

**Same Kentucky Chicken, Different Taste:
Cross-cultural Leadership Studies at KFC in Beijing**

by

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(ABSTRACT)

This study is designed to explore a three dimensional Chinese leadership behavior model—Initiation, Consideration, and Guanxi. The Initiation-Consideration model has dominated leadership behavior research in Western literature (e.g., Yukl 1994), whereas this study recognizes that Guanxi behavior is an important concept in Chinese values and that it should be employed to develop a model of Chinese leadership behavior. This study also examines whether Guanxi is the most frequently exhibited leadership behavior, as perceived by Chinese employees, and how this type of leadership behavior, along with Initiation and Consideration, contributes to leadership effectiveness within the Chinese culture.

Data is collected from 166 subordinates at 15 KFC restaurants in Beijing. The empirical data collected demonstrates that Initiation, Consideration, and Guanxi are not distinctive leadership behaviors. Instead, they are highly correlated with each other. Other main findings related to the study's hypotheses are: 1) among Initiation, Consideration, and Guanxi, Initiation is the most frequently used leadership behavior, as perceived by subordinates at those restaurants; and 2) subordinates perceive that all these three forms of leadership behavior are positively related to leadership effectiveness. However, this thesis does not have enough confidence to make any conclusion based on the above findings

because of the sample's response bias and a multicollinearity problem in the empirical data.

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CHAPTER I INTRODUCTION

With the economic boom in China and the expansion of international companies in this country in the 1990s, researchers in organizational studies have begun to study the role of cultural diversity in global business (e.g., Hofstede 1991) and the influence of Chinese cultural contingencies on business practices and leadership (e.g., Fan 1995; Yeung 1996). Many studies address cultural differences and suggest that a better understanding of management in this country is needed (e.g., Chun and George 1997; Redding and Ng 1983; Satow and Wang 1994; Smith, Wang, and Leung 1997). However, “the study of organizational behavior, or indeed of almost any other aspect of management, has not been carried into the realm of Chinese business... the Chinese form of organization remains virtually undescribed” (Redding and Ng 1983:92).

The issue of leadership behavior is one of the most crucial factors that cannot be ignored in organizational behavior study. This thesis is an attempt to explore leadership behavior in Chinese organizations. A distinguishable characteristic of Chinese leadership behavior is the notion of Guanxi (the Chinese word for relationships), which can be identified as important to leadership building in China (Hui and Graen 1997). Nothing in American leadership behavior resembles it (James 1997a). It refers to the continuous exchange of favors between individuals that facilitates the developing, cultivating, and maintaining of interpersonal relationships (e.g., Chang and Holt 1991; Tsui 1997). More specifically, Guanxi “undergirds the functional aspects of Chinese interpersonal relationships” (Chang and Holt 1991:256). This study assesses the extent to which Guanxi influences the interaction between leaders and subordinates and explores how Guanxi constitutes a unique and vital component of leadership behavior in Chinese organizations.

I. Theoretical Framework

Two different approaches are discernible among studies of Chinese leadership behavior. Some researchers take the position that leadership is a universal phenomenon.

Hence the results of studies conducted outside of the Chinese nation can apply to Chinese organizations. Others argue that the Chinese leadership model is different from the Western (primarily United States) one and that a specific leadership behavior model associated with Chinese cultural context should be provided. Moreover, they suggest that collectivity, power distance, Guanxi and other distinctive Chinese cultural elements should be discussed when studying leadership behaviors (e.g., Smith, Wang, and Leung 1997). These importance elements are explored in the following paragraphs.

The collectivist and hierarchical qualities of Chinese culture are reflected in many aspects of Chinese leadership studies. The collectivistic tendency has the effect of increasing the probability of harmony-seeking, interpersonal relationships among in-group members. Each Chinese organization is a group, in which the leader and his people try to keep good relationships/Guanxi in order to strengthen group cohesiveness and protect against the uncertainty caused by the uninstitutionalized market economy. Some studies (e.g., Xin and Pearce 1996) conducted in state-owned, joint venture, and private enterprises in China find that Guanxi is the key ingredient for the careers and job success of Chinese managers.

The power differentials and responsibilities of leaders and subordinates are clear-cut in the hierarchical Chinese culture. Leaders should protect their subordinates like benevolent fathers and subordinates should provide unconditional commitment, by which harmony can be achieved in society. This is the Confucian ideal of “government by gentleman” (Bond 1991:77). The implementation of this Confucian ideology can be understood from the Chinese approach toward role relationship within an organization. “It is often manifested in the norm of benevolent consultative paternalism that described the bond of employment. Basically, the Confucian ethos has provided the *raison d’être* for the exercise of the employer’s prerogative and authority which demand loyalty from all” (Chao 1995:30). The employees’ commitment is a source of strong motivation for task involvement and collective goal achievement. Similarly, reciprocity demands the kindness, affection, and consideration from the paternalistic leader (Chao 1995). It is rare for a Chinese manager to fire their subordinates. Dismissal is considered as a failure of the manager, since he has not fulfilled his duty as a good “father.” The benevolent paternal

manager is not supposed to abandon those “children” who cannot live up to the good standards (Withane 1989).

Viewing human emotions and relationships/Guanxi as the basis of society, the Chinese believe that interpersonal relationships/Guanxi are their humanistic spirit (Chang 1996); hence, to Confucianists, “the virtue of humanity is meaningless unless it is involved in actual human relationships” (Chan 1963:104). The Chinese attitude toward relationships inevitably influences the interaction between subordinates and leaders (Chang 1996) and accordingly, conducting personalized Guanxi presents the particular and distinct Chinese leadership behavior.

Considering that values, beliefs, norms, and traditions are embedded in a country’s culture and do affect the leadership behavior and organizational strategies (Lindell and Arvonen 1996), this thesis employs a hybrid approach to study a leadership behavior model with Chinese characteristics. It examines Guanxi as a distinctive Chinese leadership behavior (e.g., Smith and Wang: 1996); but at the same time, the present study recognizes that the Western leadership behavior dimension—Initiation structure (task-oriented behavior) and Consideration (relationship-oriented behavior)—may have relevance to Chinese leadership behavior. Accordingly, this thesis creates a three-dimensional Chinese leadership behavior model—Guanxi, Initiation, and Consideration-- to describe leadership behavior in the Chinese context.

II. Study Site

The KFC chain restaurants in Beijing is chosen as the study site for this thesis. KFC, a multinational organization, is the second largest foreign invested chain store in Beijing. Both managers and subordinates at KFC are Chinese people. KFC has brought not only American food but also Western managerial styles including both Initiation and Consideration to China. These restaurants have the same organizational structures and activities and are in Beijing. The homogeneous character of these restaurants makes them a good sample to study Chinese leadership behavior. Cross-cultural and IJV (international joint venture) research not only contribute to generalize theories but also broadens our

understanding of the culture being compared (Hui and Graen1997). This study will add knowledge related to Chinese leadership behavior and leadership effectiveness to the current literature.

III. Statement of Problem

Although a growing volume of cross cultural research on Chinese management has addressed the necessity for establishing and maintaining good Guanxi at an organizational level when doing business in China, few researchers have put this business practice into a theoretical context (e.g., Ambler 1995; Foxman and Plosky 1991). Even fewer researchers have done empirical research on Guanxi trying to measure it and addressing its influence on leadership behavior and leadership effectiveness (e.g., Tsang 1998).

In light of the paucity of empirical research on Guanxi, this thesis intends to depict a vital component of what is increasingly being recognized as a distinctive Chinese leadership behavior—Guanxi. Unlike some studies of Chinese leadership behavior, which import variables found to be important in Western studies and test these variables on Chinese managers, this study assumes that Chinese leaders have their own leadership behavior distinctive from that in the Western literature. Thus, it focuses on how the unique Guanxi behavior constitutes an important part of Chinese leadership behavior, and how this type of leadership behavior, along with Initiation Structure and Consideration, contributes to leadership effectiveness within the Chinese culture.

IV. Importance of the Problem

Since the open-door policy in the late 1980s, the economy of the People's Republic of China has been growing at a spectacular annual rate of about 10 percent in 1990s (Antoniou and Whitman 1998). It is estimated that China will become the largest potential market in the world by the end of this century. With the rapid growth of China's

economy, many researchers have carried out macro level studies on the link between Confucian values and economic development in this area (e.g., Hui and Tan 1996). However, only a few empirical organizational behavior studies at the micro level have been done in Chinese organizations. The issues of leadership behavior and leaders-subordinates relationships within the Chinese culture have not been systematically studied.

The 1990s has witnessed an increasing number of Western enterprises flood into China. By 1994, about 150,000 joint ventures were in place in China (Smith and Wang 1996). International joint ventures mushrooming in China have attracted the interest of researchers and consultants. A great amount of present studies consider the impact upon leadership process within foreign invested enterprises in China (e.g., Satow and Wang 1994; Smith, Wang, and Leung 1997).

When crossing national boundaries, businesses are under pressure to develop cross-cultural management skills. As U.S. companies expand in China, many are weighing the options for providing their Chinese managers with Western-style management training (Kamis 1996). Considering that cultural factors heavily influence Chinese management styles and practices, many people begin to question the effectiveness of the Western-style training programs for Chinese managers. The studies in the field of culture and management are receiving broader attention from both scholars and practitioners. The research to date indicates that the different cultural characteristics of American and Chinese societies carry implications for differences in work-related behavior and managers-subordinates interpersonal relationships in those societies (e.g., Harris 1994; Hui and Graen 1997). Accordingly, any training program for Chinese managers should take into consideration the influence of Chinese culture on leadership.

The cultural system is influential in all aspects of Chinese social lives including business management. Effective cross-cultural managerial behavior should be based on the implementations of the actual cultural dimensions. Many researchers (e.g., Chang and Holt 1996) point out that Guanxi is not only one of the most important cultural dimensions which affects managers-employees relationships, but also a distinct leadership behavior that Chinese leaders use in the daily interaction with their workers. When

numerous studies of Chinese leadership behavior concur that “Guanxi is of major importance in determining leadership effectiveness with Chinese cultures...no data have yet been reported which clarify directly its frequency or effects” (Smith and Wang 1996:329). The study of Guanxi in Chinese organizational life is actually still in its infant stage. The complexity of the phenomenon of Guanxi, and the lack of theoretical and practical measurement of Guanxi have caused a tremendous amount of difficulty for the researchers in Guanxi study in Chinese organizations.

CHATER II LITERATURE REVIEW

“Leadership is one of the most observed and least understood phenomena on earth” (Burns 1978:1). Much research on leadership has been done because it is universally accepted that leadership plays an essential role in organizational dynamics and determines the effectiveness or ineffectiveness of organizations. Since the 1960s, a tremendous amount of research and surveys have been carried out in the leadership behavior field in order to provide leaders and managers in modern organizations with the most effective leadership behavior.

In the first of part of the literature review, I introduce the leadership behavior model—Initiation and Consideration, which was initiated by the Ohio State leadership studies, and which has dominated the research on leadership behavior in Western literature. In the second part of the literature review, I outline how Chinese culture, which values relationship/Guanxi as the human spirit, influences how leaders choose to behave. I also introduce the indigenous Chinese concept of Guanxi as a cultural dimension and discuss how Guanxi functions as the unique people/relationship-oriented leadership behavior in Chinese organizations. In the third part of the literature review, I compare all these three leader behaviors which have been discussed in the first two parts of the literature review—Initiation, Consideration, and Guanxi.

I. Two Leadership Behavior Dimensions in the Western Literature

The major contribution of the Ohio State leadership studies is their classification of two independent leadership behavior dimensions—Initiation and Consideration. Initiation concerns the task aspect of leadership, while Consideration concerns the interpersonal aspect of leadership. Initiating structure is the degree to which a leader defines his role and the roles of subordinates, in order to achieve the organizational goal. Consideration is the degree to which a leader acts in a friendly and supportive manner and shows respect to employees’ ideas and their feelings (Yukl 1994).

Task consideration and relationship consideration function as two essential

elements in the research of leadership behavior. The Initiation-Consideration model has dominated the research on the classification of leadership behavior in the Western literature (e.g., Bass 1990; Fleishman and Hunt 1973; Schriesheim and Ralph 1975; Yukl 1994).

II. Cultural Contingencies and Leadership Behavior in China

“Whatever a naïve literature on leadership may give us to understand, leaders cannot choose their styles at will; what is feasible depends to a large extent on the cultural conditioning of a leader’s subordinates” (Hofstede 1980:57). Many elements including cultural assumptions and values about the nature of power and authority, styles of interpersonal interaction, desirable leader and subordinate characteristics, and the leadership situation determine the enactment of leadership behavior (Westwood 1997).

Moreover, Western notions of managerial behavior may not be relevant in Asian cultures because of differences in cultural values (James 1997b). Guanxi behavior is an important concept in Chinese values; it should be used to develop models of Chinese leadership behavior.

The Concept of Guanxi

China is a nation whose social relationships are neither individual-based nor a society-based, but typically relationship-based society (Liang 1974), in which almost everyone tries to maintain *Guanxi*, which literally means social relationship or social connection.

In a relation/Guanxi-based social system, the focus is not on any specific individual, but rather on the special nature of the relations between individuals who associate with each other. Under the impact of Confucianism, Chinese view themselves interdependent with the surrounding social context, and the “self in relation to others” becomes the focal individual experiences (Luo 1997). Guanxi is “the web of reciprocal or moral relations in which one finds oneself, defines oneself. Apart from this, one can have no real identity” (De Bary 1991:3).

Guanxi defines those who are ingroup people and who are outgroup people. The closeness of Guanxi determines how individuals treat others (Chang and Holt 1991). “Chinese are very sensitive about Guanxi. Whether to tell truth, to support, or to help the other tends to depend upon whether one has Guanxi with the other” (Wen 1988:32). The distinction between ingroup and outgroup members functions as the fundamental rationale for Guanxi. If you have Guanxi, you will be considered as one’s own people, and consequently, you will be treated differently from the outgroup members. Ingroup people are always protected and benefited while outgroup people may be rejected (Chang and Holt 1991; Hui and Graen 1997).

Guanxi binds people with mutual obligations and benefits. A boss is not only a boss who is responsible for succeeding in business, he is also supposed to act as a “father” to take care of his employees’ personal lives (Krone, Carrett, and Chen 1992). For example, when an employee is sent to a hospital because of serious disease or accident, the boss is supposed to visit the employee at the hospital to show his warmth and love as father toward his son. When an employee gets a job from his boss, he feels he owes the boss or the company something and thus is obliged to work hard and make a profit for the company. The Chinese saying “eating from others, one’s mouth becomes soft; taking from others, one’s hand becomes short” illustrates the beauty of reciprocity in everyday Chinese life. Once you get help or benefit from others, you are obliged to help them in return whenever and for whatever, they ask you. If you fail to fulfill your obligation, you will be considered as a person who is not worth making “friends” with and one who will finally be isolated from the group.

In summary, Guanxi functions as “a convenient linguistic label” to describe the importance and utilitarian value of interpersonal relations (Chang 1996). Guanxi can be best translated as friendship only with implications of a continual exchange of favors (Pye 1992). More exactly, this kind of relation “binds people through the exchange of favors rather than through expressions of sympathy and friendship” (Chen 1995:53). Guanxi is essentially utilitarian, rather than emotional (e.g., Chen 1995; Luo 1997); and is always utilized as a resource to achieve personal goals in organizational live (e.g., Chang and Holt 1991; Chang 1996; Luo 1997). Leaders need to have personal contact with subordinates

and be able to show their awareness of their subordinates' personal problems and sentiments, by which they win subordinates's loyalty and support (Child 1994). That the leader is seen to be 'willing to do things that benefit me' has become "the requisites for higher work motivation [for employees] in Chinese societies" (Hui and Tan 1996:376). Obviously, the relationship between leaders and subordinates is more guanxiship, by which both sides achieve their different utilitarian purposes than real friendship or emotional support as described through Consideration in the relevant Western literature.

Accordingly, one can expect that:

Hypothesis 1: Subordinates will report that their managers exhibit more Guanxi behavior than Consideration behavior.

"While Westerners tend to rely on formal organizational contracts and relationships, the Chinese prefer personal relationships and informal arrangements in business" (Fung 1994:123). "A practical consequence of Guanxi is that personal connections and loyalties are often more important than organizational affiliations or legal standards" (Luo 1997: 46). The old Chinese saying of "friends first, business second" reveals the connotation behind the business dealings or relationships: 1) people prefer building mutual friendships before doing business transactions; 2) people want to create the "lofty" impression to their business partners that they value making friends more than making money. However, today, people who are exposed to furious competition in the marketplace attempt to use another saying—friends are friends, business is business—to direct their business lives. Unfortunately, the Chinese saying itself, which combines the word of "friend" and the work of "business" together, proves that it is still impossible to separate building relationships from doing business in today's Chinese society.

Judging from this perspective, one should not be surprised when hearing that the biggest McDonald's restaurant in China was evicted from a central Beijing building after two years, despite a 20-year lease, simply because the investor from Hong Kong had strong Guanxi with the Chinese government and McDonald's had not kept that strong Guanxi with the government (Luo 1997).

Guanxi and Managerial Behavior

“The king shall be the king, and the subjects shall be subject.” (Bond 1991:77)
This ancient Chinese saying illustrates that social harmony will be achieved if a wise and benevolent leader makes decisions which loyal subordinates obey. The effective model for leadership in the Chinese system is thus the wise and loving father. This combination results in a paternalistic managerial style (Bond 1991).

This ideal role binds managers and subordinates in a close personal relationships. For example, the paternalistic role assumed by managers (e.g., Bond 1991; Chang 1996; Chao 1995; Hui and Tan 1996; Krone, Carrett, and Chen 1992; Smith and Wang 1996; Westwood 1997) means that they must walk a fine line in communication with workers. Chinese managers always acknowledge that communication and interpersonal relationships with their workers are very important to them in their jobs. “Even if employees do not wish to communicate their feelings and desires, they must be encouraged to do so; managers, in turn, must be thick-skinned and persistent in their communication attempts even when others may not want to talk to them” (Krone, Carrett, and Chen 1992:237).

In order to keep good communications and Guanxi with their employees, some managers make themselves easily available for the employees who want to talk to them. One manager in Krone’s survey (1992) says that he makes himself too available, allowing himself to be hounded by employees seeking favors and Guanxi to the point that they burst into his office at any time, intruded on his dinner, and even followed him home. Another manager indicates that he has to set aside a half day each week when his people can come to him to voice their problems directly. Obviously, Chinese leaders spend much of their working hours and after-work hours to dealing with Guanxi with their employees. They attend their subordinates’ weddings, having lunch or dinner with them, visiting their sick family members in the hospital, securing mortgages, hiring their relatives, and so forth (e.g., Bond 1991; Chang 1996; Child 1994). Consequently, less time is available for Chinese leaders to deal with task-oriented issues in their organizations. Hence, it can be expected that:

Hypothesis 2: Subordinates will report that their managers exhibit more Guanxi

behavior than Initiation Structure behavior.

Guanxi and Managerial Effectiveness

Mutual dependence and obligation, reciprocation, and consideration guide the nature of leader-subordinate relationships in Chinese organizations. For example, managers can use the power and resources at their disposal to do favors and provide benefits for workers. Accordingly, the reciprocity norms make the subordinates feel a binding of obligation to return the favors. Subordinates remain indebted to the boss, or attempt to reciprocate by displaying hard work and loyalty. Chow (1989) found that ‘exchanging of benefits’ was one of the popular strategies used by Chinese managers to exhibit power and influence before subordinates.

In fact, Chinese workers are very concerned about social relationships at work and they rate relationships/Guanxi with their peers and bosses as one of the most important factors which affect their work attitude (Hui and Tan 1996). Accordingly, managers’ Guanxi behaviors influence workers’ job satisfaction, job performance, work-related stress, resignation, and other work-related issues. “That a leader behaves as he or she should and does not deviate too far from the subordinates’ expectations is a reason for subordinates to be willing to devote extra effort to their work...Chinese employees want their leaders to be considerate and benevolent” (Hui and Tan 1996:375). Leaders’ apathy towards the concerns of his or her employees affects the employees’ work morale (Yu 1991) and influence their perceptions about leadership effectiveness. “Numerous commentators concur that Guanxi is of major importance in determining leadership effectiveness with Chinese cultures” (Smith and Wang 1996: 329). Thus, a third hypothesis can be discerned:

Hypothesis 3: The more Guanxi behavior subordinates report that their managers exhibit, the more effective they perceive their managers to be.

Critique of Guanxi

Although the ability to develop and maintain good working relationships/Guanxi is the key ingredient in managerial success (e.g., Tsui 1997), Guanxi is often criticized by many Chinese, who perceive Guanxi as much too functionally diffuse and harmful to the health of business organizations (Chen 1995). “For bureaucracy, Guanxi hampers the implementation of institutional rules based on instrumental rationality, leading to low efficiency and greater confusion” (Chen 1995:61). Some companies, specially some joint ventures are trying to limit the Guanxi network developing among Chinese leaders and subordinates and thus prevent Guanxi from being rampant in organizational life. Irl Hicks, general manager at Babcock & Wilcox Beijing Co Ltd, explained his policies to manage accounting problems faced his organization. One of the most important steps is to “get control over all subordinates to prevent the operations of the Guanxi system, which is characterized by the use of connections to achieve results” (Abdallah 1992:59).

Nevertheless, “Guanxi is a deep-rooted social-cultural phenomenon, which can not be eradicated overnight... Deng’s market reform has succeeded in enriching the Chinese market and Chinese people, but Guanxi has become more actively involved in [political, economic], and social life instead of disappearing” (Chen 1995:65). From getting permission to do international trade to getting a ticket to a concert, almost all aspects of social life are touched upon by Guanxi.

III. Guanxi, Consideration, and Initiation Structure Comparison

Before comparing and contrasting these three kinds of leadership behaviors, I list the definitions of the concepts of Guanxi behavior, Consideration behavior, and Initiation Structure behavior.

Guanxi: This factor describes the extent to which a leader uses his interpersonal relationships with his subordinates to get things done in the organization. The Guanxi leader functions as “a wise and benevolent father” (Bond 1991:78); he spends time with

subordinates both at work and after hours talking about both subordinates' personal problems and work problems, distributes favors to employees but at the same time, asks for hard work from them in return, depends on good relationships to carry out job responsibility, solves organizational problems by using personal relationships with people inside or outside of the organization, and resists bureaucratic procedures and formal guidelines.

Consideration: "This factor describes the extent to which a leader exhibits concern for the welfare of the other members of the group. The considerate leader expresses appreciation for good work, stresses the importance of job satisfaction, maintains and strengthens the self-esteem of subordinates by treating them as equals, makes special efforts to help subordinates feel at ease, is easy to approach, puts subordinates' suggestions into operation, and obtains subordinates' approval on important matters before going ahead. The support provided by considerate leaders finds them oriented towards relationships, friendship, mutual trust, and interpersonal warmth" (Bass 1990: 511).

Initiation Structure: "This factor shows the extent to which a leader initiates activity in the group, organizes it, and defines the way work is to be done. The initiation structure includes such leadership behavior as insisting on maintaining standards and meeting deadlines and deciding in detail that will be done and how it should be done. Clear channels of communication and clear patterns of work organization are established. Orientation is toward the task. The leader acts directly without consulting the group. Particularly relevant are defining and structuring the leader's own role and those of the subordinates toward attaining goals" (Bass 1990: 512).

Initiation structure and Consideration are independent leadership behavior dimensions in Western literature. Initiation structure concentrates on 'task' behavior; whereas Consideration concentrates on 'emotion' behavior. Guanxi is a unique Chinese leadership behavior and covers the utilitarian aspect of human relationships.

Some studies indicate that the most effective Chinese leaders are those who are seen as highly ranked on both task and interpersonal relationship aspects of their role (e.g.,

Bond and Hwang 1986; Bond 1991; Smith and Wang 1996). These studies explain the ‘task’ aspect in a way similar to how Western scholars explain Initiation structure. However, none of them try to only use Consideration to describe relationship-oriented behavior. Instead, some of them demonstrate the necessity to connect the ‘relationship’ aspect with the concept of Guanxi and suggest that there is a difference between Chinese managers and Western managers in “demonstrating consideration” (Bond 1991). A combination of Guanxi behavior and Consideration may better reflect the relationship behavior for Chinese leaders. The forth hypothesis reads:

Hypothesis 4: Leaders with a combination of higher Initiation, higher Consideration, and higher Guanxi are the most effective, as perceived by their subordinates.

CHAPTER III METHODOLOGY

I. Setting and Sample

Fifteen KFC restaurants in Beijing participated in this research. The number of personnel at each restaurant ranged from 20 to 150. From this number, fifteen were randomly surveyed for this study. My Chinese friend, who is currently a Master's student at Chinese Academy of Social Sciences, helped me conduct this survey in Beijing. With help from the managers at these restaurants, he chose fifteen subordinates at each restaurant and gave them questionnaires written in Chinese. Altogether 225 (15 X 15) questionnaires were distributed and 166 subordinates filled out the questionnaires during their breaks at work. The respondent rate of this survey was 74 percent. The numbers of the subordinates who responded to this survey at each restaurant ranged from 9 to 14 out of 15.

Among these 166 subordinates, 62 are males; 67 are females; and 37 did not report their sex. Twenty nine respondents are less than 20 years old; 82 are between 20 and 29; 28 are between 30 and 39; 4 are between 40 and 49; 2 is above 50; and 21 did not report their age. Fifty three respondents report that years of work at KFC are less than 1 year; 38 report that years of work at KFC are more than 1 year but less than 2 years; 40 report that years of work are more than 2 years; and 35 did not report years of work at KFC. Questionnaire research is not common in China and respondents are always worried about their identifications being exposed. On the questionnaires of this survey, it was clearly stated that the answers from the respondents were confidential. However, some subordinates still left the sex, age and years of work questions blank and some subordinates even did not hand in their questionnaires.

II. Nature of the Questionnaires

In the questionnaires, ten items are designed to measure leadership effectiveness and 30 items measure leadership behaviors (10 for Guanxi, 10 for Initiation Structure and 10 for Consideration). Each question is a short statement. Subordinates are asked to rate the statements regarding their managers by using a five-point scale: 1) always, 2) often, 3)

occasionally, 4) seldom, and 5) never. Some demographic questions including age, sex and years of work at KFC are also contained in the questionnaires.

1) Leadership/Managerial Effectiveness

Definitions of leader effectiveness differ broadly from researcher to researcher, as do the criteria used to measure leadership effectiveness (Yukl 1994). Much research on leadership effectiveness considers production as the “hard” indicator for leadership efficiency; and subordinates’ performance, job satisfaction, and commitment as the “soft” indicators. Because KFC restaurants do not release any information related to productivity, this study uses “soft” indicators including job performance, group cohesiveness, overall leadership effectiveness, to measure managers’ effectiveness.

The leadership effectiveness items are taken from the Science Research Associations (SRA) Attitude Survey, which measures employee attitudes toward the work environment (Miller 1991). Ten items, which measure employee attitudes toward their bosses are used from the SRA Attitude Survey, to measure leadership effectiveness. These ten items are: 1) he (the boss) gets employees to work together as a team; 2) he lets his people know exactly what is expected of them; 3) he is an ineffective leader; 4) he keeps putting things off; he just lets things ride; 5) he knows very little about his job; 6) he has the work very well organized; 7) he is too interested in his own success to care about the needs of employees; 8) he sees that his people have the things they need to do their jobs; 9) he has always been fair in his dealing with his people; and 10) he is an effective leader¹. The number of subordinates who responded to this scale is 166. The Cronbach’s Alpha reliability for this scale in my survey is .8195.

¹ The pronoun “he” is used in the questionnaire because it is not offensive to use this word to cover both male and female in the Chinese language.

2) *Leadership/Managerial Behavior*

Leadership/Managerial behavior refers to the particular acts in which a leader engages during the interaction with his subordinates in the organizational life. In questionnaire research on leadership in the Western organizations, the most widely used behavior categories have been Consideration and Initiating Structure, which are measured by some version of the Ohio State leadership questionnaires (e.g., Bass 1990). Consideration includes items dealing with leader supportiveness, friendliness, consideration, praise for subordinate achievement, etc., whereas Initiating Structure includes items dealing with goals clarification, job performance, problem solving, etc.

This study uses Initiation Structure to indicate Chinese managers' task-oriented behavior. From the previous discussion in the literature review, Chinese managers' relationship-oriented behaviors have both emotional and utilitarian elements. The emotional aspect is similar to Consideration whereas Guanxi covers the utilitarian aspect. A combination of Consideration and Guanxi will be used to indicate relationship-oriented behavior for Chinese managers.

The results of an orthogonal factor analysis using the varimax rotation for all the original 30 items from Initiation, Consideration, and Guanxi scales shows seven factors (see Appendix A). Some items are loaded on more than one factor. In order to find out which items are the better items to measure each of these three scales, it is necessary to conduct individual factor analysis for each scale.

Initiation Structure Scale

The ten items, used to measure Initiation Structure, are taken from the revised Form XII of the Leadership Behavior Description Questionnaire (LBDQ—XII). Stogdill (1963) developed LBDQ—XII to measure the Ohio State leadership behavior dimensions—Initiation Structure and Consideration (Schriesheim and Stogdill 1975). The ten items measuring Initiation Structure are: 1) he (the manager) makes his attitudes clear to the group; 2) he assigns group members to particular tasks; 3) he schedules the work to be done; 4) he maintains definite standards of performance; 5) he encourages the use of uniform procedures; 6) he asks that his people follow standard rules and regulations; 7) he

lets his people know what is expected of them; 8) he decides what shall be done and how it shall be done; 9) he makes sure that his role in the restaurant is understood by his people; and 10) he tries out his ideas with the group. The result of an orthogonal factor analysis for this scale is presented in Table 3.1.

Based on the result of this analysis, the original Initiation scale is revised. The revised scale includes 6 items (IS1, IS2, IS3, IS4, IS5, and IS7). The number of the subordinates who responded to this scale is 166. The Cronbach's Alpha reliability for this scale is .7913.

Consideration Scale

The ten items which measure Consideration also are taken from the revised Form XII of the Leadership Behavior Description Questionnaire (LBDQ—XII) (Schriesheim and Stogdill 1975). These ten items are: 1) he does little things to make it pleasant to be a member of the group; 2) he keeps to himself; 3) he refuses to explain his actions; 4) he acts without consulting the group; 5) he treats all group members as his equals; 6) he is willing to make changes; 7) he is friendly and approachable; 8) he puts suggestions made by the group into operation; 9) he gives advance notice of changes; and 10) he looks out for the personal welfare of group members. . The result of an orthogonal factor analysis for this scale is presented in Table 3.2.

Based on the result shown in Table 3.2, the original Consideration scale is revised. The revised scale includes 5 items (C5, C6, C7, C9, and C10). The number of the subordinates who responded to this scale is 166. The Cronbach's Alpha reliability for this scale is .7457.

Guanxi Scale

Because there is a very limited amount of empirical information about Guanxi, a

Table 3.1: Varimax Rotated Factor Matrix for the 10 Initiation items

Items	Factor 1	Factor 2	Factor 3
IS1*	.69744	-.07369	-.03071
IS2*	.65017	-.04713	.44051
IS3*	.79557	.21663	.08733
IS4*	.58496	.31294	.13115
IS5*	.58623	.42249	.24342
IS6	.03205	.56968	.48453
IS7*	.56645	.42613	.16607
IS8	.08636	-.12737	.84409
IS9	.15196	.83444	-.13239
IS10	.23374	.36117	.60093

Final Statistics for the Initiation Scale

<u>Factor Number</u>	<u>Eigenvalue</u>	<u>% of Variance</u>
1	3.71559	37.2
2	1.17666	11.8
3	1.05540	10.6

* items which are chosen for the revised scale

Table 3.2: Varimax Rotated Factor Matrix for the 10 Consideration Items

<u>Items</u>	<u>Factor 1</u>	<u>Factor 2</u>	<u>Factor 3</u>
C1	-.37222	-.69741	-.06805
C2	.12372	.80763	-.04438
C3	-.04710	.42845	.78316
C4	.02023	.77009	.19863
C5*	.71658	.16876	.19097
C6*	.74677	.17744	-.02013
C7*	.67177	.33294	.02659
C8	.41520	-.03776	.63646
C9*	.60809	-.13257	.51556
C10*	.62971	.00593	.33772

Final Statistics for the Consideration Scale

<u>Factor Number</u>	<u>Eigenvalue</u>	<u>% of Variance</u>
1	3.62056	36.2
2	1.61408	16.1
3	.96991	9.7

* items which are chosen for the revised scale

scale was constructed to measure this concept. This 25-item scale, found in Appendix B, was pretested using 26 Chinese students at Virginia Tech. All of these students had at least one-year working experiences in China before they come to Virginia Tech. Respondents used to pretest the Guanxi scale were asked to rate 25 statements regarding the latest managers they had worked in China. Based on Principal Component factor analysis of the pretest data, ten of the 25 items were selected which best measure Guanxi and have high face validity and reliability. These ten items are: 1) those are promoted by him (the manager) are those who are good at dealing with Guanxi; 2) he has a bunch of sworn followers; 3) he is concerned about face-saving; 4) many people in your restaurants know his hobby additions, for example, go fishing, sampling wines, and collecting antiques; 5) conducting personal Guanxi is one of the most important channels for him to bring benefit for the whole restaurant; 6) when he meets personal troubles, his people always try to help him out; 7) his behavior reflects that an effective leader should keep good Guanxi with his subordinates; 8) he always goes to a restaurant or a bar with his colleagues after work; 9) his behavior reflects that “friends first, business second”; and 10) he returns favor for favor. This ten-item Guanxi scale was used in the questionnaires which were distributed to 225 subordinates working at KFC in Beijing. An orthogonal factor analysis for this ten-item Guanxi scale was conducted by using the data which was collected from 166 respondents at KFC in Beijing. The result reads in Table 3.3.

Based on the result of the factor analysis, the original Guanxi scale is revised. The revised Guanxi scale has 5 items (G1, G2, G5, G6, and G7). The number of the subordinates who responded to this scale is 166. The Cronbach’s Alpha reliability for this scale is .7220.

III. The Results of Factor Analysis for the Revised Scales

The result of an orthogonal factor analysis for the three revised scales is presented in Table 3.4.

From the above Table, only three Initiation items are loaded on factor 3 (Initiation), one Initiation item is loaded on factor 1(Consideration), one Initiation item is loaded on both factor 1 and 3, and one Initiation item are loaded on all the three factors.

Table 3.3: Varimax Rotated Factor Matrix for the 10 Guanxi Items

Items	Factor 1	Factor 2	Factor 3
G1*	.65398	.34432	-.01117
G2*	.72696	.14571	-.04072
G3	.16080	-.11925	.61110
G4	.13516	.71971	-.09736
G5*	.69231	-.28308	.17231
G6*	.58269	.37241	-.11656
G7*	.71015	.20315	.07718
G8	.23704	.65407	-.06085
G9	.11748	.38741	-.56595
G10	-.06894	.50058	.68252

Final Statistics for the Guanxi Scale

<u>Factor Number</u>	<u>Eigenvalue</u>	<u>% of Variance</u>
1	2.88768	28.9
2	1.38670	13.9
3	1.10810	11.1

* items which are chosen for the revised scale

Only two Consideration items are loaded on factor 1, one Consideration item is loaded on all the three factors, and the other two Consideration items are loaded on factor 2 (Guanxi). Only three Guanxi items are loaded on factor 2, and the other two Guanxi items are loaded on factor 1. The result of the above factor analysis suggests that Initiation, Consideration, and Guanxi are not distinctive leadership behaviors for Chinese managers at these restaurants based on the perceptions of the 166 subordinates surveyed. Moreover, Guanxi and Consideration have too much in common. Some possible explanations for these findings will be discussed in the fifth chapter of this thesis.

VI. Analytical Procedure

The present study employs the following statistical methods to test four hypotheses: paired T-tests, bivariate regression, and multiple regression. The first hypothesis is tested by using one-way paired T-test in which Guanxi and Consideration are paired (Guanxi-Consideration). The second hypothesis is also tested by paired T-test in which Guanxi and Initiation are paired (Guanxi-Initiation). These two hypotheses are:

H1: Subordinates will report that their managers exhibit more Guanxi behavior than Consideration behavior.

H2: Subordinates will report that their managers exhibit more Guanxi behavior than Initiation Structure behavior.

The third hypothesis is tested by using bivariate regression analysis, which is a regression of Y on X. Guanxi is the independent variable while leadership effectiveness is the dependent variable.

H3: The more Guanxi behavior subordinates report that their managers exhibit, the more effective they perceive their managers to be.

In order to make full use of the data, the forth hypothesis is tested by using multiple regression. This hypothesis reads:

H4: Leaders with a combination of higher Guanxi, higher Initiation, and higher

Table 3.4: Varimax Rotated Factor Matrix for the Revised Scales

Items	Factor 1	Factor 2	Factor 3
IS1	.10932	.04767	.59362
IS2	.62480	.08813	.40368
IS3	.16971	.22895	.77533
IS4	.21752	.23327	.63651
IS5	.48570	.30854	.37299
IS7	.48059	.14128	.50368
C5	.69155	.30723	.13022
C6	.64021	.31597	-.01015
C7	.40239	.42786	.44226
C9	.43584	.63515	-.22826
C10	.13239	.72891	.15709
G1	.22971	.67514	.23204
G2	.40495	.54238	.26589
G5	.61545	-.11694	.30881
G6	-.00611	.76283	.26111
G7	.61432	.30579	.28063

Final Statistics for the Revised Scales

<u>Factor Number</u>	<u>Eigenvalue</u>	<u>% of Variance</u>
1	6.18336	38.6
2	1.46353	9.1
3	1.08274	6.8

Consideration are the most effective, as perceived by their subordinates.

The dependent variable in this hypothesis is leadership effectiveness and independent variables are Guanxi, Consideration, and Initiation. Before doing regression, correlation analysis will be conducted to examine the possible presence of multicollinearity.

CHAPTER IV RESULTS

I. Variables and Summary Statistics

Table 4.1 reports frequencies of all the variables used in the analyses.

Generally, respondents in this survey perceived their managers as moderately effective, giving them an average score of 3.696 (A score of 1 means the very ineffective leaders, while a score of 5 means the extremely effective leaders). About 90 percent of the leadership effectiveness scores reported by the subordinates were higher than 3.00. Respondents also perceived that their managers often exhibited Initiation behavior and regularly exhibited Consideration and Guanxi behaviors. About 83 percent of the respondents gave their managers Initiation scores of more than 3.00; about 70 percent gave Consideration scores of more than 3.00; and about 69 percent gave Guanxi scores of more than 3.00.

Correlations of leadership effectiveness scales and the three types of leadership behaviors scales —Initiation scale, Consideration scale, and Guanxi scale—are shown in Table 4.2.

Based on the result of the above analysis, Initiation, Guanxi and Consideration have strong positive relationships with leadership effectiveness. Moreover, all these relationships are statistically significant. High correlations among Initiation, Consideration, and Guanxi are also found ($P < .000$).

II. Presentation of Empirical Results

Analysis of the intercorrelations between the three scales used to measure leadership behavior indicates that these measurements were not perceived to be empirically distinct by the subjects surveyed. This finding contradicts the literature

Table 4.1 Frequency Table of Variables*

<u>Variables</u>	<u>Mean</u>	<u>Std Dev.</u>	<u>Range</u>
Leadership Effectiveness	3.696	.617	2.3-5
Initiation	3.780	.737	1.2-5
Consideration	3.524	.710	1.6-5
Guanxi	3.495	.705	1.2-5

*All the variables are coded as:

1-never 2-seldom 3-occasionally 4-often 5-always

Table 4.2: Pearson's Correlation Matrix for Leadership Effectiveness and Leadership

Behaviors Scales

	Effectiveness	Initiation	Consideration
Initiation	.711***		
Consideration	.621***	.623***	
Guanxi	.628***	.677***	.723***

*** p<.000

review, which illustrates that they are theoretically distinct leadership behavior (e.g., Bass 1990; Smith and Wang 1996). However, further analysis to test those four hypotheses by using the empirical data may still be worthwhile since the tradition in the leadership research suggests that these behaviors are distinct behaviors.

Analyses for the First Two Hypotheses

The first two hypotheses are concerned with whether or not Guanxi is the leadership behavior most frequently exhibited by the managers at those KFC restaurants, as perceived by the subordinates.

H1: Subordinates will report that their managers exhibit more Guanxi behavior than Consideration behavior.

H2: Subordinates will report that their managers exhibit more Guanxi behavior than Initiation Structure behavior.

In order to test these two hypotheses, paired-T tests were performed. The results of these analyses may be seen in Table 4.3 and Table 4.4.

The results of the above analyses suggest that Guanxi is the least frequently used leadership behavior by the managers at KFC restaurants in Beijing. Table 4.3 Shows that Consideration (with a mean of 3.524) is perceived by the subordinates as a slightly more frequently used leadership behavior than Guanxi (with a mean of 3.495). However, this conclusion is not statistically supported because the p value is .236. Initiation (with a mean of 3.780) is the more frequently used leadership behavior than Guanxi (with a mean of 3.495) and this conclusion is statistically supported ($p < .000$) (see Table 4.4). Therefore, the second hypothesis is not supported. In sum, based on the data collected from the survey at KFC in Beijing, managers do not exhibit more Guanxi behavior than either Initiation or Consideration behavior, as perceived by their subordinates. This finding is of particular interest for the present study and will be discussed in the next chapter.

Table 4.3: T-test for Paired Guanxi and Consideration

	Mean	SD	Paired Differences			One-Tail Sig.
			Mean	SD	95% CI of the Difference	
Pair Guanxi	3.495	.705				
–			-.030	.527	(-.110, .527)	.236
Consideration	3.524	.710				

Table 4.4: T-test for Paired Guanxi and Initiation Structure

	Mean	SD	Paired Differences			One-Tail Sig.
			Mean	SD	95% CI of the Difference	
Pair Guanxi	3.495	.705				
–			-.286	.580	(-.375, .580)	.000
Initiation	3.780	.737				

Analysis for the Third Hypothesis

The third hypothesis was proposed to test the relationship between Guanxi and leadership effectiveness.

H3: The more Guanxi behavior subordinates report that their managers exhibit, the more effective they perceive their managers to be.

Bivariate regression was conducted to test this hypothesis. The result of this analysis may be seen in Table 4.3.

As may be seen in the above Table, the Beta coefficient for Guanxi is .550 and the Sig T is .000. Subordinates in those restaurants perceive that Guanxi is positively related to leadership effectiveness. The result is in the predicted direction and the original hypothesis is statistically supported.

Analysis for the Forth Hypothesis

The last hypothesis is proposed in order to find out which type of the leader, as perceived by subordinate, is the most effective leader at KFC restaurants.

H4: Leaders with a combination of higher Guanxi, higher Initiation, and higher Consideration are the most effective, as perceived by their subordinates.

Multiple regression was performed to test this hypothesis. The result is shown in the Table 4.6.

As may be seen in the above Table, each of these three types of leadership behavior has its own effect on leadership effectiveness. The strongest predictor of leadership effectiveness is Initiation (Beta = .396). Following this is Consideration (Beta = .189). This is followed by Guanxi (Beta = .132). Among these three predictors, Initiation has the strongest effect in determining leadership effectiveness, while Guanxi is the least effective. In sum, Initiation, Consideration, and Guanxi are all positively related to leadership effectiveness, with p values lesser than .05. The forth hypothesis is

Table 4.3: Regression Analysis of Guanxi and Leadership Effectiveness

<u>Predictor Variable</u>	<u>Beta Coefficient</u>	<u>T</u>	<u>One-Tailed Significance</u>
Guanxi	.550	10.341	.000
<u>Multiple R</u>	<u>R Square</u>	<u>D.F.</u>	<u>Significance</u>
.628	.395	1	.000

Table 4.6: Regression Analysis of Guanxi, Consideration, Initiation and Leadership Effectiveness

<u>Predictor Variable</u>	<u>Beta Coefficient</u>	<u>T</u>	<u>R</u>	<u>One-Tailed Significance</u>
Guanxi	.132	1.832	.395	.034
Initiation	.396	6.487	.505	.000
Consideration	.189	2.806	.386	.006

<u>Multiple R</u>	<u>R Square</u>	<u>D.F.</u>	<u>Significance</u>
.752	.566	3	.000

statistically supported.

As also noticed in the above Table, the R square numbers for the Guanxi model, the Initiation model, and the Consideration model are .395, .505, and .386 respectively. Among these three models, the Initiation model is the most powerful one to indicate leadership effectiveness. However, the R square for the leadership behavior model in this hypothesis--a combination of all these three types of leadership behavior--is .566. Therefore, this model is the best model to indicate leadership effectiveness. In another words, these three types of leadership behavior are all strong predictors for leadership effectiveness.

Some Demographic Factors and Variables

One sample T-test is conducted to see whether sex makes any difference in the way subordinates at the restaurants rate leadership behavior and leadership effectiveness. The result is presented in Table 4.7.

Based on the result of this analysis, sex does not make any difference in determining subordinates' perceptions of Initiation, Consideration, Guanxi, and leadership effectiveness because the significance values are all above .05.

One-way ANOVA is conducted in order to see whether respondents' ages influence their perceptions of leadership behavior and leadership effectiveness. The result is presented in Table 4.8.

Table 4.8 suggests that age does not make any difference in subordinates' perceptions of Initiation, Consideration, Guanxi, and leadership effectiveness because all the p values are more than .05.

One-way ANOVA is also conducted to see whether length of service at KFC has an effect in determining subordinates' perceptions of leadership behavior and leadership effectiveness. The result is presented in Table 4.9.

Table 4.7 One-way T-Test for Sex

	Sex	N	Mean	Sig.
IS	1*	62	3.81	.998
	2*	67	3.76	
CONSID	1	62	3.59	.630
	2	67	3.52	
GUANXI	1	62	3.56	.950
	2	67	3.47	
EFFECTIV	1	62	3.72	.101
	2	67	3.79	

1*--Male 2*--Female

Table 4.8 One-way ANOVA for the Influence of Age

	Age	N	Mean	Sig.
IS	1*	29	3.68	.480
	2*	82	3.86	
	3*	28	3.66	
	4*	4	3.71	
	5*	2	4.33	
CONSID	1	29	3.50	.822
	2	82	3.59	
	3	28	3.45	
	4	4	3.40	
	5	2	3.20	
GUANXI	1	29	3.54	.835
	2	82	3.53	
	3	28	3.38	
	4	4	3.50	
	5	2	3.60	
EFFECTIV	1	29	3.87	.138
	2	82	3.77	
	3	28	3.48	
	4	4	3.60	
	5	2	4.00	

(Table is continued on the next page)

1*--less than 20 years old 2*--equal or more than 20 years old but less than 30 years old

3*--equal or more than 30 years old but less than 40 years old

4*--equal or more than 40 years old but less than 50 years old

5*-- equal or more than 50 years old

Table 4.9 One-way ANOVA for the Influence of Length of Service

	Year	N	Mean	Sig.
IS	1*	53	3.55	.028
	2*	38	3.90	
	3*	40	3.92	
CONSID	1	53	3.50	.287
	2	38	3.68	
	3	40	3.44	
GUANXI	1	53	3.39	.444
	2	38	3.52	
	3	40	3.57	
EFFECTIV	1	53	3.70	.421
	2	38	3.85	
	3	40	3.68	

1*--Less than 1 year

2*--equal or more than 1 year but less than 2 years

3*--equal or more than 2 years

From the above Table, it is noticed that length of service does not make any difference in the way that subordinates perceive Consideration, Guanxi, and leadership effectiveness because the p values are more than .05. However, length of service does make a difference in subordinates' perceptions of Initiation ($p=.028$). In another words, the longer subordinates work at KFC, the more Initiation behavior they report that their managers exhibit.

Finally, one-way ANOVA is conducted to see whether there is a significant difference among restaurants in the way that subordinates rate their managerial behavior and effectiveness. The result is presented in Table 4.10.

From the above Table, all the p values are more than .05. Therefore, there is no significant difference among restaurants in subordinates' perceptions of Initiation, Consideration, Guanxi, and leadership effectiveness.

Table 4.10 One-way ANOVA for 15 Restaurants

Restaurant		N	Mean	Sig.
IS	1	12	3.97	.063
	2	11	3.29	
	3	11	3.61	
	4	14	4.04	
	5	9	4.33	
	6	10	3.76	
	7	11	3.85	
	8	11	3.74	
	9	12	3.62	
	10	10	3.48	
	11	11	3.81	
	12	11	3.64	
	13	10	4.25	
	14	11	3.45	
	15	12	3.90	

(Table is continued on the next page)

Restaurant	N	Mean	Sig.
CONSID 1	12	3.59	.189
2	11	3.45	
3	11	3.75	
4	14	3.59	
5	9	3.87	
6	10	3.36	
7	11	3.50	
8	11	3.38	
9	12	3.40	
10	10	3.42	
11	11	3.40	
12	11	3.04	
13	10	4.14	
14	11	3.48	
15	12	3.58	

(Table is continued on the next page)

Restaurant		N	Mean	Sig.
GUANXI	1	12	3.37	.071
	2	11	3.20	
	3	11	3.53	
	4	14	3.76	
	5	9	4.02	
	6	10	3.54	
	7	11	3.77	
	8	11	3.51	
	9	12	3.15	
	10	10	3.30	
	11	11	3.30	
	12	11	3.28	
	13	10	3.98	
	14	11	3.35	
	15	12	3.48	

(Table is continued on the next page)

Restaurant		N	Mean	Sig.
EFFECTIV	1	12	3.78	.359
	2	11	3.61	
	3	11	3.74	
	4	14	3.53	
	5	9	4.12	
	6	10	3.65	
	7	11	3.79	
	8	11	3.78	
	9	12	3.48	
	10	10	3.52	
	11	11	3.83	
	12	11	3.54	
	13	10	4.00	
	14	11	3.39	
	15	12	3.80	

CHAPTER V SUMMARY AND DISCUSSION

I. Summary of Findings

In the present study, a three dimensional Chinese leadership behavior model—Initiation, Consideration, and Guanxi—is depicted. The frequencies of exhibits of these three types of leadership behavior are tested in the first two hypotheses. Contributions of

these three types of behavior to leadership effectiveness are also tested in the third and the forth hypotheses. Two findings pertaining to hypotheses are summarized in the following paragraphs.

1. Subordinates perceive that Initiation is the most frequently exhibited leadership behavior by their managers, whereas, Guanxi is the least frequently exhibited leadership behavior. In another words, subordinates at those 15 KFC restaurants report that their managers spend more time helping employees clarify their jobs, regulate the work process, and lead them to reach organizational goals, rather than building both emotional or utilitarian relationships with employees.
2. Initiation, Consideration, and Guanxi all have their own impact on leadership effectiveness. All of them are positively related to leadership effectiveness. In another words, subordinates rate those managers who have higher Initiation, higher Consideration, and higher Guanxi scores as the most effective.

Another significant finding is related to leadership behavior scales. According to the empirical data, Initiation, Consideration, and Guanxi are not distinct leadership behaviors. Instead, they are highly associated with each other. This finding undermines the foundation of the hypotheses because the hypotheses are proposed on the condition that all these three types of leadership behaviors are distinct behaviors. Therefore, this study has no confidence to generalize any conclusion related to the hypotheses.

I. Interpretation of Results

As is pointed out in the third Chapter of this thesis, one of the most crucial findings

of this thesis is that Initiation, Consideration, and Guanxi are overlapping leadership behaviors. There are some possible explanations for this finding.

First of all, as some researchers including Smith, Misumi, Tayeb, Peterson, and Bond (1989) stress the overlap of task and relationship behaviors. They argue the distinction between task and relationship behaviors may not be firmly drawn in all cultures including the Chinese culture. For Hong Kong managers, many 'task' behaviors are seen as having implications for interpersonal relationships, and 'interpersonal relationship' behavior, as having implications for task performance within the work group. For instance, 'talking about immediate work problems' is seen as relevant to interpersonal relations, and 'spending time with one's superior socially' is seen as relevant to task behavior (Smith and Wang 1996). According to the above explanation, both task behavior and relationship behavior are not easily distinguishable for many Chinese subordinates.

Second, Guanxi may explain the existence of this blurring boundary between task behavior and relationship behavior in Chinese organizations. The Confucian view of interpersonal relationships/Guanxi binds managers and subordinates together through reciprocity: the recipient of a favor should return a favor. A leader may motivate employees to work harder by exhibiting Guanxi behavior, for example, distributing personal favors to them. "The subordinate is obliged to reciprocate, by contributing extra effort at work, if the superior has gone out of his or her way to treat the subordinate well" (Hui and Tan 1996:375). The leader's Guanxi behavior indicates a demand for better job performance from the subordinates. In another words, the leader's Guanxi behavior is indirectly associated with the Initiation behavior as described in Western managerial scholarship. As the "parent" of the organizations (Hui and Tan 1996), the leader is also obliged to fulfill his dual responsibilities of taking care of their employees' personal matters at work and working on productivity on an organizational level. This dual obligation binds leaders' task and consideration requirement through Guanxi behavior in Chinese organizations.

Third, reviewing the items for Initiation, Consideration, and Guanxi scales may also provide some information about the overlapping characteristics for these three

leadership behaviors. For example, the seventh Consideration item “he (the manager) is friendly and approachable” is loaded on all the three factors—Initiation, Consideration, and Guanxi. One explanation of this Consideration item loading on Guanxi can be that subordinates are more likely to seek for friendly and approachable leaders to build Guanxi. The reason that this Consideration item loads on Initiation can be that a friendly leader is more likely to create an easy and pleasant working environment for the subordinates, thus motivating them to improve their work performance. Actually, in many Chinese organizations, being friendly and approachable has become a popular managerial strategy for motivating employees to work harder. The strategy of the “iron wrist” is becoming less common.

According to the factor analysis of the revised scales, it is very difficult to separate Guanxi from Consideration. As the literature review points out, exchanging favors is a popular method for initiating and maintaining Guanxi. However, in order to strengthen Guanxi, both parties involved may have to invest time to cultivate *ganqing* (the Chinese word for emotion) (Tsang 1998). *Ganqing* cannot be “bought” because it deals with true friendship, but not other utilitarian relationships. The managers at those KFC restaurants may have used some strategies to cultivate *ganqing* with the employees to enhance their Guanxi relationship. Therefore, subordinates may report that some emotional elements, which are of importance to Consideration, are embodied in Guanxi. This may be a reasonable explanation for the high correlation between the Consideration and the Guanxi scales.

Another explanation can be that perhaps there is no difference between Guanxi and Consideration. Guanxi is a Chinese term for relationship while Consideration is a Western term for relationship. When studying relationship-oriented behavior, Chinese literature focuses on the utilitarian part of this behavior while Western literature puts more emphasize on the emotional part of relationship. Different literatures emphasize different aspects of relationships, which may lead to an illusion that Guanxi and Consideration are different concepts. It is also possible that the present study did a bad job of measuring Guanxi, which leads to the high correlation between Guanxi and Consideration.

Another of the findings worth noticing in the present study is the failure to prove Guanxi as the most frequently exhibited leadership behavior at those restaurants. There are several explanations for this.

First, this finding may be true in some large-scale Chinese companies with complex levels of technology and organization. As Bond (1986: 254) points out, “Demands of scales and complexity push the Chinese managers towards a more Western style of management—delegating and formalizing” and “running the organization by traditional ways may result in chaos and decrease the satisfaction level of subordinates”. Accordingly, we expect that as a large-scale Western company, KFC in Beijing is changing from a Chinese leadership behavior style to a more Western one.

Second, KFC headquarters may have trained their Chinese managers through Western managerial training programs. Accordingly, those managers exhibit more Western managerial behaviors, including Initiation and Consideration. It is also possible that KFC headquarters give better performance evaluations to those managers who manage their restaurants in a more Westernized way. Therefore, managers at KFC are motivated to conduct Initiation and Consideration behaviors, and at the same time, to abandon the typical Chinese leadership behavior, Guanxi.

Third, as the “critique of Guanxi” in the second Chapter of this thesis points out, Guanxi is often criticized by many people who perceive that it has nothing to do with true friendship and credibility . KFC may have attracted employees who respond to the importance of Consideration but not Guanxi. This point may be partially supported by looking at Table 4.9, which shows whether length of service influences subordinates’ perceptions of leadership behavior and leadership effectiveness. According to this Table, the employees with less than one year working experience at KFC rate their managers with the lowest Guanxi score of 3.39. The employees with less than one year, or with more than one year but less than two-year working experience, rate their managers with higher Consideration scores of 3.50 and 3.68 respectively. The employees with more than two years working experience give their managers a lower Consideration score of 3.44.

III. Limitations of the Study

Attention will now be focused on the methodological limitations of the present study. As was previously mentioned, one of the major limitations of the study was the sample bias. Among 225 subordinates, 166 handed in their questionnaires. The respondent rate for this survey was only 74 percent. Among those who responded to the survey, 22 percent did not report their sex; 13 percent did not report their ages; and 21 percent did not report their length of service at KFC. In sum, the response rate and the quality of the response (missing data) are poor. In order to find out if non-response rates are significantly different at any of the 15 stores, the non-response rates for sex, age, and length of service at each restaurant are listed in Table 5.1.

According to the above Table, the non-response rates for sex, age, and length of service at restaurant 4, 5, and 14 are extremely high. In order to find out anything unusual happened at these restaurants, the original data of these three restaurants was reviewed. Compared with the managers at other 12 restaurants, only the managers at these three restaurants have received the lowest minimum leadership effectiveness scores of 2.3. A possible reason for the high non-response rates at restaurant 4, 5 and 14 can be that subordinates at these restaurants might be afraid that their managers would read their questionnaires in the future and find out who had given them negative evaluations on leadership effectiveness. Therefore, these subordinates might try to avoid answering some demographic questions including sex, age, and length of service through which their identifications would be exposed.

A related problem of questionnaire response bias is that some subordinates might not even have given true information on the questionnaires. Among those who have released information on their sex, age or length of service, some might have been afraid of indicating that their leaders were not effective. Instead, they might have given their managers higher scores than the scores they think their managers deserve for certain leadership effectiveness items on the questionnaires. Some subordinates might also have cheated on Initiation, Consideration, and Guanxi items. It is also possible that some of

**Table 5.1: Non-response Rates for Sex, Age, and Length of Service at Each
Restaurant**

Restaurant	Total Number of Respondents	Sex	Age	Length of Service
1	12	33%	25%	25%
2	11	18%	9%	9%
3	11	0%	0%	18%
4	14	57%	43%	64%
5	9	89%	22%	89%
6	10	20%	10%	10%
7	11	0%	0%	0%
8	11	0%	0%	0%
9	12	25%	0%	8%
10	10	20%	0%	10%
11	11	9%	9%	27%
12	11	0%	0%	0%
13	10	0%	0%	0%
14	11	55%	55%	55%
15	12	8%	8%	0%

those who report true information about managers did not release the true information about their ages, sex, or length of service. As was previously mentioned, questionnaires were done during the work breaks. Within a limited amount of time, some subordinates might not have enough time to finish questionnaires and some might have carelessly answered questionnaires. It is quite unknown how honest the respondents' answers are because of the above reasons.

There may be several ways to control the response bias for this survey. First, the data would have been better if respondents had taken their questionnaires home to fill out and mailed them in the mail later. At least, this would assure respondents that their managers have fewer opportunities to read their questionnaires. It also would guarantee respondents enough time to finish questionnaires. Second, re-sampling the 59 subordinates, who did not respond to the survey, might provide some important missing information. For example, a sub-sample could be drawn from those 59 subordinates, and questionnaires could later be distributed to them by mail. Pulling the data based on the sub-sample and the data based on the previous 166 respondents together, and weighting them properly may help to solve some of the response bias problems. Third, conducting personal interviews with some of those 166 subordinates who responded to the survey may help to know how honest their original answers to the questionnaires are and how bad the response bias is.

A related limitation confronting the present study was the relatively small sample size. A sample of 166 might not possess enough data information to conduct factor analysis and other statistical analyses for this study.

Another limitation involved the unsatisfying leadership behavior scales. The factor analysis of the revised scales as well as the original scales showed that Guanxi, Initiation, and Consideration were not distinctive leadership behaviors. There were high correlations among these three types of leadership behavior. A problem of multicollinearity existed. As Bohrnstedt and Knoke (1994: 300) state: "if high correlations (e.g., 0.80 or higher) occur among the predictor variables, then regression may risk multicollinearity that produces large standard errors". Even though the correlations among these three behaviors were

below 0.80 (see Table 4.2), the regression might still not be the proper statistical method to test the forth hypothesis. For these reasons, the findings of this study must be viewed with appropriate caution.

There are several ways to avoid these methodological problems in the future. First, enlarging the sample sites may help make the sample less biased. For example, one can collect data from different industries or different organizations with each industry. Second, strengthening communication and increasing credibility with respondents might help increase the respondent rate. This point may be of importance for the survey studies in China. Finally, using some statistical techniques to control the sample bias would also be helpful.

IV. Recommendations for Future Research

The current survey has examined the influence of several demographic factors including sex, age, and length of service on subordinates' perceptions of leadership behavior and leadership effectiveness. Sex and age have been found to make no difference in determining subordinate's perceptions. However, length of service has been found to make a significant difference in shaping the way in which subordinates rate Initiation. The future questionnaire research on Chinese leadership may need to put length of service into serious consideration. Some other factors including types of job and family background may also need to be considered. For example, the type of job in some way determines how close employees stay with their managers, therefore it may influence employees' perception of Consideration and Guanxi. Family background may also influence employees' perceptions about leadership styles. Employees' from bigger families may put more values on paternalistic or Guanxi-oriented leaders than those who are from small-sized families.

This study also points out two directions for future research. First, if Initiation, Consideration, and Guanxi are distinct leadership behaviors as described in the literature, then valid scales for these three types of behavior should be provided in future research. This study employs the Initiation and Consideration scales from previous work in Western

organizations. However, these scales do not work so well when used to describe Chinese managerial behaviors. The correlation of these two scales in this thesis is .623 (see Table 4.1). The reason for the failure of the Initiation and the Consideration scales in this study may involve with the cultural difference. The Initiation and the Consideration scales work well for leadership behaviors studies in Western literature, but they may not make too much sense when borrowed to describe Chinese leadership behavior. Therefore, it is necessary to develop new sets of Initiation and Consideration scales for Chinese leaders. Moreover, the development of an effective Guanxi scale should attract more attention in the future because of the limited empirical research on this issue. As is noticed in the third Chapter of this thesis, the Guanxi scale, which was derived from the pretest, crashed down in the survey at KFC in Beijing. The reason for the failure of the Guanxi scale could be the sample difference. For example, the respondents in the pretest were asked to rate the managers of the companies they had been worked for before they came to the United States. Their companies could be state-owned companies, which comprise more than 80 percent of the companies in China. However, KFC is a typical Western organization, which is different from Chinese state-owned companies in both organizational structures and managerial styles. There is also a time difference between the pretest and the survey in Beijing. The respondents in the pretest had been to the United States at least two years before they answered the questionnaires. In another words, they rated the managers who took the leadership position at least two years ago. However, the survey at KFC asked the respondents to rate the current managers. If there is a leadership transition from a typical Chinese style to a more Westernized one, a time difference should be put into consideration. Maybe the current managers are more Westernized than the managers who existed two years ago. Future study may also need to conduct factor analysis for the leadership behavior scales and the leadership effectiveness scale in order to find whether these scales are overlapping.

Second, if Initiation, Consideration, and Guanxi are not distinctive leadership behaviors, as the empirical data analysis of this thesis suggests, then a cautious review of the current literature, which demonstrates they are distinct leadership behaviors, becomes necessary. The contradiction between this empirical study and the current literature may

evoke more comprehensive studies on leadership behaviors in the Chinese context.

In order to find out if the interactive effects between Guanxi and Initiation (Guanxi*Initiation), between Guanxi and Consideration (Guanxi*Consideration), and between Initiation and Consideration (Initiation*Consideration) contribute to leadership effectiveness, the above three interactive terms were added. The original prediction equation, Leadership Effective= Guanxi+Consideration+Initiation, was thus expanded into three individual regression analyses. The forth interactive effect among Guanxi, Initiation, and Consideration (Guanxi*Initiation*Consideration) was also added to the original equation, along with the above three interactive terms (see Appendix D). Another regression analysis was thus conducted. The results of these four multiple regression studies suggested that only the interactive terms of Guanxi*Initiation and Initiation*Consideration had significant impact on leadership effectiveness. However, both of these analyses had small tolerance numbers and large Variance Inflation Factor numbers, which demonstrate the existence of a multicollinearity problem in the empirical data. Therefore, this thesis has no confidence to make any conclusion based on the above analyses. However, the following findings may still be true and future research may need to look at them. First, neither Guanxi nor Initiation by itself has an impact on leadership effectiveness. In another words, Initiation does not work at a low level of Guanxi and vice versa. Second, both Initiation and Consideration must be present for a high level of leadership effectiveness. This finding supports the High-High leader theory in Western literature, (e.g., Bass 1990) which illustrates that the High-High leaders who have high scores for both Initiation and Consideration are the most effective.

Because of the limitations of this study, this thesis may not be able to provide satisfying answers to all the questions related to Chinese leadership behaviors. For example, this study suggests that Initiation, Consideration and Guanxi are highly correlated with each other (see Table 4.2). However, in the current literature, almost no empirical research deals with this three-dimensional Chinese leadership behavior. This makes the existence of a cause-effect relationship between these three behaviors is unclear. These three leadership styles may empirically be highly intercorrelated but they are conceptually distinct. If, theoretically, there is no cause-effect relationship between these

three behaviors, and all these behaviors are independent and parallel concepts, then the possible explanation for the cause of these three leadership behaviors could be leaders' personalities. From a social psychological perspective, personalities may be an independent variable that determines how much Guanxi, Consideration, or Initiation leaders exhibit; and these behaviors have effects on leadership behavior. Future research on Chinese leadership behavior may need to consider this issue.

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APPENDIX A

Varimax Rotated Factor Matrix for the 30 Leadership Behavior Items

Items	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor6	Factor7
IS1	.26184	.09496	-.03231	-.09255	.12298	.65988	-.06902
IS2	.56590	.03570	.06980	.42316	-.06206	.37601	.02292
IS3	.80220	.00874	.05272	.10379	.07004	.21253	.01952
IS4	.70062	.08588	.00527	.08009	-.04647	.01477	-.00721
IS5	.57240	.28604	.00958	.13551	.25661	.10824	.27721
IS6	.16088	.22383	-.12647	.17757	.05791	.04645	.79187
IS7	.70550	.15870	.00889	-.02248	.26684	.13231	.02294
IS8	.16611	.06454	-.07188	.76321	-.05775	.07157	.09149
IS9	.39876	.36047	-.13283	-.33857	.37980	-.32031	.12984
IS10	.37340	.22431	.17916	.58152	.35107	-.18362	.04732
C1	-.16272	-.18091	-.76314	-.06670	.13612	-.07568	-.09771
C2	.20963	-.01441	.74079	-.05183	-.12139	-.02351	.24492
C3	-.01759	.11572	.51064	-.18815	.49774	.31909	-.10361
C4	-.04412	.02830	.80058	.09103	.09799	-.06392	-.16307
C5	.55585	.40547	.25103	.17138	.11335	.13361	-.12717
C6	.27781	.25418	.24956	.63823	.30752	.01759	.11910
C7	.45871	.25641	.41453	.25306	-.02825	.32451	.11133
C8	.19291	.48117	.08885	-.06317	.44502	.21782	-.16708
C9	-.01326	.59693	.02942	.23576	.40010	.23191	-.04637
C10	.06170	.71126	.14259	.11004	.15280	.17352	.12843
G1	.43965	.66762	.02828	.02595	-.06340	.06744	.05020
G2	.37553	.48497	.07142	.26102	.18909	.14548	-.19916
G3	.09440	-.03084	-.67305	-.19303	-.05326	.13017	.24642
G4	.29228	.35347	-.10708	.22999	-.07056	-.00515	-.58913
G5	.34387	.17273	-.09746	.11779	-.04707	.65826	.20882
G6	.14375	.65780	.10882	.32863	.09145	-.02658	-.00953
G7	.57696	.46560	.15677	.14503	.03520	.22856	-.19666
G8	.07687	.74666	-.00414	.00423	-.1264	-.06822	.06269
G9	-.05633	.22595	.16849	.71506	-.27258	-.03451	-.17576
G10	.13471	.01333	-.11303	.00387	.75681	-.20902	.11978

(Table is continued on the next page.)

<u>Factor Number</u>	<u>Eigenvalue</u>	<u>% of Variance</u>
1	8.22328	27.4
2	2.86463	9.5
3	2.12709	7.1
4	1.98765	6.6
5	1.47912	4.9
6	1.27628	4.3
7	1.14660	3.8

APPENDIX B

QUESTIONNAIRE FOR PILOT STUDY

(The original questionnaire is in Chinese. The following is the English translation of the questions appeared in the questionnaire.)

Please rate the following statement regarding the latest manager you had worked with before you came to the United States by using the following scale:

- | | | | |
|---------------------|-------------|----------------------|------------------------|
| 1. Strongly agree | 2. Agree | 3. Tend to agree | 4. Neutral/ No opinion |
| 5. Tend to disagree | 6. Disagree | 7. Strongly disagree | |

1. He finds all kinds of excuses to invite his people to go out for dinner.
2. Those who are promoted by him are those who are good at dealing with Guanxi.
3. He has a bunch of sworn followers.
4. Many people pay New Year calls to him.
5. He spends most of his time dealing with Guanxi rather than does his real job.
6. He is concerned about face-saving.
7. Many people in your restaurants know his hobby addiction, for example, go fishing, sampling wine, and collecting antiques.
8. When he meetss personal troubles, his people always try to help him out.
9. He gets promotion by using of Guanxi.
10. He solves organizational conflicts by using Guanxi.
11. He always goes to a restaurant or a bar with his colleagues after work.
12. His behavior reflects that an effective leader should keep good Guanxi with his subordinates.
13. It is easy for those who have good Guanxi with him to get promotion.

14. His behavior reflects that “friends first, business second.”
15. He conducts Guanxi for utilitarian purposes but not for real friendship.
16. He always complains that he is stuck in the Guanxi web and cannot pull himself out.
17. He returns favor for favor.
18. He is loyal to his friends.
19. He gives out bonus at the end of the lunar New Year.
20. He treats those who have Guanxi with him differently with those who do not have Guanxi with him.
21. Conducting personal Guanxi is one of the most important channels for him to bring benefit for the whole restaurant.
22. He tries all kinds of ways to build and maintain good Guanxi with his people.
23. He spends his work hours dealing with Guanxi.
24. His people think that he is trustworthy.
25. He has a powerful Guanxi web.

APPENDIX C

QUESTIONNAIRE FOR SUBORDINATES

(The original questionnaire is in Chinese. The following is the English translation of the questions appeared in the questionnaire.)

Please provide the following information so that we may better evaluate our results;
Please write your responses in the lines or space provided. Your answer will be confidential, and your participation is highly appreciated.

1. How old are you?

1) <20 2) 20-29 3) 30-39 4) 40-49 5) >50

2. What is your gender?

1) male 2) female

3. What is your job title? _____

4. How long have you been in this position? _____

5. How long have you been in this restaurant? _____

(Optional)

6. What kind of leaders do you think are effective?

7. Do you have any suggestions or comments regarding this survey?

Please rate the following statement regarding to the manager at your restaurant using the

following scale:

1. Always 2. Often 3. Occasionally 4. Seldom 5. Never

1. He makes his attitudes clear to the group.
2. He assigns group members to particular tasks.
3. He schedules the work to be done.
4. He maintains definite standards of performance.
5. He encourages the use of uniform procedures.
6. He asks that his people follow standard rules and regulations.
7. He lets his people know what is expected of them.
8. He decides what shall be done and how it shall be done.
9. He makes sure that his role in the restaurant is understood by his people.
10. He tries out his ideas with the group.
11. He does little things to make it pleasant to be a member of the group.
12. He keeps to himself.
13. He refuses to explain his actions.
14. He acts without consulting the group.
15. He treats all group members as his equals.
16. He is willing to make changes.
17. He is friendly and approachable.
18. He puts suggestions made by the group into operation.
19. He gives advance notice of changes.
20. He looks out for the personal welfare of group members.
21. Those are promoted by him are those who are good at dealing with Guanxi.
22. He has a bunch of sworn followers.
23. He is concerned about face-saving.
24. Many people in your restaurants know his hobby additions, for example, go fishing, sampling wines, and collecting antiques.
25. Conducting personal Guanxi is one of the most important channels for him to bring benefit for the whole restaurant.

26. When he meets personal troubles, his people always try to help him out.
27. His behavior reflects that an effective leader should keep good guanxi with his subordinates.
28. He always goes to a restaurant or a bar with his colleagues after work.
29. His behavior reflects that “friends first, business second.”
30. He returns favor for favor.
31. He gets employees to work together as a team.
32. He lets his people know exactly what is expected of them.
33. He is an ineffective leader.
34. He keeps putting things off; he just lets things ride.
35. He knows very little about his job.
36. He has the work very well organized.
37. He is too interested in his own success to care about the needs of employees.
38. He sees that his people have the things they need to do their jobs.
39. He has always been fair in his dealing with his people.
40. He is an effective leader.

APPENDIX D

Some Important Equations:

1. Leadership Effectiveness = Guanxi + Consideration + Initiation + Guanxi*Initiation

2. Leadership Effectiveness = Guanxi + Consideration + Initiation + Guanxi*Consideration

3. Leadership Effectiveness = Guanxi + Consideration + Initiation + Initiation*Consideration

4. Leadership Effectiveness = Guanxi + Consideration + Initiation + Guanxi*Initiation +
Guanxi*Consideration + Initiation*Consideration + Guanxi*Initiation*Consideration

Vita

Li Feng was born on May 16, 1974 in Hunan, P. R. China. She received her B.A. degree in English from the Central University for Nationalities in July of 1996. In August 1996, Ms. Feng came to Virginia Tech as a graduate student. Since then, she has been a member of the master's program in the Department of Sociology, serving as a graduate assistant, and working on her thesis since July 1997.