions
Communications before transformation	Caring leadership to internal department
Wonder where we are during transformation	<b>Planning</b>
Get sufficient information of transformation	Full plan of transformation
Listen to employees' expectations and ideas	Progressive transformation
Envision in persuasive and convincing way	Implement transformation step by step
Tough leadership to external department	Clear and perfect transformation roadmap
Get to know how long transformation needs take	Not make impulsive and ill-considered decisions
Transparent and open information of transformation	

### 5.1.1 Followers' Expectation on Work Content

According to interviews and questionnaire results, we find followers have expectations on work content in transformation. Work content refers to followers' understanding of job descriptions, their roles and responsibility in the business process. During interviewing, employees show their attention towards workloads to a great extent, Gu (2015, pers. comm. 4 May) said, 'Transformation is for cost saving. When a company tries to transform, employees' workload will increase'.

We could catch the keyword 'increasing workload' from her statement. We see that followers have expectation on increasing workload in transformation for cost saving. Furthermore, Hong (2015, per. comm. 12 April) said, 'I know our transformation is for

cost saving. I know increasing workload is inevitable, but I hope it could be controlled in a reasonable range’.

From Hong’s statement, we could catch the keyword of ‘reasonable workload’. Comparing Gu and Hong’s statement and keywords we extracted, we believe although followers have expectation of increasing workload in cost-saving transformation, they still hope leaders could try their best to control workload in a reasonable range. The reason why followers hope reasonable workload lies in their expectation of keeping balance between their personal life and work life, which is interpreted from Hong’s statement that

Now I am stuck in overtime, as I have to take over another colleague’s job as well as finish my own work at the same time. I do not have my personal life now. (2015, pers. comm. 12 April)

However, according to Zhang, she has different views on workload in transformation. She (2015, pers. comm. 6 April) said, ‘Transformation could simplify business process, so my workload could decrease and my work efficiency could enhance. I’m happy to see that’.

We could catch keywords, ‘simplifying business process and decreasing workload’. Generally, simplifying business process is company’s transformation aim. So, when followers positively connect company’s transformation aim with their own work content, they will show their positive expectations to transformation and they tend to support such transformation.

Therefore, followers’ expectation on workload in work content reflects their views on the balance of work time and personal life, as well as shows followers’ views on connection between transformational goals and their own works. Such views tend to influence followers supportiveness to organizational transformation. Therefore, leaders’ ‘inspirational motivation’ ability should be largely used to win followers’ support and eliminate their resistance to change by envisioning and persuading skills to try to make followers positively connect their work with transformational aim. According to Bass and Riggio (2006), for successful inspirational motivation, leaders’ good communication skills are essential. Moreover, as Gu said,

I hope I could get clear and open announcement of change on people’s roles and job description. It is very difficult to know whom I should contact with when I deal with works, as people’s roles and responsibilities change so quickly and frequently in the transformation. I couldn’t continue my work, if I couldn’t find the right people. (2015, pers. comm. 4 May)

From Gu's statement, we could see that followers consider transformation as a process full of frequent changes. Keywords, 'open announcement of roles' and 'clear job description' could be caught as well. Linking followers' consideration on transformation and extracted keywords, we could find that followers expect instant updates of people's roles and responsibility in order to keep work efficiency, when responding to frequent changes.

### **5.1.2 Followers' Expectation on Material**

Followers' expectation on materials refers to the expectation on remuneration for work and work infrastructure in work providing by the companies. Remuneration includes followers' salary and other compensation they get through their hard works. Work infrastructure could be office resources for example, printing machines and lounge. About salary and benefit, Zhang (2015, pers. comm. 6 April) said, 'Transformation is for company's better growth. Growth could bring more business and revenues to the company. When company's revenue increases, employees' salary and benefit could also increase'.

We could extract keywords, 'better compensation and benefit (C&B) from companies' growth' from Zhang's words. We could see that followers have expectation of better remuneration from transformation for growth. Followers hope to share benefit from company's profit. Moreover, as Gu (2015, pers. comm. 4 May) said, 'As transformation is for cost saving, although it will bring good to company, to leaders, transformation will bring no improvement in salary and benefit to employees'.

From Gu's statement, we could catch keyword, 'no benefit improvement'. We could see that followers have no expectation on remuneration in cost-saving transformation. However, followers actually always enjoy expectations on improving remuneration from work. Why followers like Gu has different expectation? After carefully comparing Zhang and Gu's statement, we find that transformation types may influence followers' expectation on remuneration. Growth-orientated transformation may enhance followers' positive expectation on remuneration, while cost-saving transformation may suppress followers' such expectation.

In terms of working infrastructure, Hong said,

For merger, all the people in counterpart department in another company move in our floor. Office becomes very crowd. I couldn't print or copy documents immediately, as they are always occupied by others. Furthermore, now I have to wait for a really long queue for microwave to heat lunch. We are short of everything. It slows down my pace of

working. I expect leaders could consider allocation of office resources and work infrastructure before transformation. (2015, pers. comm. 12 April)

From Hong's statement, keywords, 'good working infrastructure', and 'well-allocated office resources' could be extracted. We find that followers have expectation for good work infrastructure. Good work infrastructure could efficiently assist followers' work. For followers' expectation on material, we believe transactional leadership could help leaders to meet their needs. For example, leaders could adopt strategy of contingent rewards to win followers' commitment to transformation (Bass & Riggio 2006, p. 2). It is easy and worthy to exchange of followers' support to transformation with followers' expectation on materials, when leaders confronting with huge resistance to change.

### **5.1.3 Followers' Expectation on Career Development**

In common sense, followers always hold expectation about career development. It could be promotion on work level, as well as knowledge and ability development through new work for self-development.

In our interview, Zhang (2015, pers. comm. 6 April) said, 'transformation is a good opportunity' for her career life. She wants to 'take the advantage of engagement in new projects to get access to more business process and knowledge'. She also said 'if transformation could bring opportunity of promotion, it would be perfect'. From her statement, we could see that followers expect transformation to bring more good chance to their self-development and career growth. When it comes to followers' self-development in transformational leadership, leaders have to be individually considerate and try to provide learning and training opportunity for followers to help them finish their new work and grow their own leadership.

### **5.1.4 Followers' Expectation on Job Security**

Followers tend to have two considerations in the transformation, whether they could stay in the company and whether they should stay in the company. When we interviewed with Gu, she said,

For transformation for cost saving, layoffs in various ways could be expected. Many times, companies will close or shift job posts in one location to another. It's a disguised way of layoff, as many employees who have family in one city. It is almost impossible for them go to another city for new life. The only choice for them is to leave the company. (2015, pers. comm. 4 May)

From her statement, we could catch keywords, 'layoffs, working location changes, and cancellation of position'. We could see that followers have expectations that they

probably could not stay in the company any more. Followers expect danger in their job security, when it comes to transformation. Moreover, Hong said,

There was a turnover tide in the company when people know the information of merger. At least 6 sales people have left in the last 4 months. There are also 3 people quitting in my department. I think that is because people have a pessimistic prediction on company's future performance, as merger is a sign of loss. Some people quit also because company failed to meet their expectation on salary and compensations. (2015, pers. comm. 12 April)

We would like to highlight a word, 'turnover tide', which shows followers' expectation to quit the company, as they believe they should not stay in the company any more. That is also a bad expectation. To respond to such expectation, followers may expect to leave the company, no matter for active or passive resignation.

However, not all followers own expectation of danger in job security. As Zhang (2015, pers. comm. 6 April) said, 'I never worry about layoffs, because our company is expanding and we are trying to recruit more people'.

We believe such distinctive expectation of job security depends on followers' 'prediction on company's future performance'. If followers believe company may be stuck in crisis since transformation, expectation of danger in job security will emerge from such prediction. Otherwise, followers will not worry about job security. Leaders should use the communication and envisioning skills to shift followers' such negative predictions to motivate them to believe transformation is a chance for better company growth.

### **5.1.5 Followers' Expectation on Work Atmosphere**

When we reviewed respondents' interviews, we thought that work atmosphere could be discussed in our thesis. And we focus work atmosphere on building teamwork in transformational organizations. Hong said,

After merger, leaders stress more on the concept of one team than before. They motivate us to be more collaborative and cooperative in transformation to increase work effectiveness and efficiency and to deal with increased workload and problems. Now my colleagues become so helpful that they respond to me quickly, when I need them to do something in daily works. The working atmosphere becomes harmonious. We have better teamwork. People are less concerned about whether it is their responsibility. We support each other. (2015, pers. comm. 12 April)

From Hong's statement, we could catch key words, 'helpful and supportive', 'better team work', and 'better collaboration and cooperation'. Such keywords reflect followers' expectation to their ideal work atmosphere that is collaborative and cooperative teamwork contributed from helpful and supportive colleagues. Good work atmosphere has positive effects on 'increased workload and problems' caused by transformation,

which results in enhanced 'work effectiveness and efficiency'. Therefore, meeting followers' expectation on work atmosphere could reduce transformational chaos and improve transformational performance. It is worthy for leaders to consider the cultivation of collaborative and cooperative work atmosphere as their meaningful issue.

### **5.1.6 Followers' Expectation on Training**

As we observed, there are two types of training being expected by followers in transformation, professional training and general training. For professional training, followers show their needs for specific training to enhance their ability to deal with their work. For general training, followers expect to know their company better, such as knowledge about their company's business structure and department functions, which may help them in future work. As Zhao said,

It's a big problem when it comes to handover. My leader always thinks it is easy, as she knows every post in our department. However, it is difficult for me. I have to handle my current job, teach my current job to another one, and learn to handle the new job at the same time. My colleague who hand her job to me is also very busy, so she teaches very quick and general. I feel I know something, but I understand a little, as I have no experience in this new job. Unluckily, my colleague leaves the company after teaching me the essential thing. Although I still have a lot of questions, I lost my teacher. I have to explore my new work by myself. Everyone is extremely busy in transformation. Sometimes, I could ask others, but they don't know details of my work. It's like I'm blind, but I have to walk out of the forest before midnight by myself. All I can do is trying, and trying. I really hope I could get professional training and more helps in job handover. (2015, pers. comm. 4 May)

From her statement, we could catch keywords, 'professional training'. In normal working situation, knowledge transfer happens through gradual daily practice. Teachers and learners work together for a long period of time to coach for acquirement of required skills and knowledge. Tacit knowledge tends to transfer through daily imitation and communication. We could see that traditional way of knowledge transfer asks for long period time of communication and imitation. Comparing to normal working situation, transformation is full of problems like lack of time, high turnover rate, which make traditional way of knowledge transfer work, because knowledge is taught by employees who own it instead of professional coaches. Tacit knowledge fails to successfully transfer from teachers to learners, as people just 'teach essential things'. Therefore, followers expect more professional coaching or systematic training to get full-required knowledge and skills quickly, responding to busy working situation. We think it is worthy for leaders to pay attention to followers' such expectation caused by transformation for efficient transformation.

In addition to employees' demands for professional training, general training is expected as well. As Zhang said,

In transformation, we always have interdepartmental works than before. But employees do not have basic knowledge of how other department is working in their previous working experience. So, I hope I could get instant and sufficient on-job training. (2015, pers. comm. 6 April)

From Zhang's statement, we could see keyword, 'instant and sufficient on-job training', which refers to general training about company operation. We could find that followers have expectation of instant and sufficient on-job training, including general training and professional training to support their work in transformation.

### **5.1.7 Followers' Expectation on Problem Solving**

Followers' expectation on problem solving refers their expectation on leaders' quick and proactive response to occurring problems in transformation. Hong said,

When new department lack of manpower, leaders just reassign an employee in my department to new department. We become lack of manpower. As so many people quit, lack of manpower is a common problem. Leaders should have instant plan to solve the problem instead of easily transmit problem from one department to another. (2015, pers. comm. 12 April)

From Hong's words, we could catch a keyword 'problem solving instead of problem transmitting'. Transformation always brings problems. If company could make plans for all the possible problems that could be predicted, it will be perfect. However, there are always unpredictable problems. We could see that when things happen, followers expect leaders to proactively judge such problem being an accidental case or a widespread problem. If such problems will be unavoidably developed to widespread problems, leaders should make detailed plan to solve such problems completely instead of taking temporary actions to easily solve problems on the surface. To solve chaos caused by problems, leaders are required to own the ability to find the crux of problems quickly and to formulate the feasible solutions.

### **5.1.8 Followers' Expectation on Communication**

Followers' expectation on communication includes the expectation on information transmission and on leaders' roles in interdepartmental communication. Hong said,

I want to know more information about transformation, not only my tasks. Therefore, I could know where I am, how is everything going, whether the chaos is normal or not. I want to evaluate my own work. (2015, pers. comm. 12 April)

From her statement, she wonders where she is during transformation and expects to get access to sufficient information of transformation. We could see that interviewees have expectation of more shared information. They want to get as much as information that is disclosed by leaders as possible, which enables them to evaluate and plan their own work with more open and transparent transformational information. They will not be bothered by over-exposed in information and decisions. They want to improve their work effectiveness and efficiency to reduce the chaos. It seems that information sharing could be the way to motivate followers to become proactive in their work. Therefore, we imply that employees could be self-motivated from sufficient information in transformation.

On top of the expectation that leaders could share more transformation information with followers, employees also expect leaders to take responsible for inter-department communication. As Xue (2015, pers. comm. 18 April) said, 'I hope my leader could be tough when confronting external department.' And Zhao also responded,

I hope my leader could communicate clearly with other department on adjustment of way of working. Therefore, they won't indulge in why they should change their way of working with me, because I'm not the one who made decision. I just want to finish my work. (2015, pers. comm. 4 May)

We could notice 'tough leadership to external department' and 'Leaders should be responsible for interdepartmental communication.' from their statements. We could see that followers expect leaders could take responsible for interdepartmental communication, especially when employees meet problems involving in collaborating with other departments. In transformation, there are always complains, disagreement, or even conflicts caused by different interests in different departments. Only those who take the leaders position have the authority to bargain with other departments, in order to tell colleagues in other departments how they should make adjustment to keep up with transformation. In the negotiation, leaders should keep consistency between transformational goals, rules that leaders made inside the team and that leaders communicate with other departments. If leaders easily change targeted goals by comprising to other people, it is will make followers doubt leaders' faith to implement transformation. Moreover, transformation will become far more chaotic, as to followers rules are always changing.

### 5.1.9 Followers' Expectation on Empathy

Followers' expectation on empathy could be reflected on the expectation for a caring leader and a leader who respects their devotion. As Gu said,

I hope leaders could care more about my emotions in transformation. I'm under strong stress in transformation because of countless overtime, increasing workload and etc. I want my leader could say some comforting words to my tiredness and hardworking to make me feel better, even though I couldn't get any compensation on my salary. (2015, pers. comm. 4 May)

From her statement, we could catch 'care about employees' emotions'. We could see that followers have expectation that leaders could pay more attention to their emotion changes in transformation. In this way, we believe followers expect a caring leader. Besides, because followers are undergoing strong pressure on workload, time and complexity in the transformation, they want to get spiritual support from their leaders, which is more important than material benefits. They also want to be comforted, encouraged and motivated in depression. Generally speaking, Chinese business leaders believe employees should handle their pressure by themselves. We do not think it is the case in transformation, as employees need much more spiritual support to stimulate them to keep moving for heavier difficulties, workloads than normal situation have.

Moreover, we noticed from interviews that followers want their devotion could be recognized. As Hong said,

I hope I could get formal notice of change in my job description instead of simple verbal notification. It seems like I have to take over 2 persons work now is not a big deal. I don't feel leaders respect my hard work and devotion. (2015, pers. comm. 12 April)

We believe that the key word of 'respect followers' hard work and devotion' is important. We could see that followers expect leaders' to show respect for their hard work and devotions in the transformation. As Hong wants a formal announcement on adjustment of her job description instead of verbal notification, she wants her leader to treat her job seriously. And she claims that to take over another colleague's job is not her responsibility in effect, which seems that she offers a favor to the company. Therefore, we could see that followers want leaders' recognition of their extra devotion. At the same time, followers strongly expect to be informed formally of what they are supposed to do during transformation.

### **5.1.10 Followers' Expectation on Planning**

Followers' expectation on planning refers to the expectation for leaders' planning skills.

As Zhang said,

My big boss accepts the proposal of business takeover without deep consideration. He has no idea of what problems will be caused by this decision. He has no plan for possible problems. He just sees the benefit. I hope leaders could have full plan of transformation”  
“And I hope leaders do not make impulsive and ill-considered decisions. Once decision of transformation has made, it is merely possible to stop. (2015, pers. comm. 6 April)

We could extract ‘full plan of transformation’ and ‘not make impulsive and ill-considered decisions’ as key points to interpret. What we perceive here is that followers expect leaders to have full plan of transformation before implementation instead of impulsive decisions only for benefits. It is a big problem that many Chinese corporate leaders always make transformation decision without cautious consideration. Followers see most chaos in the transformation is caused by lack of planning. Thus followers hope leaders could investigate, consult, and plan more for raising transformation vision and could make sure it is the right time, right place to implement transformation. Furthermore, leaders are expected to have a clear idea about what difficulties they will meet and to have pre-prepared solutions for potential problems. In the meantime, in order to plan fully for transformation, it is necessary and vital for transformational leaders to listen to employees' expectations, ideas and thoughts, because followers are the real implementers in reality.

## **5.2 Axial Coding on Followers' Expectation**

As we have already recognized 10 categories on followers' expectation to transformation, we are trying to find out core categories from these categories by comparisons in this section. We will show you the two established core categories, which lays a foundation for our theory development. The two core categories are as follows:

1. Followers' expectation on Job Satisfaction.
2. Followers' expectation on Transformational Leadership.

Basically, we get the two categories from the distinction of whether it is the expectation on followers' own work, on followers' own benefit or it is expectations on leaders' performance. If it is expectations on meeting followers' benefits and on work content, we recognize categories as followers' expectations on job satisfaction. If followers

expect supports from leadership, we regard expectations as followers' expectations on transformational leadership.

### **5.2.1 Followers' Expectation on Job Satisfaction**

Some scholars believe job satisfaction could be simply defined as 'how content an individual is with his or her job' (Spector 1997, p. 30). Whether individuals are satisfied with their job or not depends on their evaluation on several aspects. For Spector, it could include appreciation, communication, coworkers, fringe benefits, job conditions, nature of the work, organization, personal growth, policies and procedures, promotion opportunities, recognition, security, and supervision (Spector 1997, pp. 31-50). We could see that these aspects are individual orientated. They are all about employees' personal benefits in daily work, which has little relation with organizational needs or growth. Think about an example of promotion opportunities, if employees get promotion opportunities, their job satisfaction may increase, otherwise may decrease. However, personal promotion opportunities have nothing to do with better company performance or growth.

For us, we define job satisfaction in this paper easier. We believe employees' job satisfaction is only influenced by aspects that are highly related to their individual benefit and development. Job satisfaction includes aspects of material, job security, career development and work content. Material aspects represent for physical resources employees could acquire or use in the work like fringe benefit, the usage of print machines and so forth. Better guarantees in material aspects tend to increase employees' job satisfaction. Job security aspect represents for the safety of their jobs per se. That is because of the layoffs and cancellation of current job posts. Better guarantees in job security tend to increase employees' job satisfaction as well. Career development refers to whether individual could get growth in their career path. Work content refers to influence of transformation on employees' daily work process, such as changed job description and workloads.

The main reason why we categorize four categories of career development, job security, material, and work content as the core category of job satisfaction is that it decides whether employees are willing to leave or not during transformation. If followers feel satisfied in the four aspects with their jobs, they are much more willing to stay in the company in transformation. From our interviews and questionnaire with followers, we find that when it comes to transformation, employees first consider about whether they

should stay in the company if they could. When they could not see any personal interests brought about by company's future development, they will leave. When they fail to meet the expectations on material, especially for expected bonus and salary incensement, people will try to find a better company that could meet their basic job satisfaction. Although expectations on communication and planning are also important, they will not affect employees' decisions on whether they should stay in the company.

Though job satisfaction does not direct towards leadership explicitly, transformational leadership is really related to followers' expectations on job satisfaction. From our interviews, we see that aspects of job satisfaction are mainly determined by the structure of transformation instead of the way leaders implement it. For example, layoffs are caused by the change of working location, which could not be adjusted by leaders' detailed planning. What leaders could do is try to build followers' confidence to company's development and to envision company goals and future development plan to followers. Leaders should try their best to connect employees' individual benefits with company's benefits through transformation. If leaders could make employees believe that when company gets increasing revenue after cost-saving transformation, employees will also get appropriate incentives, employees will stay.

### **5.2.2 Followers' Expectation on Transformational Leadership**

Our second core category, followers' expectation on transformational leadership, includes such categories of working atmosphere, communication, empathy, planning, problem solving and training. The reason why we think these followers' expectations should be put under expectations on transformational leadership is that these expectations are associated with leaders' competencies like leadership communication skills. Comparing to expectations on job satisfaction, followers have little power on their expectations on transformational leadership. If an employee has a high expectation on salary, she could choose job-hopping for satisfactory salary. However, if an employee has a high expectation on good teamwork and cooperative working atmosphere, that could only be created by common efforts from leaders and all employees. Therefore, meeting followers' expectations on working atmosphere, communication, empathy, planning, problem solving and training depends on transformational leadership. When it comes to transformation, employees have higher expectations on leadership than regular work situation, as employees' work in

transformation is always full of chaos caused by increasing workload, short of time, changing rules, changing roles and responsibility.

Working atmosphere refers to the cohesion of a team. Followers expect a cooperative and collaborative working atmosphere in the transformation. Colleagues are willing to help and support each other. Such working atmosphere needs leaders' cultivation. Leaders should develop their skill of nurturing collaborative working atmosphere to reduce chaos caused by high personnel mobility.

Empathy is the capacity to understand what another person is experiencing from within the other person's frame of reference (Bellet & Michael 1991, pp. 1831–1832). Salovey and Mayer (1990, p. 194) define empathy as 'the ability to comprehend another's feelings and to re-experience them oneself'. In transformation, leaders' empathy could be spiritual support for tired employees. Employees are eager to leaders' understanding of their devotion to the work and transformation. Individualized consideration is one of major components of transformational leadership. It emphasizes leaders' ability to 'understand followers' needs and interact accordingly' (Barling, Slater & Kevin 2000, p. 158). Empathy is the basement of individualized consideration. Empathy could also become a basement for leaders' effective motivation. Different followers have different expectations on leaders. Some people desire spiritual comfort from their leader, while others prefer material benefits. Leaders could only effectively motivate followers in a right way to meet their expectations.

Communication refers to interaction with others. Followers' expectation on communication in our research covers communication with leaders, with employees in other department and transformational information transmission. The reason why followers have such expectations is leaders neglect their needs in such aspects in communication. Leaders always think employees do not need all the information about transformation. They just need information they are related to. However, the fact is information in the transformation changes so quickly that employees' needs on the aspects of information are always changing compared to regular work situation. Employees are always stuck in chaos due to lack of information. Therefore, a formal mechanism of communication with leaders about transformation should be taken into leaders' consideration. And we believe expectation on communication could be interpreted as followers' expectation on transformational leadership.

Transformation always asks followers to develop new skills to adapt to their new tasks. Leaders are responsible for coaching employees to get such skills. Planning and

problem solving refers to leaders' ability of intellectual stimulation to deal with predictable and occurring problems together with followers.

### 5.3 Open Coding on Leaders' Expectation

We get our categories for leaders' expectation on transformation from the analysis of interview with Xu who is a Chinese business leader. We will show you how we get the categories in following section. A list of keywords could be found in figure 5 (see in figure 5). We find four categories of leaders' expectation for transformation as follows:

1. Leaders' expectation on Organizational Vision
2. Leaders' expectation on Business Content
3. Leaders' expectation on Leaders' Competency
4. Leaders' expectation on Followers' Competency

Figure 5: Categories for leaders' expectations with key words abstracted from interviews

<b>Organizational Vision</b>
Long-term and sustainable development
Proactive transformation in order to get more space and less limit and get the chance to be the industry benchmark
Saving cost
Increasing revenue
Company of more specialization focusing only on the core business
<b>Business Content</b>
Get rid of low-valuable working process
Employee's focus on high value works
Increasing business volume
<b>Followers' Competency</b>
Employees become proactive.
Get more and quicker feedback from followers
More communication about advice, problems in works during transformation
Strong business techniques and skills of employees
<b>Leaders' Competency</b>
Once we set a goal, we must achieve it.
Push employees to finish tasks during transformation
Change mindset of employees to accept transformation
Pay more attention to followers' feedbacks and emotions
Build followers' confidence to finish tasks
Keep consistency in goals, commands in transformation

### **5.3.1 Category one: Organizational Vision**

The reason why our company should take transformation is that we want to focus on core business. We hope this transformation could bring long-term healthy growth to the company, although the benefit of cost saving, revenue increasing is not obvious in the short-term performance. (2015, pers. comm. 31 March)

As far as Xu is concerned, what she most expected from transformation is company's long-term and sustainable development. We could interpret from her statement below that leaders hold a vision on the decision of transformation. They are looking for healthy and long-term development instead of short-term benefit. Although leaders know that short-term performance of transformation may not bring revenues to the company, they focus on future development triggered by transformation. Leaders' attitudes towards transformation are proactive. For our interviewee, she believes that, for leaders, they should be proactive to the transformation, because if your company is the first one to implement transformation, leaders have bigger space to give play to their ideas and the company may get the chance to become the industry benchmark, the example of best practice. If leaders just follow others, they will be limited by others' best practice that is seen as industry recipe. So if other leaders do not follow it, they may not be recognized by their partners.

### **5.3.2 Category two: Business Content**

'The aim of our transformation is to let employees focus on high value works and get rid of low-valuable working process.' To Xu (2015, pers. comm. 31 March), she expects to increase business volumes through transformation by letting employees focus on high value works and get rid of low-valuable works. We could see that leaders have expectations on business content.

### **5.3.3 Category three: Leaders' Competency**

Let us look at the two statements from Xu (2015, pers. comm. 31 March), 'People are afraid of change. What a leader should do is to show them the benefit could bring from change to win their support.' And 'Once we set a goal, we must achieve it.'

As a leader, Xu (2015, pers. comm. 31 March) believes her job is to change employees' mindset to accept transformation, and to push employees to finish tasks during transformation, as employees have the tendency to avoid changes. Therefore, strong envisioning and persuasion ability is expected for leaders to show employees the benefit of transformation. During the implementation of transformation, leaders should keep

her consistency in goals and commands. And they could not easily change their mind due to difficulties they met. If their mind changes easily, followers will be lost in the different transformational ideas. Furthermore, a leader is expected to build confidence among followers to make them believe they have the ability to finish new tasks. The competencies we involve in are basic requirements for leaders from our perspective.

#### **5.3.4 Category four: Follower's Competency**

'I want to have more communication about what problems followers met in the transformation, what advice they have to me. I hope they could be more proactive.'

From Xu's (2015, pers. comm. 31 March) statement, what she as a leader expects from her followers is more and quicker feedbacks from them. With followers' feedback, leaders could adjust their way of leading to push transformation forward. Furthermore, in order to face so many problems during transformation, Xu (2015, pers. comm. 31 March) claims that followers have to master strong business techniques and skills. As a result, we believe that as a transformational leader, followers' competencies also have influence on the performance of transformation.

### **5.4 Axial Coding on Leaders' Expectation**

Based on the categories in last section and selected key words, we are figuring out core categories at this stage. After our discussion of data analysis, we find that leaders' expectations show different focuses. Some of them focus on people, while others focus on organizational issues. Therefore the two core categories of people-oriented expectations and organization-oriented expectations are come out which are as follows:

1. Leaders' People-oriented Expectations
2. Leaders' Organization-oriented Expectations

#### **5.4.1 Core Category one: People-oriented Expectations**

People-oriented expectations refer to expectations concern with people's performance in the transformation. The core category of people-oriented expectations includes leaders' expectation on followers' competency and on leaders' competency. Leaders' self-expectation on their transformational leadership focuses on the ability to push the implementation of transformation. Leaders' expectation on followers' competency focuses on followers have enough knowledge and abilities to finish tasks as well as

actively to interact with leaders in the transformation. We see that leaders expect followers to proactively communicate with them, while they do not expect themselves to communicate with followers proactively, which implies that leaders see themselves as people who announce and control transformation and regard followers as people who should implement transformation. If followers could not finish works, they should communicate with controller. If followers do not communicate with leaders, leaders believe followers do not have problems to implement transformation. Such way of thinking excludes followers from plans and discussions of transformation, which failed to meet followers' expectation to participate in the discussion. Comparing leaders' people-oriented expectations with followers' expectation on transformational leadership, we could find that plenty of followers' expectations have been neglected or failed to meet. We believe that is the reason why transformation is full of chaos.

#### **5.4.2 Core Category two: Organization-oriented Expectations**

Organization-oriented expectations refer to leaders' expectations on organizational performance. In this core category, we regard organizational vision and business content as strong relation with organizational issues. Organizational vision reflects leaders' expectation on organization's long-term development. Business content reflects leaders' expectation on short-term improvement in work process or business process. Leaders' organization-oriented expectations show leaders' initial motive for transformation and their ultimate purpose to improve organizational performance.

### **5.5 Open Coding on Skills and Abilities**

Based on interviews with a Chinese manageress and six employees and the 84 questionnaires, we got quite important and valuable information for our study of skills and abilities of Chinese transformational leaders. Therefore, to unfold the following texts, we will integrate some picked key words with original interview and questionnaire scripts to create knowledge. We picked up a list of crucial data as you can see the table below (see in figure 6) that is highly relevant to our study focus. And we are trying to analyze the key data words by words to bring about some abstracted categories for skills and abilities. By interpreting, doing comparisons and abstracting, we come up with 12 categories (see in figure 6), which are the skills and abilities of planning, envisioning, transmitting information, communication, empowerment, employing talents, training, problem-solving, motivation, being empathic, optimizing

process and being committed. We will elaborate on these 12 categories in an analytical way in the following texts.

Figure 6: Categories for transformational leadership skills and abilities with key words abstracted from interview records and questionnaire scripts

<b>Planning</b>	<b>Be empathic</b>
Leaders have a plan B for the failure of transformation	Leaders consider followers' personal interest before acting
Drawing transformation roadmap	Leaders are alert to difficulties of transformation employees met
Full plan of transformation	Respect for employees' hard work and devotions
Progressive transformation	Caring leadership to internal department
Implement transformation step by step	Engagement in new projects
Clear and perfect transformation roadmap	Get access to more business process and knowledge
Not make impulsive and ill-considered decisions	More interesting works
<b>Envisioning</b>	Better job opportunity
Layoffs	Promotion
Increasing workload	Job rotation to get work abilities improved
Reasonable workload	Working location changes
Decreasing workload	Interpersonal relationship change
Envision in persuasive and convincing way	Leaders let employees proud of being a part of the organization
Build confidence among employees	Adapt to transformation
<b>Transmitting information</b>	Leaders are helpful when employees met problems.
Instant update of changes in responsibilities and tasks.	<b>Motivation</b>
Formal notice of job description change in transformation	Leaders have ideas made followers rethink problems never questioned before
Get sufficient information of transformation	Leaders challenge followers to rethink old problems in a creative way
Wonder where we are during transformation	Leaders encourage followers to see changes as opportunities
Get to know how long transformation needs take	Leaders acknowledge improvement in followers quality of work
Matched roles and responsibility	Leaders challenge followers to rethink what the work means
Clear announcement of roles (including others)	No benefit improvement
Clear instructions and job descriptions	Better compensation & benefit (C&B) from companies' growth
<b>Communication</b>	Build confidence among employees
Leaders should be responsible for interdepartmental communication	Good working infrastructure
Direct inter-department communication	Well-allocated office resources
Explicit channels to feedbacks and communication	Better working atmosphere
Communications before transformation	Appropriate way of motivation
Tough leadership to external department	Build confidence among employees
Leaders coordinate the relationship among different departments	<b>Be committed</b>
Leaders commend followers	Must achieve goals, otherwise it is unvalued
Leaders ask for followers' feedback instantly in the transformational process	Be patient and persistent to goals
Leaders give positive feedbacks to work team	<b>Employing talents</b>
Leaders personally compliment employees when followers do outstanding work	Put right people on right positions
Listen to employees' expectations and ideas	Know employees' work talents and abilities
<b>Empowerment</b>	<b>Training</b>
Flattening of organizational structure	Instant and sufficient on-job training

Leaders control over the whole transformational process and participates in every detail	Professional training
<b>Problem Solving</b>	<b>Optimizing process</b>
Quick and active response to occurring problems	Simplified business process
Create plan B for sudden problems	Well-arranged work handover process
Non-violent solutions to conflicts	Simpler report process

### 5.5.1 Category one: Planning Skill

‘Planning means building a mental bridge from where you are now to where you want to be’ (Adair 2007, p. 30). As far as transformation concerned, it is about leaders transform current situation where we are to a future where leaders want to reach. In terms of the interviews with both the leader and employees, we find that there are two kinds of planning skills that are needed for leaders. First of all, the planning skill is needed for initiating a transformation in companies, as employees stated that they expect leaders have full plan of organizational transformation that is progressive and leaders can draw a transformation roadmap. Ni (2015, pers. comm. 31 March) said in the interview, ‘When I was during transformation, I usually feel that the process of transformation is quite messy and I am not clear of which stage of transformation.’

From our points of view, we catch the key word ‘messy transformation process’ and ‘which stage of transformation’. We think that the leader herself knows what the result of transformation she wants, but she cannot plan the transformation in details and then she tells her employees to implement it, which is kind of an impulsive decision of transformation and is one of the causes for messy transformation process. Ill-planned and ill-considered transformation initial can result in employees being confused. In addition, from another employee’s statement that she wants to have a clear and perfect roadmap for herself and implement transformation step by step. It is because during transformation everyone has different tasks and employees themselves cannot exactly know how to finish their individual tasks though the leader has a full transformation plan for the whole organization. If employees had no idea of the contents and process of transformation, it is highly likely to make them panic and not confident to implement transformation. Therefore, in order to implement transformation smoothly and avoid employees not knowing where they are during transformation, it is necessary for transformational leaders to create a full plan both for organization and for employees.

Another kind of planning skills we would like to present is about creating a plan B for possible failure transformation. As Ni and Zhang mentioned that if leaders have plan B during transformation, it is beneficial to alleviate employees’ anxiety of unpredictable incidents like layoffs, thus, employees may become confident and courageous to

involve in transformation. The reason why Chinese employees are expecting plan B is that they consider a failed transformation that may result in job loss, and they are very aware of what the job loss means to them. It is because of the extremely tense and competitive employment market in China. For Chinese employees, once they found a good job somewhere, they would try to pursue stable work condition. And only does the leader have a judgmental plan B that means a kind of guarantee, employees may accept to engage in transformation. Accordingly, we believe that to have a plan B for transformation is one of imperative skills for leaders in China.

### **5.5.2 Category two: Envisioning Skill**

Since the leader has a full plan of transformation, it is time to envision employees to implement transformation. As a transformational leader, it is required to share an organizational vision in order to develop followers' strong commitment and loyalty to both leaders and organizations (Bass & Riggio 2006). However, it is very often that failed transformation is caused by weak envisioning skill of leaders, as employees said that they cannot see or imagine a bright future after transforming. In this way, they cannot put their all passion and energy into transformation. We think that leaders have to envision their employees to achieve the collective goals; otherwise unsatisfactory organizational performance could be brought. On the other hand, when we simply analyzed employees' interviews about leaders should be clear of the direction of transformation; we believe that employees expect not only leaders of good planning skills, but also leaders of envisioning skills. Although the two skills are literally similar, there exists subtle difference from our points of view that planning skills focus on forming a perfect and explicit roadmap or scheme, rather the envisioning skills are associated with sharing the roadmap and vision with employees in a persuasive way to influence them to stand together with leaders. Envisioning is about winning employee's attention and heart by drawing a blueprint of organization. Moreover, envisioning is the way to motivate followers to commit to organizational goals (Bass & Riggio 2006, p. 2). As a result, we believe that to have a skill of envisioning is vital for Chinese transformational leaders.

### **5.5.3 Category three: The Skill of Transmitting Information**

Here we would like to depict the skill of transmitting information we abstracted. As interviewees stated that during transformation they cannot get sufficient information and details of transformation and cannot know how long transformation does take and even do not know their own roles and responsibilities and job descriptions. What they got is the order to implement the transformation. At first we were going to categorize this kind of description associating with communicating important transformation contents to employees as communication skill, but after deep consideration and analysis, we categorize it as skill of transmitting information in order to differentiate technically transmitting from communicating with employees. For less knowledge of details and information of transformation, followers cannot have their ideas and reflections on transformation, which is difficult to further create a smooth two-way communication. In addition, Gu said,

I only did what was told by my manager, and I did not have an awareness of my role during transformation. Additionally, because of unclear role of my colleagues both in the same department and in other departments, it is hard for me to cooperate with others in an effective way. In fact, I was usually feeling depressed and unbacked. (2015, pers. comm. 4 May)

From her statement, the key words of ‘role and responsibility’ are kept in our minds, we interpret that in her company the leader is lack of skill of information sharing and transmitting, which results in employees’ troublesome works and bad performance. As stated in chapter 4, we touched upon leadership skill on ‘knowledge’ concerning with organizing organizational facts (Northhouse 2012). Although the transformational leader knows all facts on transformation, they definitely lack the skill of structuring and organizing the information to transmit to followers. Therefore, since leaders are short of transmitting information skill and followers are expecting leaders to possess this skill, we regard transmitting information as a skill for Chinese transformational leaders.

### **5.5.4 Category four: Communication Skill**

As we demonstrated in category three, we see communication skill here is a bit different from transmitting information, what we consider mainly is that communication skill is related to minds and ideas exchange between leaders and followers during transformation. And communication skill as a specific social judgment skill that we reviewed before is extremely significant for transformational leadership. It is because communication skill enables leaders ‘to marshal support to implement a transformation

within an organization' (Northhouse 2012, p. 49) Let us see what employees demonstrated. Before organizational transformation, they do not get any signals and inform that the organization is going to do a transformation in one or two years. And even if they know a little about the transformation, they have no chance to communicate with leaders about their own expectations and considerations about change. During transformation, it is even impossible for employees to communicate with their leaders if they are not happy with some transformation tasks. When we interviewed with Zhao, she said,

The transformation in my company is terrible, what I did everyday was accepting leaders' tasks and orders. I was anxious and stressed when I was in face of increasing workload. (2015, pers. comm. 4 May)

And we asked her that if she told the feelings to her manager. She responded,

My manager told me that the reality was lots of workloads, you must accept it, or you could leave. So, to keep my 'bowl', I only accepted the reality and dealt with the feelings by myself. (2015, pers. comm. 4 May)

From the short conversation, we can see that there is virtually no communication between leaders and followers, which is actually dangerous to the development of organization, especially for the transformational organization. Here, we would like to explain the key word 'to keep my bowl'. It is very China, Chinese see a job as a 'bowl', because Chinese eat and feed using a bowl, which means to support oneself and even the whole family. And if someone lost a job, that means he/she breaks the 'bowl'. Thus a job or a decent work for a Chinese is very important. In order to grasp their 'bowls' and to avoid peeving the leader, it is highly likely for employees to suppress negative feelings of work. Leaders in China are frequently not good at communicating, they seldom try to understand employees' inner thinking. The most powerful weapon for leaders is their power of title, rather than communicating peacefully and equally.

On top of the communication between leaders and followers, we can see from interviews another kind of communication skill that is communicating with other departments. As Xue said,

In transformation period, for myself, what the task I took on was possible to collaborate with other departments, because it was associated with cooperation between two departments, I had no power to deal with some works. So I only asked my manager for a help that she could communicate with the leader from other department. That is one of helpful supports from Xu (Xue's line manager). And then I can successfully finish my tasks. (2015, pers. comm. 18 April)

For us, we pick out the key words 'to collaborate with other departments', we think that it is true in China that general staff is hard to communicate especially with other

departments' leaders, unless you hold the equal title with others, which means you have chance and right to start a discussion and negotiation. Accordingly, for a transformational leader, he/she is responsible for not only communicating within his/her department, but also communicating with other departments' leaders. In our opinions, this kind of inter-department communication is also needed for leaders. And we believe effective communication in Chinese companies plays a crucial part in keeping internal processes of transformation smooth, and in building positive relations with employees as well as collaborators.

### **5.5.5 Category five: The Ability of Being Empathic**

We quite often heard from interviewees that,

My leader did not care about my feelings and expectations any more during transformation. For example, I often faced difficulties of work tasks and could not make tasks successfully, what I got from my leader were blames. He did not ask for the possible reasons, he only focused on the result of tasks. That made me feel blue and lose my confidence. (2015, pers. comm.)

From this statement, we make 'feelings and expectations' as a key point. In fact, this kind of 'leadership' not only appears in the office, but also exists in the family of parenthood. In most cases, Chinese parents show their attentions towards children's examination results, rather than care about children's feelings about studying. And many of Chinese parents see children of good exam degree as good boys. Likewise, leaders regard staff of completing tasks successfully as good employees. From Ni's statement,

I expect my leader to care more about what I feel and think, and my leader can understand my troubles during working proactively. She is not just to criticize my bad performance, and label me as a bad employee. (2015, pers. comm. 31 March)

We can perceive here that as a transformational leader, it is particularly significant to be empathic and to behave with individualized consideration for followers, which means to understand other's feelings, because human are emotional animals. Being empathic and individually considerate can effectively stimulate followers to accept challenges and to willingly engage in developing organizations (Bass & Riggio 2006). Especially during transformation, transformational leaders have to show their empathy and consideration to employees, because increasing workloads, over-time works and some uncertain changes during transformation, which have negative impacts on followers' performance, could make employees be sensitive and fretted aptly. Under this circumstance, what employees expect more are leaders' caring and inspiration.

Moreover, we believe that the ability of being empathic is intimately bound up with leaders' skills kit development. For example, in last category, we talked about communication skill that is also related to be empathic for leaders. Leaders are supposed to enter into employees' feelings of transformation, communicating with employees may become easy and smooth. Another example of envisioning skill, leaders have to think of employees' expectations that should be considered into leaders' vision, so employees can resonate leaders' plan and vision. In short, being empathic and considerate in leadership is fairly crucial not just for transformational leaders, but also for everyone who takes leading role.

#### **5.5.6 Category six: Motivation skill**

“‘Motivation’ comes from the Latin verb for ‘to move’” (Adair 2007, p. 41). There are, in general, two ways to make followers move. One is associated with extrinsic motivation including punishment or materials rewards. Another is concerned with intrinsic motivation including making followers self-developed and self-accomplished. As we mentioned before about ‘Inspirational Motivation’ of transformational leadership, transformational leaders are demanded to inspire and motivate followers to commit to organizational goals (Bass & Riggio 2006). As for how to motivate, we also referred to ‘Social Judgment Skills’ in chapter 4, which describes that leaders is accountable for making sense of what can motivate followers and what followers' expectations are in effect. To do so, it is possible to make employees move or involve in transformation.

From our questionnaires and interviews, we see different people have different expectations on transformation. Some of them expect to have compensation and benefit improved; some of them expect to have more challengeable works; some of them expect better team work and work environment; some of them expect higher salary and so on. By analyzing and understanding these expectations, we find out two kinds of motivation skills leaders are needed. On one hand, leaders motivate employees to implement transformation with more money that refers to material improvement. Although Frederick Herzberg asserts that the powerful motivator in our lives is not money, it is the opportunity to learn, grow and be recognized for achievements (Christensen 2010), we cannot deny the current situation in China that people pay their efforts and energies to earn money. In fact, as we observed, there are two kinds of purpose for people spare no effort for money. One is that people are actually for supporting family, because of Chinese social environment of super high house price and more and more high price of

commodities. Another is that people are for improving their social status to show off. But most of employees we interviewed are for supporting family, so their expectations majorly lie in improved benefit and increasing salary. In this case, it is a good way to motivate this kind of employees from money's perspective. Put another way, understanding people's real needs during transformation is an imperative for leaders to go motivating. We deem this kind of motivation way is from extrinsic perspective.

On the other hand, there are many people who can be motivated by providing more challengeable works and interesting projects, because to finish tough projects perfectly for them is a good way to show their competencies and because they can get sense of achievement. In this sense, employees do not just pursue material enjoy, what they need is being recognized. Accordingly, leaders can motivate these kinds of employees by offering more opportunities for developing themselves. We deem this kind of motivation way is from intrinsic perspective.

In a word, motivation skill is not very easy for leaders to possess. They are able to know people's real demands and take appropriate motivation approaches.

#### **5.5.7 Category seven: The Ability of Bing Committed**

People who have strong commitment to organizations may differ from many reasons (Bass & Riggio 2006, p. 32). It is probably that they are fit with organizational culture or they like to work with someone. Then we are curious about what makes Xu be committed to the vision of transformation. By interviewing with her, we believe that is related to her personality and her perception to the 'leading role'. As Xu said,

I am a manager who are persistent to my goals, my belief is that my team and I must achieve the goals, otherwise it is useless and unvalued to set goals. And I am result-oriented; I will do my best to reach the result that I want. When my employees complained to me about huge amount of workloads, I told them that it is your job, and we had set a goal, you must devote yourself to reach it. (2015, pers. comm. 31 March)

We have noticed the words 'persistent', 'must' and 'result-oriented'. Although these words show that Xu is tough and strong, her persistence to goal achievement is the core ability to take her leading role. And we also noticed from employees' (2015, pers. comm.) interviews, 'Xu is a manager who must achieve the goal, if she wants it.'

We appreciate Xu's strong commitment to goals, but this kind of stubbornness may make her neglect to motivate her staff to be committed in an empathic manner also. We believe that leaders' strong commitment can make them strive to reach effective leadership, which means the strong commitment is the drive to play appropriate leadership skills when leading followers. But it is obvious that Xu cannot successfully

practice effective leadership in light of the interviews. Therefore, for a transformational leader, being committed is hundred percent important, but being overly stubborn cannot develop leadership as well as develop followers.

#### **5.5.8 Category eight: The Skill of Employing Talents**

As we presented in chapter 2 of Chinese context, there is a popular belief in China that the competition of companies is the competition of talents. Talents in organizations are seen as absolute competitive advantage. In this case, how to employ talents becomes the focal point in leadership skills development. Xu (2015, pers. comm. 31 March) said, 'Leadership for me is put right people on right positions, and as a manager, to know employee's work talents and abilities very well is one of my competencies.'

From her statement, we attend to 'put right people on right positions', it is very common to see and hear that so many leaders regard what leadership is. But from our observations and experience, we think it is hard for Chinese leaders to put this word into practice, because most of leaders are result-oriented and they usually ignore what the real talents employees have. To employ talents appropriately is required that leaders first of all have 'knowledge competency' (Northhouse 2012) to know employees' weakness and strength, but in China there exist many leaders who are jealous of talents and who suppress talents, because they are afraid of being replaced by the real talents. In addition, from follower's perspective, they desire their leaders to dig out their potential talents and to employ efficiently, because they expect to add more values to organizations. In terms of implementing transformation, leaders cannot hundred percent assure there are no unexpected problems occurring. To solve problems effectively and efficiently depends on leaders' knowledge of each follower's competency and on leaders make most use of right employees. Accordingly, it is rewarding for leaders to be capable of finding out employees' unique talents that probably are the keys to solving potential transformation problems.

#### **5.5.9 Category nine: Empowerment Skill**

The core of transformational leadership is to develop followers, which involves in empowering leadership (Bass & Riggio 2006, p. 193). Empowering followers focuses on that leaders delegate followers to take responsibility for achieving both individual objectives and organizational goals. Empowering leadership partly fits with laissez-faire leadership that is described before. But empowering leadership still demands leaders to

care about what followers do and to show directions to followers. In order to develop followers by works delegation, leaders have to stimulate followers to be creative and innovative when followers deal with work problems, which concerns with intellectual stimulation of transformational leadership (Bass & Riggio 2006).

In this part, we from Hong and Zhang's interviews categorize the required empowerment skill. Hong (2015, pers. comm. 12 April) said, 'My leader controlled over the whole transformation process and grasp the power in every detail.'

Here is Zhang's (2015, pers. comm. 6 April) statement, 'The organizational structure is more flat in my company, I can have more convenient and effective communication. I have power for some medium and small tasks.'

By analyzing these two types of description, we deem that leadership skill also includes empowerment skill. And it is extremely imperative for Chinese leaders to delegate, because Chinese companies are generally centralized that leaders have much strong power compared to almost no power of employees. The position level is obvious, which results in less communication and distant relationship between leaders and followers. Moreover, some of Chinese leaders treat hold of power as happiness and they appreciate the sense of control, which makes it impossible to empower their employees. Accordingly, decentralization and empowerment is vital for Chinese corporate leaders, in the meantime, by empowerment leaders have chances to observe their employees' leadership and help develop employee's leadership skills. It is just as we stated before that followers also play the shifting role in organizations, which means followers will take the leading role in some situation. For the complicated and chaotic transformation process, to empower followers have positive influence in speeding process and reducing troubles. After all, a leader himself/herself has limited energy and knowledge.

#### **5.5.10 Category ten: Training Skill**

Training followers during transformation is necessary, because followers may face new works and tasks that are not easily handled by them. From interview records, Ni said,

When I implemented the transformation of using new accounting system and my mentor left the company in the middle of transformation, I encountered a lot of problems of running new system that made me stressed. I could not get enough support from Grace and I was curious about why I have no training about new system use. I had to explore the new system by myself. (2015, pers. com. 31 March)

From her statement, we catch the word 'training' that could become one of skills for leaders. Because of no professional and sufficient training, Ni could not finish her tasks in time and meanwhile she had to do more overtime works. We think essential training

from the leader can bring about efficient transformation. Exploring new tasks by employees themselves is time consuming and it is inclined to make employees depressed and no confidence. Therefore, conducting training sessions during transformation is indispensable, which is a useful skill for leaders who want to improve the likelihood of successful transformation.

#### **5.5.11 Category eleven: The Skill of Problem Solving**

We have mentioned about the problem-solving skills in chapter 4, which describes that competent leaders are able to solve complex organizational problems with leadership skills (Northhouse 2012). In effect, leaders live with problems in organizations every day. However, in our research, we focus this skill on solving problems and conflicts occurring in transformation process. There is no trouble-free transformation; leaders who are in transformation may confront problems or pitfalls more or less. To efficiently solve the problems depends on leaders' experience and competency.

From conflict's perspective, solving conflicts is a big issue in organizations. Gu said,

There was a conflict between leaders and employees, which is about an employee who previously worked out of Shanghai had to move to Shanghai after transformation. That employee was not willing and told to his leader, but it did not work because the leader replied that it was the rule of transformation. So the result is that employee chose to resign. I called this phenomenon was disguised layoff. (2015, per. comm. 4 May)

We cannot see any conflict-solving approach in her company, which may bring forth more and more layoffs. In most cases, when Chinese companies have conflicts between leaders and followers, they are not going to solve conflicts. Instead, they show their strong attitudes towards employees that doing it or not depend on you. And leaders do not spare time and give chance to sit down to discuss what the conflict is in a peaceful way. This kind of solution to conflicts is not a win-win approach to both leaders and followers. It may be because of the fickle mentality that caused by fierce competition in society nowadays in China. And because of uncertain future of transformation employees are inclined to be irritable, which makes them lose the patience to have a harmonious conflict talk. Therefore, whatever the problem is, we believe that a transformational leader should have the ability and skill to solve problems.

### 5.5.12 Category twelve: The Skill of Optimizing Process

When we went through employees' interviews, we found that employees expected their leaders to have skills of optimizing process. Ni said,

Before transformation, the marketing department's financial problems that need to discuss with purchase department had to firstly report the problem to finance department and then finance department discussed with purchase department to solve it. The process is quite complex and inconvenient. During transformation, the leader simplified the process of inter-department communication, that is, marketing department could directly discuss problems with purchase department. (2015, pers. comm. 31 March)

And the other interviewees mentioned that they hated the work handover process, because they had to start new works before they successfully hand over their old works to other staff, which means they would handle two works at the same time.

So from the statement of work process, we categorize optimizing process as a new skill for transformational leader. On one hand, implementing transformation is concerned with many business process changes and to optimize the business process is beneficial to alleviate the mess during transformation. On the other hand, there appears more new works that have to be handled by other employees during transformation, which involves with work handover. So to reduce the workload for employees, the leader has to provide support to optimize the handover process. From our perspective, the process includes not only the transformation process per se but also the general work process.

## 5.6 Axial Coding on Skills and Abilities

Since we have got 12 categories for transformational leaders' needed skills and abilities, we next would like to see whether there exists any relations among these categories. Accordingly, we hope find out some strong relations so as to put forward core categories in this part, which is fundamental to theory development.

Through our analysis and considerations, we are introducing two types of skills that are abstracted as two core categories for the research, which is about hard skills of transformational leadership and soft skills of transformational leadership (see in figure 7).

Figure 7: Core categories on transformational leaders' skills abilities

Hard Skills	Soft Skills
Planning Skill	Envisioning Skill
Transmitting Information	Communication Skill
Employing Talents	Motivation Skill
Empowerment	Being Committed
Training	Being Empathic
Problem Solving	Optimizing Process

### **5.6.1 Core category one: Hard Skills of Transformational Leadership**

When we compared these 12 categories with each other on basis of interviews records, we are hard to differentiate them into several core categories. But the concepts of hard skills and soft skills give us insights to deal with these categories. Generally speaking, hard skills refer to some specific knowledge of computer programming, designing and so on. And soft skills are seen as people skills by many leadership researchers, they regard communication skill, problem-solving skill and the like as soft skills, because these kinds of leadership skills are concerned with dealing with people. However, in our research we define the hard skills and soft skills slightly different, which is particularly based on our transformational leadership context. The first core category is the hard skills of leadership. We think that the skills and abilities of planning, transmitting information, training, and empowerment, problem solving, employing talents are hard skills. The reason is that we firstly see the whole organizational transformation as a clock system in our thesis. And as we all known, the components and parts of a clock system do work on assembling a clock successfully and making it run. Likewise, in terms of transformation we regard the hard skills of leaders as components of transformation system collectively contribute to initiate transformation and implement transformation. Let us give you an example to show how the hard skills work in an organizational transformation. At very beginning of transformation, leaders have a plan to change in organizations, the planning skill helps them to initiate the transformation, and they transmit the transformation information to their followers in order to create a common awareness to start the transformation. And then leaders train and delegate their followers as well as employ talents to implement the transformation. By practicing these transformational leadership hard skills, the organizations start running the transformation system. As for if the transformation functions well or not, it is associated with the second core category, soft skills of transformational leadership.

### **5.6.2 Core category two: Soft Skills of Transformational Leadership**

In addition to the hard skills we abstracted from 12 categories, we will demonstrate soft skills for you, which are the skills and abilities of envisioning, communication, motivation, being committed, being empathic and optimizing process. The reason is that we think whether the clock runs exactly and smoothly or not depends on the machine oil. Similarly, in our research we see soft skills as machine oil of transformation system, which gives contributions to make transformation process smooth. More importantly,

we believe that these soft skills that make transformation smoother and less troubles play a lubricant role in initiating and implementing transformation. For instance, during transformation, being empathic, envisioning, communication, motivation and optimizing process skills are associated with reducing misunderstandings, improving work passion, boosting followers' confidence and decreasing the possibility of conflicts and so on.

Therefore, we finally construct two core categories on transformational leadership hard skills and soft skills from our findings, which is the rather important step for us to raise our substantial theory in next section.

## 5.7 Integration and Selective Coding

Integration or selective coding is almost the last step for data analysis, which mainly try to give readers accounts of what theory we have developed. Through the research of transformational leadership in Chinese context, we have presented the real Chinese business background, supportive literatures and the findings in the thesis. We believe that at this stage we could construct the substantial theory by combining our analysis on followers' and leaders' expectations and transformational leaders' skills and abilities.

First of all, let us review what we have got about followers and leaders' expectation to transformation. We have found that, on one hand, followers actually care about self-interests including the opportunity on career development, whether they can keep the job, the increase of salary, the more simplified work process and some aspects else. On the other hand, followers also concern with the transformational leadership competencies on problem-solving skills, communication skills and other required skills. From leader's perspective, transformational leaders have similar focuses on both leadership competencies and followers' competencies. Transformational leaders claim that they must have strong commitment to organizational transformation and lead their followers effectively in use of leadership skills. In addition, transformational leaders believe that to implement transformation they must have some demands for followers, like followers have to be proactive to learn. But in terms of leaders' expectations, transformational leaders also pay their attention to some organizational issues, such as future direction of organization and vision of transformation. It is because they take the leading role, they must put organizational development as the first priority. As a result, we deem that although there is subtle difference of expectations between leaders and

followers, transformational leaders and followers are expected to cooperate together in order for improved transformation performance.

Secondly, to achieve an improved transformation in Chinese companies, we find out some indispensable skills and abilities from transformational leader's angle, which considers both leaders' expectations and followers' expectations. Put simply, for transformational leaders, they have to develop the leadership skills on both soft skills of envisioning, motivation, communication, etc., and hard skills of planning, information transmission, problem-solving etc.

In all, our substantial theory is that doing organizational transformation in Chinese companies has to take not only leaders' expectations but also followers' expectations into consideration. In the meantime, for the sake of transformation performance as well as organizational sustainable growth, leaders have to actually understand their capacities and followers' talents so as to develop a set of required transformational leadership skills and abilities. Most importantly, when transformational leaders play their leadership skills, it is really a must to consider and understand what in effect can motivate the Chinese employees.

In order to leave you a vivid impression for our theory, we here show you a model of transformation in Chinese organizations (see in figure 8).

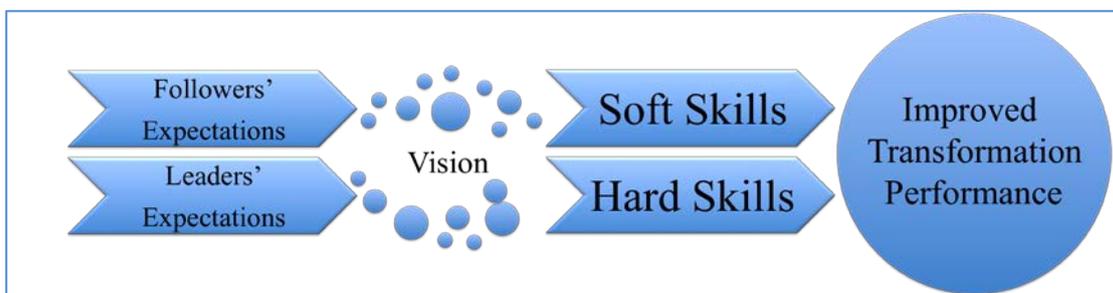


Figure 8: Theoretical Model of Transformational Leadership in Chinese Context. This model constructed based on the findings from empirical research.

## 6 Conclusion

In this chapter, we will summarize our thesis work, and simply answer the research questions we have asked at the beginning of our thesis. Additionally, we would like to point out the added values of our research.

Generally speaking, we have achieved our research aim of creating new knowledge of Chinese corporate transformational leadership. We firstly researched what theories of transformational leadership had been studied and what the study gap was, which triggered our research issue and questions. Then according to our research questions, we sought for an appropriate methodology, grounded theory, to direct us to make research. Furthermore, we went through conducting interviews and collecting questionnaires so as to gather data to create knowledge. We organized and analyzed our findings, which brought forth important and insightful theories at the end of data analysis phase. We found that the reason of poor or failed organizational transformation in Chinese companies is that business leaders ignore the followers' expectations and ideas as well as they lack effective leadership skills and abilities to inspire and convince followers to engage in transformation. And from interviews and questionnaires, we recognized followers' expectations mainly on job satisfaction covering career development, work atmosphere and transformational leadership, and leaders' expectations primarily on both followers' and leaders' competency for transformation and on organizational issues including vision and business priorities. At the same time, we found out the transformational leadership skills of hard skills including planning, and problem-solving skills, and of soft skills including communication and motivation skills.

Accordingly, our theory emerges: to improve Chinese corporate transformation performance, transformational leaders have to take both leaders and followers' expectations into account with support of required leadership skills and abilities in the process of leading transformation including setting transformation vision and implementing changes.

Although we have got our theory, we think that it still has some shortcomings. From both leader and follower's perspective in our thesis, we cannot approach enough samples, which is hard to avoid the one-sidedness of our theory. In addition, we are novices to the use of grounded theory, it is probably that there are more rewarding findings in interviews records, which we cannot dig out.

Nevertheless, we are still proud of our research and we appreciate the added values both for transformational leadership research field and for Chinese business leaders and

followers who are in the transformation or who are going to start transformation. In terms of transformational leadership research field, as we stated in chapter 1 that there are little studies of transformational leadership in context of Chinese business, we believe our knowledge and theory of Chinese corporate transformational leadership could give contributions and insights to those who are interested in this research field like many leadership programs students. In the meantime, we in practice verify the part of transformational leadership theories studied by predecessors. On the other hand, we also mentioned in chapter 2 that more and more Chinese companies are joining in the transformation troops and we presented the observations of poor transformation performance before, therefore we believe that our research results and developed theory could stimulate business people to be aware of why they cannot achieve successful organizational transformation as well as give them some guides to lead and to improve transformation performance in effect.

At last, we expect more and more researchers will show their interests in transformational leadership in Chinese context and could give us improved suggestions. In the next chapter, we will raise some interesting research issues emerged from this research for future studies.

## 7 Future Research Directions

We reviewed followership in chapter 4; we think the concepts of followership really help us to understand the relationship between leaders and followers that is mutually influenced in fact. But we also stated the five types of followership, including the sheep, the yes-people, the alienated, the pragmatics and the star followers. During our research, we found that most of the employees we interviewed are the yes-people style. For example, as Xue said that for transformation, she was waiting to be informed of doing things. And Gu also had similar statement that there exist conflicts between followers and leaders during transformation, but usually followers either compromise or quit their jobs. The talk to solve conflicts is just a form. Moreover, from Zhao's interview, she would do what her transformational leader told to her. These statements demonstrate that these employees who toe the line are of passive attitudes and their most responses to leaders' announcements of tasks are to accept and nod their head saying 'Yes' but in unwilling emotion. Additionally, perhaps they have new or improved suggestions, but their disagreement or opponent ideas may cause them be laid off. It is probably because of very Chinese leadership that cannot be challenged by subordinates. On the other hand, perhaps these employees are passive in personality and they seldom think of and reflect on leaders' proposals. How they perform in organizational life is to obey leaders' orders so as to have a stable and secure work atmosphere. Of course, there are other styles of followers in Chinese companies. Because our research focus is not on the type of followers, and this kind of followership what we found out may just work in context of transformation. Therefore, we realize that this emerging research issue deserves us or you to study in the future.

Additionally, when we interviewed with the Chinese leader and followers by a question about 'how you see the trust in your organizational transformation', we obtained a new viewpoint of trust. Xu believes that trust is of course important in her company, but building trust does not rely on the private relationship with followers. She also claimed that the foundation of trust lies in people's skills and abilities. She can win the trust from followers, which is because she has excellent business knowledge and management skills; likewise, she will trust the team players if they excel in work and have splendid team performance. From her statement of trust, we noticed the transformational leader values skills and abilities, business knowledge, and splendid team performance, which show a difference from our stereotype of trust building in

Chinese business. Previously, we reviewed trust in Chinese business is about firstly building up personal relationship. But, Xu gave us a new insight of trust that is based on leaders and followers' skills and abilities. Put another word, if you could achieve work objectives by your knowledge and competencies, you can win trust from your leaders. In this sense, we find there is a contradiction about perceiving trust in China. But whether the argument is reliable or not cannot be validated from our present research because of limited data of trust topic. The skills and abilities studied in our thesis are the good starting for us or you to do further research about trust in Chinese companies nowadays.

## References

- Alas, R 2009, *Implementation of Changes in Chinese Organizations: Cropping A Way through the Darkness*, Chandos Publishing, UK.
- Adair J 2007, *Developing Your Leadership Skills*, Kogan Page Limited, London and Philadelphia.
- Andersen, D & Ackerman Andersen, LS 2001, *Beyond change management: advanced strategies for today's transformational leaders*, Jossey-Bass, San Francisco.
- Andersen, JP, Prause, J & Silver, RC, 2011, 'A Step-by-Step Guide to Using Secondary Data for Psychological Research', *Social and Personality Psychology Compass*, vol. 5, no. 1, pp. 56-75.
- 'Anti-dumping initiations: by exporting country', *World Trade Organization Statistics*, viewed 16 April 2015, [https://www.wto.org/english/tratop\\_e/adp\\_e/AD\\_InitiationsByExpCty.pdf](https://www.wto.org/english/tratop_e/adp_e/AD_InitiationsByExpCty.pdf)
- Arbnor, I & Bjerke, B 2009, *Methodology for Creating Business Knowledge*, SAGE Publications, Great Britain.
- Barling, J, Slater F & Kevin, KE 2000, 'Transformational leadership and emotional intelligence: An exploratory study', *Leadership & Organization Development Journal*, vol. 21, no. 3, pp. 157-161.
- Bass, BM & Riggio, RE 2006, *Transformational Leadership*, Lawrence Erlbaum Associates, Publishers, London.
- Bass, BM & Avolio, BJ 1994, *Improving organizational effectiveness through transformational leadership*, Thousand Oaks, Sage Publications.
- Bellet, PS & Michael, JM 1991, 'The importance of empathy as an interviewing skill in medicine', *JAMA*, vol. 226, no. 13, pp. 1831-1832.
- Bennis, W & Nanus, B 2007, *Leaders: strategies for taking charge*, Collins Business Essentials, New York.
- Burns, MG 2003, *Transforming leadership: a new pursuit of happiness*, Grove Press, New York.
- Burns, JM 2010, *Leadership*, Harper Perennial Modern Classics.
- Bycio, P, Rick DH & Joyce, SA 1995, 'Further assessments of Bass's (1985) conceptualization of transactional and transformational leadership', *Journal of applied psychology*, vol. 80, no. 4, pp. 468-478.
- Charmaz, K 2006, *Constructing Grounded Theory: A Practical Guide Through Qualitative Analysis*, Sage Publications, London.

- Chen, ZX 2008, 'Wenzhou Lighters', *Observation of Chinese economy*, viewed 15 April 2015, <http://www.eeo.com.cn/2008/0627/104670.shtml> (Translated)
- Chinn, T 2015, 'Harmony and Organizational citizenship behavior in Chinese organizations', *The International Journal of Human Resource Management*, vol. 26, no. 8, pp. 1110-1129.
- Christensen, CM 2010, 'How Will You Measure Your Life?', *Harvard Business Review*.
- Christensen, CM, Alton, R & Rising C 2011, 'The big idea: the new M&A playbook', *Harvard Business Review*, vol. 89, no. 3, pp. 48-57.
- Cochran, KJ 2014, 'Transformational Leadership: Guiding Followers Beyond Expectations', *Atlanta Fire Rescue Department*.
- Cremer, DD 2015, 'Understanding Trust, in China and the West', *Harvard Business Review*.
- Dickens, C 1859, *A tale of two cities*.
- Downton, JV 1973, *Rebel leadership*, Free Press, USA.
- Eikenberry, K & Harris, G 2011, *From Bud to Boss: secrets to a successful transition to remarkable leadership*, Jossey-Bass, San Francisco.
- Goulding, C 1999, *Grounded Theory: some reflections on paradigm, procedures and misconceptions*.
- Goulding, C 2002, *Grounded Theory: A Practical Guide for Management Business and Market Researchers*, Sage Publications, London.
- Graham, JL & Lam, M 2003, 'The Chinese Negotiation', *Harvard Business Review*, viewed 6 April 2015, <https://hbr.org/2003/10/the-chinese-negotiation>
- Greenwald, HP 2008, *Organizations: Management Without Control*, Sage Publication, USA.
- Gregory SA, Russell RF & Patterson K 2004, 'Transformational versus servant leadership: A difference in leader focus', *Leadership & Organization Development Journal*, vol. 25, no. 4, pp. 349-361.
- Jung, DI & Avolio, BJ 2000, 'Opening the black box: an experimental investigation of the mediating effects of trust and value congruence on transformational and transactional leadership', *Journal of Organizational Behavior*, vol. 21, no. 8, pp. 949-964.
- Katz, RL 1955, 'Skills of an effective administrator', *Harvard Business Review*, vol. 33, no. 1, pp. 33-42.

- Lai, KL 2008, *An Introduction to Chinese Philosophy*, Cambridge University Press, Cambridge.
- Leung, K, Brew, FP, Zhang, ZX & Zhang, Y 2011, 'Harmony and Conflict: A Cross-Cultural Investigation in China and Australia', *Journal of Cross-Cultural Psychology*, vol. 42, no. 5, pp. 795-816.
- Li, CP & Shi, K 2003, 'The Study of the relation between transformational leadership and effective leadership', *Scientific Psychology*, vol. 1, pp. 115-117. (Translated).
- Li, W, Zhu, H & Li, Y 2001, 'Interpersonal harmony and textual coherence in Chinese business interaction', *Multilingua*, vol. 20, no. 3, pp. 285-310.
- Liu, H 2008, 'the direction of small enterprises in Wenzhou', *Chinese Report*, viewed 15 April 2015, <http://finance.sina.com.cn/china/dfjj/20080905/21335278141.shtml> (Translated)
- Merriam-Webster 2015, 'Change', *Merriam-Webster Online Dictionary*, viewed 23 March 2015, <http://www.merriam-webster.com/dictionary/change>
- McLeod, S 2014, 'Questionnaires', *SimplyPsychology*, viewed 6 April 2015, <http://www.simplypsychology.org/questionnaires.html>
- Mumford, MD, Zaccaro, SJ, Connelly, MS & Marks, MA 2000, 'Leadership skills: Conclusions and future directions', *Leadership Quarterly*, vol. 11, no. 1, pp. 155-170.
- Northouse, PG 2012, *Leadership: Theory and Practice*, Sage Publications, New York.
- Patton, MQ & Cochran M 2002, 'A Guide to Using Qualitative Research Methodology', *Medecins Sans Frontieres*.
- Pre, MD 2004, *Leadership is An Art*, DOUBLEDAY, NewYork.
- Riggio, RE, Chaleff, I & Lipman-Blumen, J 2008, *The Art of Followership how great followers create great leaders and organizations*, Jossey-Bass, USA.
- Qian, C 2010, 'The Culture of China's Mediation in Regional and International Affairs,' *Conflict Resolution Quarterly*, vol. 28, pp. 53-65.
- Salovey, P & Mayer, JD 1990, 'Emotional intelligence', *Imagination, Cognition and Personality*, vol. 9, no. 3, pp. 185 -211.
- Schoemaker, PJH, Krupp, S & Howland, S 2013, 'Strategic Leadership: The Essential Skills', *Harvard Business Review*.
- Spector, PE 1997, *Job satisfaction: Application, assessment, causes and consequences*, Thousand Oaks, CA: SAGE.
- Strauss, A & Corbin JM 1990, *Basics of qualitative research: Grounded theory, procedures and techniques*, Sage Publications.

- Strauss, A & Corbin JM 1998, *Basics of qualitative research: techniques and procedures for developing grounded theory*, Sage Publications, London.
- Strauss, A & Corbin JM 2008, *Basics of qualitative research: techniques and procedures for developing grounded theory*, Sage Publications, London.
- Wang, X 2006, The Study on the influence of E-business to Business Model of Traditional Enterprises, master thesis, *Jiangxi University of Finance and Economics*, Jiangxi, China. (Translated)
- Weick, KE 1995, *Sensemaking in organizations*, Sage.
- Wei, XH & Li, QY 2013, 'The Confucian Value of Harmony and its Influence on Chinese Social Interaction', *Cross-Cultural Communication*, vol. 9, no. 1, pp. 60-66.
- 'Wenzhou Statistic Report on Economics and Social development', *National Bureau of Investigation Team Wenzhou*, viewed 16 April 2015, <http://www.wzstats.gov.cn/> (Translated)
- Woetzel, J, Orr, G, Lau, A, Chen, YG & et al. 2014, 'China's digital transformation: The Internet's impact on productivity and growth', *McKinsey Global Institute*.
- Xiong, GX & Cao, Y 2001, 'The adverse effects of multinationals' localization on Chinese companies and its solutions', *Business Time*, vol. 21. (Translated)
- Yukl, G 1998, *Leadership in Organizations*, Prentice-Hall, Inc., Upper Saddle River, NJ.

# Appendices

## Appendix A Questionnaire Sample

### Transformational Leadership in Chinese Context Questionnaire

Dear Madam/Sir:

Thanks for your time to read and answer this questionnaire that is used to do research study. And the questionnaire aims to get the knowledge of the transformational leadership in Chinese context. We kindly ask you to express your actual feeling to answer the following questionnaire. All answers are treated in an anonymous manner and are applied into academic study, we by no means make it public. Thanks for your support!

-- Leadership and Management Program at Linnaeus University

*Instructions: We here refer to organizational change including companies' acquisition and merge, process recreation, business segment, introduction of new work system, use of new management tools, and exploration of new business and so on. We view changes that are related to organizational structure, scale, communication channels, etc. as organizational changes.*

1. Gender (Tick '√'):

Male ( )

Female ( )

2. Working experience (Tick '√'):

0-1 year ( )

3-5years ( )

1-3 years ( )

Over 5 years ( )

3. Have you experienced (or Are you experiencing) the organizational transformation? (Tick '√')

A. YES

B.NO

4. Do you look forward to transformation? (Tick '√')

A. I don't want change. I want my organization to keep still, whether it operates well or not.

B. I don't care. If it fitted my benefit, I would support. Otherwise, I would go against it.

C. I support to change, because it always brings challenges.

5. As an employee, what are your concerns when it comes to organizational transformation? (Multiple Choice, Tick '√')

① Lay-off

⑧ Self-role and tasks

② Increased work-load

⑨ Others' roles and tasks in the team

③ Job transfer (new skills required)

⑩ Sufficient training and instruction

④ Working places change

⑪ Transformation duration

⑤ Interpersonal relationship change

⑫ Harmonious work atmosphere

⑥ Salary and benefit change

⑬ Open and shared information

⑦ Purpose of organizational transformation

⑭ Self-career development

**Others** \_\_\_\_\_

6. As an employee, what do you think is needed or not needed for a transformational leader if your firm conducted

organizational change?

*(‘1’ means ‘Totally Disagree’ or ‘Totally Irrelevant’; ‘2’ means ‘Disagree’ or ‘Irrelevant’; ‘3’ means ‘Agree’ or ‘Relevant’; ‘4’ means ‘Totally Agree’ or ‘Totally Relevant’.)*

- |   |   |   |   |   |   |
|---|---|---|---|---|---|
| ① He/She is clear about the transformation direction                                  | 1 | 2 | 3 | 4 | 5 |
| ② He/She makes me proud of being a part of the organization                           | 1 | 2 | 3 | 4 | 5 |
| ③ He/She gives positive feedbacks to work team  | 1 | 2 | 3 | 4 | 5 |
| ④ He/She encourages me to see changes as opportunities                                | 1 | 2 | 3 | 4 | 5 |
| ⑤ He/She challenges me to rethink old problems in a creative way                      | 1 | 2 | 3 | 4 | 5 |
| ⑥ He/She has ideas made me rethink problems never questioned before                   | 1 | 2 | 3 | 4 | 5 |
| ⑦ He/She challenges me to rethink what the work means                                 | 1 | 2 | 3 | 4 | 5 |
| ⑧ He/She considers my personal interest before acting                                 | 1 | 2 | 3 | 4 | 5 |
| ⑨ He/She commends me when I do a better than average job                              | 1 | 2 | 3 | 4 | 5 |
| ⑩ He/She acknowledges improvement in my quality of work                               | 1 | 2 | 3 | 4 | 5 |
| ⑪ He/She personally compliments me when I do outstanding work                         | 1 | 2 | 3 | 4 | 5 |
| ⑫ He/She asks for employees’ feedback timely in the transformational process          | 1 | 2 | 3 | 4 | 5 |
| ⑬ He/She has a plan B for the failure of transformation                               | 1 | 2 | 3 | 4 | 5 |
| ⑭ He/She controls the whole transformational process and participates in every detail | 1 | 2 | 3 | 4 | 5 |
| ⑮ He/She coordinates the relationship among different departments.                    | 1 | 2 | 3 | 4 | 5 |
| ⑯ He/She has better business competency than management capability                    | 1 | 2 | 3 | 4 | 5 |

Date: 19-Mar-2015  
Formulator: SHEN BI and YINGQI NI

## Appendix B Interview Questions

### **‘Transformational Leadership in Chinese Context’ Interview Outline**

#### 1. Interview Questions for Employees:

- ① Do you think it is necessary for a company to have changes? What do you think of the meaning for organizational transformation?
- ② Before transforming, what attitudes do you have towards changes?
- ③ What are you expecting for organizational change as an employee?
- ④ What is the organizational change for your department?
- ⑤ What is your task and role in change process?
- ⑥ Are you clear about the task and role of your partners?
- ⑦ How do you think of the information flow during change process?
- ⑧ How long does the change take? Is it as expected from your leader?
- ⑨ How do you think of this change?
- ⑩ Do you get enough supports from your leader? What kinds of supports do you get?
- ⑪ How do you think the style of your transformational leader?
- ⑫ What sorts of suggestions for the change and your leader do you have?
- ⑬ Do you have any conflicts between you and your partners or among different departments? How do you or your leader deal with?

#### 2. Interview Questions for the Leader:

- ① Do you think it is necessary for a company to have changes? What do you think of the meaning for organizational transformation?
- ② How do you inspire and encourage your followers to involve in change at the beginning?
- ③ What is the organizational change for your department? Is it the first time?
- ④ What are you expecting for organizational change as a leader?
- ⑤ How do you think of this change?
- ⑥ What kinds of supports do you get from your leader and other departments?
- ⑦ How do you clarify the roles and tasks for your followers?
- ⑧ What do you think of sharing all of the information about change with employees?
- ⑨ How do you mobilize your followers when the change sucked?
- ⑩ What do you think of delegating to your followers during change?
- ⑪ How do you deal with conflicts among employees?
- ⑫ What do you think of giving positive feedbacks regularly?
- ⑬ How do you praise your employees? Personally or officially?
- ⑭ What do you think of your leadership during transformation?
- ⑮ Do you listen to employees’ expectations before transforming? How do you consider employees’ needs?
- ⑯ Is the time spending as you expected? What’s the problem?
- ⑰ How do you handle the problem during the change? Does it work?
- ⑱ What do you gain for your leadership development after this change?
- ⑲ How do you think of transformational leadership?