Leadership Theories:

What Corporate Leaders in China Can Learn

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Introduction

Corporate leaders in the 21st century should have the capacity and capability to comprehend, embrace, and adapt to changes in order to survive and thrive.[1] Throughout history, leaders are generally accustomed to changes and there is no doubt that those who are more capable of dealing with ups and downs have a better chance of getting through disastrous upheavals. In this new information age, changes in the market place and in the extensively diverse workforce appear to happen even much faster over a short period of time. In this sense, the ability to react and adapt to change is one of the key characteristics of a 21st century leader.[2]

A 21st century leader must be able to manage a team of people from different cultural backgrounds, in terms of different nationalities, ethnicities, gender, and age. The purpose of this paper is to investigate and analyze the following three leadership theories in the backdrop of the 21st century.

  1) Transformational leadership theory

  2) Situational leadership theory

  3) Team leadership theory

Last but not the least, this paper also discusses how these theories can render insights and guidance for business leaders in China. Being faced with an increasingly complex and multifaceted social, culture, and economic environment, corporate leaders in China, both Chinese natives and foreign investors, can adjust and ameliorate their management mechanism.

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Mr. Pinos initiated the idea of leadership theories and constructed the leadership model. Ms. Li applied the theories and model to the Chinese situation and did the subsequent editing and writing in the final section.

[1] Forester, R. & Kaplan, S, *Creative Destruction: Why companies that are built to last under-perform in the market- and how to successfully transform them*. New York: Currency, 2001.
[2] Brown, S. L. & Eisenhardt, K. M., "The Art of continuous Change: Linking Complexity Theory and Time-paced evolution in Relentlessly shifting organizations", Administrative Science Quarterly, 42, 1-34, 1997.

Leadership Characteristics Dealing with Changes

Throughout history leaders have evolved to manage a number of causes and critical needs. A few exemplars include Simon Bolivar, Napoleon, Julius Cesar, John F. Kennedy, Martin Luther King, Sister Theresa, and so forth. In Chinese history, there have been such leaders too: Emperor Qing, Regis Khan, Mao Zedong and Deng Xiaoping. These people, regardless of their race, gender, religion, or nationality, demonstrated extraordinary courage in conquering hardship and in making historically influential changes within their system or society. Despite the different levels of success that they achieved, each of them had a burning aspiration for success, along with a well-established, long-term strategy to realize that ambition.

A vision can be defined as a desirable prospect of a system or organization in a number of years ahead. In other words, a vision is a direction where a leader wants to take his followers to go while maintaining or even streamlining the system of their values and management. In the late 1970s, Chinese leader Deng Xiaoping carved out the overarching guidelines of the economic reform that has been keeping its strong momentum since then. They include "one core central point", that is, economic growth, and "two basic supporting points", that is, communist regime and reforming policy. These guidelines are the vision that steers the direction of the economic reform and construction.

Meanwhile, changes occur constantly and leaders need to be able to accommodate them and make adjustments. Good leadership is not all about hard work; it is about how to stay ahead of a curve, to have the foresight and prudence on how to minimize negative impacts when turmoil comes about. To a certain extent, the best way to overcome changes imposed by external forces is to make internal changes to adapt to a new situation.

However, one may ask "why do organizations find it hard to tackle changes?" Is it because the leader of the organization has been unable to make changes accordingly, or is it that their employees refuse to change which results in the failure to make changes in the organization[3]? Gersick[4] asserted that the leaders and the employees can interact and make adjustments that will eventually affect team performance, but they cannot make an overall alteration to the organization's deep-rooted structure. A source that may or may not drive actions is fear, when individuals are under fear, they may lose control over a situation. For example, fear of losing one's job. This in turn contributes to preventing employees from participating in significant system changes[5].

On the other hand, however, a true leader recognizes early on that changes cannot be the "in-thing" to do nor can they be "temporary repairs." Changes could be noteworthy if leaders take their time to plan, motivate and reward their followers, and become part of the successful

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[3] Romanelli, E. & Tushman, M. L., "Organizational Transformation as Punctuated Equilibrium: An Empirical Test", Academy of Management Journal, 37 (5), 66-1141, 1994.

[4] Gersick, C. J. G., "Revolutionary Change Theories: A Multilevel Exploration of the Punctuated Equilibrium Paradigm", Academy of Management Review, 16 (1), 10-36, 1991.

[5] Ibid.

execution plan. A model currently being utilized for implementing changes is Sink's [6] Performance Improvement Planning Process (PIPP).

Before exploring the theories about driving changes, one must define leadership. Leadership was described by Yukl[7] as "influencing task objectives and strategies, influencing commitment and compliance in task behavior to achieve these objectives, influencing the culture of an organization". In other words, leaders should influence the behaviors of their followers to obtain a communal mindset and action.

According to Deming[8] and many other contemporary scholars, leadership in an industrial field needs to come from the top leaders of the organization. Deming further expanded to include the fact that leaders need to have statistical knowledge, the ability to utilize psychology effectively and full knowledge scope of the information about the organization.

A number of scholars have pointed out the need for leaders to acquire some key skills that can enable them to maintain efficacy of their leadership and to successfully challenge fluctuations[9], Daly[10] identified the following nine specific characteristics of a successful leader:

1. Respect: Leaders must respect other members of their team to gain their respect as well.

2. Trust: This is a very important characteristic. Trust takes some time to gain and can be lost instantly. Leaders earn the trust by the way they behave with their teams and how they act with integrity and honesty.

3. Vision: A leader must have the ability to see how his organization will look in the future, and have a good understanding how the mission of the organization will lead to the vision and goals.

4. Self-confidence: Leaders should know when to maximize their strengths and minimize their weaknesses. Leaders are open and honest to themselves and others.

5. Communication: Leaders need to be able to listen patiently and articulate their thoughts with clarity and efficiency. The ability to motivate his team at the right time is essential.

6. Enthusiasm: Leaders must have the passion for what they do and the ability to share the enthusiasm with the team.

7. Feedback: Leaders must be able to give feedback to members of the team and recognize their accomplishments in a sincere and timely manner.

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[6] Sink, D. S., "TQM: The Next Frontier or Just Another Bandwagon to Jump on?" QPM-VPC Virginia Tech, 7 (2), 3-20, 1991.

[7] Yukl, G. A., *Leadership In Organization*. Englewood Cliffs, NJ: Prentice Hall, 1989, p.253.

[8] Deming, W. E., *Out of the Crisis.* Cambridge, Mass:MIT Press, 1982.

[9] Kouzez, J. & Posner, B., The Leadership Challenge, 3rd Ed. San Francisco, CA: Jossey-Bass, 2003.

[10] Daly, N., "Characteristics that Count: Nine Leadership Traits that Translate to On-Target Actions", Association Management, 55 (4), 49, 2003.

8. Commitments: Leaders must fulfill their commitments. Effective leaders are always ready to take responsibilities for their own actions.

9. Nurturing new leaders: Leaders have the ability to identify and foster new leaders, through mentoring on a regular basis.

Moreover, the following capabilities are highlighted by Kouzes and Posner[11] :

1. Being capable of creating a shared vision by projecting an image of the future outlook of the organization. Leaders should be able to steer the organizational transformations to a state of equilibrium. Development in a corporate setting needs savvy strategic planning that sets specific short or long-term goals for the organization's progressive path. In this endeavor, leaders should play a key role in carving out this blueprint.

2. Being capable of setting standards of excellence and serving as the exemplar for others to follow. Kouzes and Posner [12] called this characteristic "model of the way." Being as an example is much more convincing for followers so as to have them act in tune with the leader.

3. Being capable of braving the challenges. Leaders are bearing more responsibilities than followers in a time of hardship. Good leadership entails the ability to take risks and change the *status quo*.

4. Being capable of encouraging followers to move toward the same goal. Everyone on the team, including both the leader and the followers, is an integral part of the whole effort. Without closely-knit collaboration and camaraderie, individual's strength will not add up to a team level. In this cause, leaders play an indispensable role in grouping individual's potential.

5. Being capable of motivating the followers. This is what Kouzes and Posner[13] called "encourages the heart", which means to recognize the contributions that every member makes and celebrate their accomplishments.

Leadership is far more than managing. A competent manager does not necessarily make a good leader. Whereas managers tend to simply focus on microscopic issues and might not always be able to envision the long-term picture of an organization's advancement, leaders emerge from a process of mastering their own aptitude, which has been accumulated in the process of conquering conflicts by using internal strength.

Leadership is based upon a common thread between the forerunner and the followers by the same moral and emotional commitments. A critical element in leadership is the ability to catalyze the intrinsic leadership power to create benefit for the entire organization[14].

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[11] Kouzez, J. & Posner, B., op cit.
[12] Ibid.
[13] Ibid.
[14] Zaleznick, A., "What makes a leader?" Success, June, 42-45, 1989.

One key characteristic of a 21st century leader is to be able to manage an assorted team, which features cultural and regional distinctions, and to have the notion that such diversity ultimately adds value to the organization. Diversity awareness is important in the work place. For example, a leader with higher awareness on diversity issues will be more likely to recognize institutional racism[15] in the work place. Recent studies in the US showed that by the year 2010 minorities will make up about 34% of the American population. The subsequent significance lies far beyond the numbers. The need for a 21st century leader to supervise a diverse group of people has increased considerably. Not to mention the leaders who direct multinationals that cut across a number of diverse employees as a result of a proliferation of diversity programs implemented by such corporations[16].

Examining Three Contemporary Theoretical Foundations

Theories about leadership have existed for a long time. Even in ancient times effective leadership exhibited some common features. Plato in the <u>Republic</u> and Machiavelli with his publication of the <u>Prince,</u> both contributed greatly to the notion of leadership by providing advice and guidance about how to become an effective leader. Traditional leadership is revolving and unilateral command that one person directs and others follow[17]. Moreover, a more contemporary definition relates it to self-confidence and the ability to influence others by having a strong belief in their own values, characteristics of a typical charismatic leader. Moving into the 21st Century, most scholars have agreed that cognitive, emotional and interpersonal skills are key characteristics implanted in individual values that are reflected by the following three contemporary theories.

Transformational Leadership Theory

Transformation leadership theory is one of the contemporary theoretical foundations in both the 20th and the 21st centuries. According to Bass[18], transformational leadership is defined as a process that changes and transforms individuals and even the environment. This process concerns values, ethics, emotions, which are relevant to the mission and vision of the organization.

This theory[19] suggested four characteristics of a successful leader: (a) dominance, (b) self-confidence, (c) need for influence, and (d) conviction of moral righteousness. While Bass[20] futhered explained the four dimensions of transformational leadership: "(a) idealized influence/ charisma, (b) individualized consideration, (c) inspirational motivation, and (d) intellectual stimulation."

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[15] Neville, H. A., Lilly, R. L., Duran, G., Lee, R. M., & Browne, L., "Construction and Initial Validation of the Color-Blind racial Attitudes Scale (CoBRAS)", <u>Journal of Counseling Psychology</u>, 47, 59-70, 2000.

[16] Govindarajan, V., & Gupta, A. K., *The Quest for Global Dominance*. San Francisco, Ca: Jossey-Bass, 2001.

[17] Ryan, J., "Leadership and Diversity: Establishing and Maintaining Relationships with School Communities", <u>Orbit</u>, 30 (1), 6-25, 1999.

[18] Bass, B. M., <u>Transformational Leadership: Industry, Military, and Educational Impact</u>. Mahawah, NJ: Lawrance Erbaum, 1998.

[19] Tichy, N. & Devanna, M., *The Transformational Leader*. New York, NY: Wiley, 1986.

[20] Bass, B. M. <u>op</u>. <u>cit</u>., p.12

Transformational leaders have a vision and then work on the goals to achieve the vision they have created, which is what Bass [21] referred to as idealized influence or charisma. By providing support, coaching and encouragement to the followers, leaders will be able to emphasize individualized consideration. By spelling out a vision, leaders will be able to intellectually inspire their followers and accentuate self-reflection, intelligence and new creative ways of solving problems. Leaders are expected on some occasions to make predictions and/or estimate about some future events.

The transformational leaders motivate their followers [22] by: (a) raising their follower's consciousness about the importance of outcomes, (b) showing the value of collective focus over that of individual focus, and (c) meeting the workers' needs so that they value challenges, responsibilities, and growth.

According to Bass [23] and Avolio [24], the most important transformational characteristics are inspirational influence and motivation, which also comprise the basic components of charisma and also the key attribute of a transformational leader. When leaders are perceived charismatic, followers tend to admire and hold them as role models. Leaders communicate and encourage enthusiasm[25]. Transformational leaders motivate and inspire followers by providing meaningful guidance and exciting tasks that are fully aligned with the vision and mission of the organization. Also, the ability to mentor and train members of the team is considered as a priority for transformational leadership[26].

Situational Leadership Theory

The situational leadership theory was considered by Hersey and Blanchard [27] as an important "change leadership" theory. Basically the situational leadership theory affirms that rather than a fixed form, the leadership is changing depending on the situation. This theory is founded based on the following dimensions:

1) How often the leader gives instructions. This is often referred to as "task behavior." The leader is inclined to make one-way communication with each follower in terms of how, when and where a particular task is expected to be completed.

2) How often the leader spends time communicating with each of the followers. This is referred to as a "relationship behavior." In this process, the leader tries to establish a two-way communication manner in order to complete a given task.

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[21] Ibid.

[22] Northouse, P. G. *Leadership: Theory and practice.* Thousand Oaks, CA: Sage Publications, 2004.

[23] Bass, B., Leadership and Performance beyond Expectations. New York, NY: Free Press, 1985.

[24] Avolio, B. J., Full Leadership Development: Building the Vital Forces in Organizations. Thousand Oaks, Ca: Saga, 1999.

[25] Awamleh, R., & Gardiner, W., "Perceptions of leader Charisma and Effectiveness: The Effects of Content, Delivery, and Organizational Performance", Leadership Quarterly, 10, 345-373, 1999.

[26] Ibid.

[27] Hersey, P. & Blanchard, K., *Management of Organizational Behavior-how to use the Situational Leadership Mode*. Englewood Cliffs, NJ: Prentice-Hall, 1982.

3) The maturity level of the followers on a specific task serving a certain objective. Hersey and Blanchard [28] argue that obtaining maturity is one of the skills that the leader has to acquire in order to set high standards and achievable objectives and to take responsibility for the team.

Northouse[29] further indicated situational leadership emphasizes both directive and supportive components and each component will need to be applied in different circumstances. This takes into account the employee skills, competence and motivation changes. Effective leaders are the ones that can recognize the needs of their employees and match their leadership styles to meet the needs of the followers[30].

Blanchard proposed a leadership model that can further elaborate the situational leadership theory. Basically this model is constructed based on the idea that employees move back and forth along a developmental continuum depending on the emphasis on the supportive or directive behaviors.

Team Leadership Theory

The team leadership theory concentrates on the issue of what makes a team efficient.[31] Basically this theory provides the insight of how effective the leader can be through the interpersonal relationships between the leader and the team members. The primary goal of this theory is to examine how leaders create and handle effective teams. Leaders in the new age are more likely to get things done by working with effective teams and organize their work around self-managing teams. [32] [33]Currently more and more teams are operating on a virtual basis, in which most members are geographically separated and thus the teams have greater autonomy over their work arrangement. [34] Research has also shown that virtual leaders can have positive impact on the efficiency of a team. [35]

According to Northouse[36], most scholars agree on two key components of leadership: (a) task function: leaders help the group accomplish their task, and (b) maintenance function: Leaders keep the group maintained and functioning. Most scholars referred to these two components as team performance and team development. Team performance refers to the ability of the team to get the job done, making the right decision in a timely manner, solving complex problems, adapting to changes, and achieving the goals and objectives of the team. Meanwhile,

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[28] *Ibid.*

[29] Northouse, P. G. Leadership: Theory and practice. Thousand Oaks, CA: Sage Publications, 2004.

[30] Ibid.

[31] Hersey, P. & Blanchard, K., *Management of Organizational Behavior-how to use the Situational Leadership Mode*. Englewood Cliffs, NJ: Prentice-Hall, 1982.

[32] Cascio, W. F., "Whither Industrial and Organizational Psychology in a Changing World of Work?" American Psychologist, 50, 928-939, 1995.

[33] Manz, C., 7 Sims, H., Business Without Bosses: How Self-Managing Teams are Building High Performance Companies. New York: Wiley, 1993.

[34] Cohen, S. G., Chang, L., & Ledford, G. E., " A Hierarchical Construct of Self Management Leadership and its Relationships to Quality of Work Life and Perceived Work Group Effectiveness", Personal Psychology, 50, 275-308, 1997.

[35] Hackman, J. R., "Leading Teams: Setting the Stage for Great Performance", Boston: Harvard Business School Press, 2002.

[36] Northouse, op.cit.

maintaining or developing the team involves the ability of the leader to provide the right coaching, solve interpersonal problems, create a positive environment, satisfy team members' needs and develop an espirit de corps[37]. These two functions are connected and interdependent.

The primary goal of this theory is to examine how leaders create and handle effective teams. Leaders in the new age are more likely to get things done by working with effective teams and organize their work around self-managing teams. Currently more and more teams are operating on a virtual basis, in which most members are geographically separated and thus the teams have greater autonomy over their work arrangement.

Team leaders provide solutions by streamlining the functions of the team. [38] There are a number of behavioral examples of a team leader that include supporting the self management of the teams [39] by providing feedback to the team and facilitating and coaching the team.[40]

Potential Model for a 21st Century Leader

Overall, the 21st century leader will investigate the customer's needs and provide the customer with multiple options. The leader will shape the marketplace by comprehending and analyzing the customer information and requirements. The process underlying knowledge acquisition consists of a combination of practices, where practice is defined as the coordinated activities of individuals and groups in doing their work in a group context.[41]

It is important that the model for a successful leader examine not only the leader who is interfacing internally with the team members, but the need to develop a model that takes the external factors into consideration. Given this premise, it is important for a leader and his followers to keep themselves abreast of new knowledge and information. The methods of gathering information may include interacting with vendors, attending seminars and conferences, reviewing journals, and supporting research consortia.

The leader will need to develop a mechanism for valid information distribution. Information distribution practices vary contingent upon the degree of centralization of coordinating structures. Coordinating structures include the decisions on new business and technologies and the dissemination of information.[42] In this information age, information gets disseminated rapidly and it thus entails the leaders to make decisions based on the right information.

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[37] Ibid

[38] Zaccaro, S. J. , Rittman, A. L. & Marks, M. A., "Team Leadership", Quarterly, 12, 451-483, 2001.

[39] Cohen, S. G., Chang, L., & Ledford, G. E., op cit.

[40] Wageman, R., "How Leaders Foster Self-Managing Team Effectiveness: Design Choices versus Hands-on Coaching", Organization Science, 12 (5), 559-577, 2001.

[41] Cook, J. and Brown, J. S., "Bridging Epistemologies: The Generative Dance Between Organizational Knowledge and Organizational Knowing", Organization Science, 10 (4), 381-400, 1999.

[42] Dougherty, D., Organizing for Innovation. In S. R. Clegg, C. Hardy, & W. R. Nord, (Eds.), Handbook of Organizational Studies. (pp. 424-439). Thousand Oaks: Sage publications, 1996

Sometimes leaders will consider execution to be part of the tactical end of the business, something leaders may assign to others while they focus on the perceived "larger" issues. This idea may not accurately reflect the true picture. Execution is not just tactics; instead, it is a set of disciplines and systems. It needs to be part of the overall company's strategy, vision, mission, and culture. And a 21st century leader must be deeply engaged in this activity, rather than delegating its substance. Many corporate business leaders consume a large amount of time taking classes, getting executive training and disseminating the latest management techniques. But the failure of these leaders to flawlessly execute what they have learned will actually defeat the purpose of all the training they have taken. These types of leaders build houses with shallow foundations.

On the other hand, organizations do not execute unless the right people, individually and collectively, focus on the right details at the right time. A leader must place execution at the top of the priority list, along with training, motivating, inspiring, and leading subordinates through the progress of their projects. Most leaders appear to have an instinct for execution but very few of them fully utilize this skill. Most leaders reach the top either because of their political relationship or their perceived credentials as good managers but many have trouble in converting the vision and mission of their organization into executable goals. For example, Compaq CEO Eckard Pleiffer was able to combine the power of Windows operating system with Intel's rapid innovation. He augmented Compaq market presence through various acquisitions but in the end was unable to execute his strategy. Then, Michael Dell emerged, who had a revolutionizing vision for direct sales/build-to-order strategy and was able to carry out his strategy. Consequently Dell surpassed Compaq in profits, sales, and overall market value.

Here is a graphic layout of the model that encompasses the elements that have been just discussed.
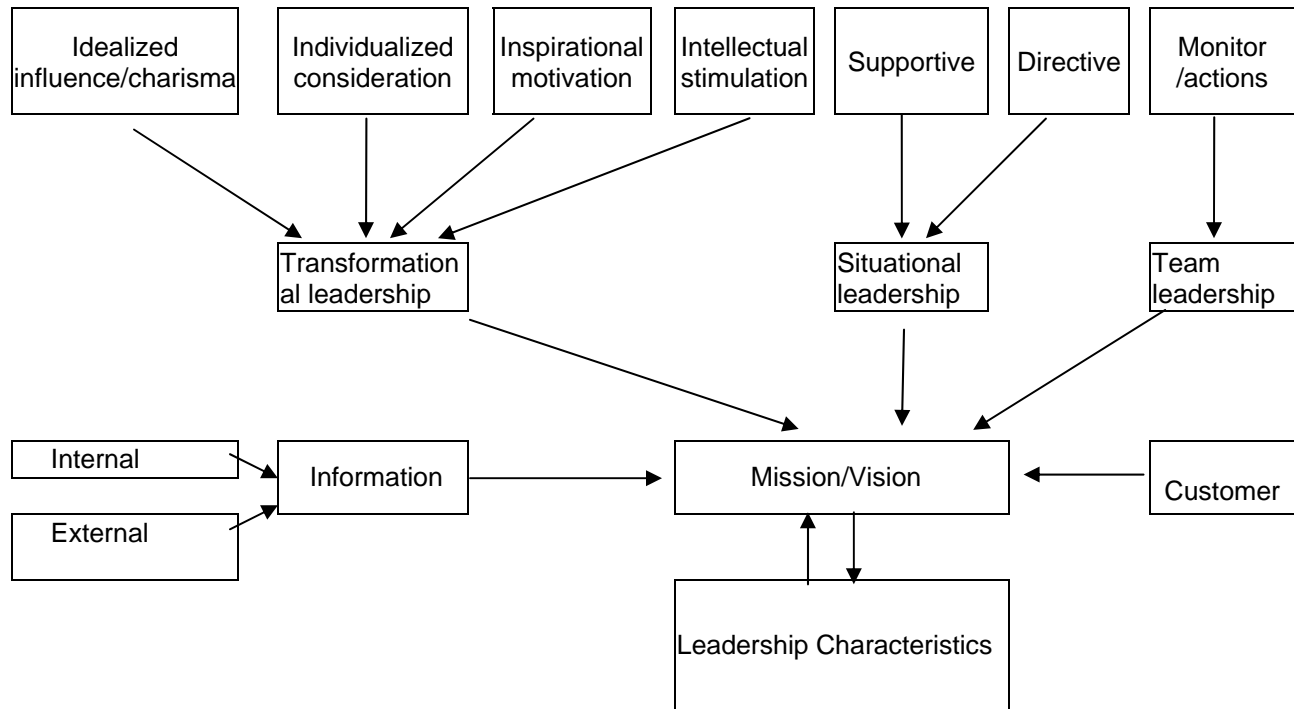
The following is a proposed model for the 21st century leader.

Part I

This section provides the fundamental perspectives for strategic decision-making. It provides the organizational values, mission, vision and high-level strategies, which define the direction the organization should be heading.

1- Develop a vision: The leader will take the lead to "picture" how the organization will look optimally in the future. In this sense, the vision statement will serve as a source of inspiration and a framework for all the strategy. By providing the optimal future of the organization, it answers the question: where does the organization want to go?

2- Develop a mission: The leader with the help of the team will outline a mission statement that describes the purpose of the organization, how the organization does business, and the desired level of performance. It answers the question: why does the organization exist?

3- Develop a strategy: The leader with the team will develop an organizational strategy within the context of the vision and mission. The strategies will leverage strengths to new products and services by using the knowledge and resources of the organization. It elaborates the issues on how to run healthy business and how to open new frontiers by utilizing strengths. The foundation of the strategy will be the personal values and conviction that everyone brings to the organizations, focusing on mission assurance,

quality, business excellence, effective supply chain management, customer satisfaction, employee retention, team members involvement and profitability.

Part II

In this section, the objective is spelled out in a way that the organization should be striving to attain in the future environment. It reflects the more traditional aspects of long-range planning and identifies the key strategic areas of interest and the related potential problematic issues as well. It delineates the organization's long-term objectives and also includes strategic action plans to achieve these objectives under the leadership in conjunction with team efforts and input from principal customers.

This segment of the strategic plan should focus on long-term planning. It should include a definition of the key strategic areas, the critical issue analysis, the long-term objectives and the content of strategic action plans.

Part III

This section lays out the tactical planning activities that are tied directly to the overall mission of the organization. Action plans should list the specific actions required to execute and accomplish the objectives. Finally, this section also foresees the major outcomes that the organization will achieve, which are associated with indicators of specific performance and actions in line with the organization goals.

This segment of the strategic planning should focus on the specific actions necessitated to achieve the goals in accordance with the vision support plan and the current business plan. It should include the major outcomes and critical issue analysis, key performance indicators and specific action plans to achieve the objectives.

A Guide for Corporate Leaders in China

China has been undergoing tremendous fundamental changes in almost every social sector. The social fabric and economic landscape have demonstrated increasing complexity and diversity. One of the fundamental changes is that China has been shifting from the centralized command economy to the market economy. In this circumstance, party leaders and government officials try to minimize their engagement in the economy and day-to-day operations, and at the same time, the business leaders have more leverage and authority in managing their enterprises. More recently, President Hu Jintao put forth an ideal of "harmonious society", urging Chinese people to build a more cohesive and compassionate environment for all. This is a remedy for easing the concern about the potentially seismic social tensions triggered by the disparity in the incomes of rich and the poor in the society, one of the results from the continuous double-digit economic growth for more than two decades.

After China's entry into the WTO, its economy has increasingly been connected to the world economy and system. In this new era, corporate leaders are confronted with new challenges and changes. Not only do they need to explore the state-of-the-art techniques in their

production and operation, but also they will have to reconsider their leadership styles and incorporate the new elements into it.

Learning from the western leadership theories and practices that have been set up by their counterparts could by and large benefit corporate leaders in China, because those theories can be well accommodated and adapted to the current situations in China. Moreover, based on the leadership theories, business leaders in China can also integrate their own indigenous experience as well as the Confucian ethics, which is the backbone of the Chinese traditional culture.

1- *Charisma*: The 21st century leader will practice combinations of transformational, situational and teaming leadership characteristics. The leader will exhibit a great deal of charisma to be able to articulate a compelling statement of mission that inspires and motivates followers.[43] The leader will recognize that people are the ones that make up the core of the organization and the team will respond if the leader has confidence in the team's strengths and ability to execute their projects.

2- *Integrity:* The leader will always take the high road by practicing the high ethical standards and honoring all commitments.

3- *Quality:* The leader will strive for continuous quality assurance and improvement and provide macro management on the team's output rendered to the customers.

4- *Customer satisfaction:* The leader will achieve customer satisfaction by understanding what the customers' needs are.

5- *Teaming:* Relationship built with members of the team is of paramount importance. The leader will learn, mentor and share ideas and information with the rest of the team. The leader will work together and encourage cooperative effort to execute projects, by utilizing the concept of relationship-centered leadership.[44]

6- *Diversity:* The leader recognizes the value that diversity brings to the team. The leader will understand that diversity enhances creativity and is necessary to enhance innovation throughout the enterprise.

7- *Civility:* The leader will ameliorate the work place and protect the environment. A leader will be involved in the communities and support all worthy causes that impact the society in a positive way.

8- *Innovation:* A leader will find risk management an integral part of doing business. A leader will keep their team motivated, inspired and focused by providing concrete purpose, prudent decision making, and effective incentives.

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[43] Bryman, A., *Charisma and Leadership in Organizations.* Sage Publications, Newbury Park, Ca.,1992.
[44] Barnett, K., McCormick, J., & Conners, R., "Transformational Leadership: Panacea, Placebo or Problem?" Journal of Educational Administration, 39, 24-36, 2001.

9- *Stakeholder value*: The 21st century leader must be able to generate superior returns on the assets entrusted by the shareholders.

10- *Adaptation*: A leader must be able to be adaptable and flexible in order to provide solutions to complex problems to keep the momentum. Charles Darwin in his research about evolution of the species once said: "It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is the most adaptable to changes."[45]

Conclusion

Westerners feel that China's ability to replicate the modern world is better than many other developing countries. However, in this headlong rush to urban capitalism, a neglect of cultural elements has been happening. For instance, the WTO treaty does not oblige China to undertake any social responsibilities. The recent massive toy recall indicated that corporate leaders in China should not simply accept globalization at face value; production and market are more and more likely to be connected on a global level.

The three leadership theories that have been discussed provided solid theoretical foundations for constructing a leadership model in the 21st century. Business leaders in China should not only adopt the theories based on the practices in the developed countries, but also incorporate traditional Chinese humanities to create new concepts. Most of those characteristics listed in the previous section are in tune with Confucian philosophy. In fact, attitudes in the society are changing to a more civilized one. For instance, the chain convenience store Big Buddies in Shanghai has participated in a government-sponsored program designed to provide job opportunities for the mentally challenged people from the ages 16 to 35. It also launched a citywide campaign that encouraged customers to shop there and to help people with disabilities. Many business leaders have begun to be aware that nurturing a sense of community and civilization really helps business to grow. Projecting a friendly and compassionate image sometimes outweighs pursuing fat profits. It is a time to match economic success with a comparable priority in terms of human agenda[46].

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[45] Charles Darwin as quoted in Haydn, H., & Fuller, E., <u>Thesaurus of Book Digests</u>. NY: Crown, 1949.
[46] Liu, M. Shanghai Softens Up. *Newsweek*. October 2, 2007.