Transformational Leadership Theory in the Chinese Context: Relevance and Limitations

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Abstract: *Transformational leadership theory has been widely recognized for its crucial role in effective management. However, its universal applicability across cultures has been questioned by some scholars. This paper evaluates the effectiveness of transformational leadership and analyzes its relevance in the current Chinese context. Furthermore, it examines the limitations of this leadership theory in Chinese business organizations. By exploring these factors, this paper contributes to a better understanding of the potential challenges and opportunities associated with applying transformational leadership in the Chinese business context.*

Keywords: *Transformational leadership, Four I's, Guanxi practice, Chinese context*

1. Introduction

Leadership is a critical factor in the success or failure of organizations, and managers must be aware of their leadership styles and their impact on team performance (Cheok and O'Higgins, 2013). According to Christensen (2009), leadership involves influencing and directing a team to achieve shared goals, and it requires leaders to have a significant impact on their team members. Leadership is a complex relationship between leaders and employees, where challenges and risks are inherent in the current business environment (Chen, 2005). Effective leadership is essential for success in any business setting, and one such style is transformational leadership (Hargis, Watt, and Piotrowski, 2011). Transformational leadership was first introduced by Burns and is defined as a process of elevating the morality and motivation levels of individuals (Gandolfi, 2012). According to Chen (2005), transformational leadership inspires employees by instilling a sense of purpose and moral values [1-5].

Transformational leadership has been widely studied in organizational contexts, with proponents highlighting its positive effects. However, critics have pointed out the potential limitations of the theory, particularly its assumption of universal applicability. As China has seen a rise in cross-cultural organizations due to its opening-up policy, it is important to examine the relevance and limitations of transformational leadership in the contemporary Chinese context. This paper aims to explore the applicability of transformational leadership theory in Chinese organizations, by examining its relevance and limitations in this context. Furthermore, it will assess the strengths and weaknesses of transformational leadership, analyze its suitability for adoption in Chinese business organizations, and propose potential strategies to overcome its limitations.

2. Literature review

Transformational leadership theory has been extensively studied and widely recognized as one of the most effective leadership styles in business organizations. This approach to leadership is believed to motivate employees through four dimensions known as the "four Is": charisma (idealized influence), inspirational motivation, intellectual stimulation, and individualized consideration. According to Dionne et al. (2004), leaders who adopt this style can create a harmonious and encouraging work environment that inspires employees to make meaningful contributions [6]. Additionally, transformational leaders are skilled at articulating their goals and expressing genuine concern for their subordinates.

However, it is important to consider the relevance and limitations of this theory in different cultural contexts, such as China. Zhu and Huang (2023) conducted a regression analysis on questionnaires from Chinese SMEs to test their hypothesis. They found that transformational leadership has a positive impact on ESG performance, and that organizational innovation partially mediates this relationship.

The study controlled for company ownership, size, industry, and years of employment [7]. While there is growing research interest in examining the applicability of this theory in the Chinese business environment, some scholars have raised concerns about the limitations of the theory in this context. One of the criticisms is that the theory neglects certain crucial behaviors, such as decision-making and cooperation. In an attempt to explore the behaviors of transformational Chinese leaders, Sheh (2002) conducted a study on Chinese family businesses and found that Chinese family wealth tends to not last beyond three generations. This observation provides a specific context for measuring the effectiveness of transformational leadership techniques in the Chinese business environment [8]. Similarly, Gao, Bai, and Shi (2011) examined the applicability of transformational leadership in Chinese family businesses and found that individualized consideration was the most effective in promoting employees' job responsibility [9].

However, it is important to note that the existence of a harmonious work environment in Chinese organizations has been called into question due to the high power distance between employees and their superiors. This power distance can lead to employees feeling pressure from higher authorities (Blunt and Jones, 1997; McElhatton and Jackson, 2012) [10,11]. As a result, the applicability of transformational leadership theory in the Chinese context may be limited by cultural factors and power dynamics within organizations. Further research is needed to explore the relevance and limitations of this theory in the Chinese business environment.

3. Introduction to Transformational Leadership

Transformational leadership is a leadership style that aims to create positive change in individuals and organizations by inspiring and motivating followers to transcend their self-interest for the greater good of the team and the organization (Simone, 2012). Transactional leadership uses rewards and punishments to motivate followers to achieve specific goals, while transformational leadership inspires followers to work towards a shared vision of success that goes beyond their individual self-interests. This leadership style is widely recognized as the most effective approach to leadership, as it fosters personal growth and development in followers, leading to better than expected outcomes (Cheok and Higgins, 2013). Transformational leaders motivate their followers through four key components: charisma, inspirational motivation, intellectual stimulation, and individualized consideration. These components help leaders to connect with their followers on a deeper level and create a sense of shared purpose and commitment to organizational goals (Charbonneau, 2004). However, while transformational leadership has been extensively studied in Western contexts, its relevance and limitations in the Chinese context remain a subject of debate [12-14].

4. The Four I's of Transformational Leadership Theory

Transformational leadership is a leadership style that aims to inspire and motivate followers to achieve their potential goals and exceed their expectations. The four key components of transformational leadership, known as the "Four I's," are as follows:

1) **Idealized Influence (Charisma):** This component of transformational leadership emphasizes the importance of a leader's personal characteristics, values, and beliefs in gaining the respect and trust of their followers. Transformational leaders are charismatic and inspire their followers to be their best selves.

2) **Inspirational Motivation:** Transformational leaders are skilled at creating a compelling vision of the future that inspires their followers to work toward a common goal. They create an optimistic working environment and foster a sense of commitment and dedication among their followers.

3) **Intellectual Stimulation:** This component of transformational leadership encourages followers to think independently and creatively. Transformational leaders act as mentors and coaches, guiding their followers to reflect on mistakes and problems in the working process and to come up with innovative solutions.

4) **Individualized Consideration:** Transformational leaders recognize that each of their followers is unique and has individual needs, characteristics, attitudes, and abilities. They tailor their leadership style to each follower, providing support and guidance that is customized to their specific situation.

Transformational leadership is a powerful tool for motivating and inspiring followers to achieve their potential and exceed their expectations. By embodying charisma, providing inspirational motivation, encouraging intellectual stimulation, and showing individualized consideration, transformational leaders can create a positive and productive work environment that fosters growth and success.

The adoption of transformational leadership in organizations has been shown to enhance competitiveness and team effectiveness, leading to a reliance on teamwork. The applicability of transformational leadership is believed to be universal, provided that leaders can adapt to different cultural contexts. Some experts even predict that leadership behavior will become globally integrated if a standardized approach can be developed. Compared to virtual teams, face-to-face teams tend to perform better due to their higher levels of transformational leadership, which leads to more interactions among team members and greater influence.

5. Potential Limitations of Transformational leadership

While transformational leadership is widely regarded as an effective leadership style, some scholars have pointed out potential limitations in its application. One concern is the emphasis on charisma as a foundational element of transformational leadership. Some scholars, such as Hinkin (1999), argue that the theory has not been adequately evaluated or developed beyond this focus on charisma [15]. Furthermore, there is limited empirical evidence supporting the effectiveness of charismatic leadership in all organizational settings. Additionally, the concept of charisma can be difficult to put into practice, particularly if a leader's personality or idealized influence is not easily perceived by employees due to limited interactions or lack of closeness.

Another potential limitation is that not all leaders may be able to adapt to the demands of transformational leadership immediately. Instead, leaders may need to engage in certain situations appropriately or search for a suitable circumstance to adjust their leadership styles. While the general concept of transformational leadership is well-elaborated, some scholars argue that certain influential behaviors, such as being obsequious, persuasive, rational, and cooperative, are not adequately represented in the theory.

These limitations include a potential over-reliance on charisma, limited empirical evidence, difficulty in practice, and the need for leaders to adapt appropriately. As with any leadership theory, it is important to consider these limitations when evaluating the effectiveness of transformational leadership in different contexts.

6. The application of Transformational leadership in China

6.1. Relevance in China

Transformational leadership has been found to have more similarities than differences across different cultures (Liden, 2012), making it a relevant leadership style for China [16]. Since 1979, China's economy has experienced rapid growth following its admission into the World Trade Organization. As a result, there has been a surge in the number of corporations, comprising family-run businesses and state-owned enterprises. Several studies have examined the impact of transformational leadership on Chinese organizations. For example, Gao, Bai, and Shi (2011) conducted a study of 186 Chinese family businesses and found that transformational leadership was successfully applied in these organizations. This suggests that the principles of transformational leadership can be adapted and applied to the Chinese context.

The application of transformational leadership theory in China poses both unique challenges and opportunities. One aspect of this leadership style that has proven effective in China is individualized consideration, as it has been shown to positively influence employees' sense of responsibility. In collectivist cultures such as China, subordinates tend to respond well to charismatic leaders who show a genuine interest in their individual needs and aspirations. The success of the Haier Group can be attributed to the Confucian transformational leadership of CEO Zhang Ruimin, which combines traditional Chinese Confucianism with Western transformational leadership theory. Confucian leadership is instrumental in shaping business management practices in China and is highly compatible with transformational leadership approaches (Hui, 2022) [17].

Furthermore, Chinese leaders have been noted for their exceptional entrepreneurship and business abilities, which has enabled them to win the support of their employees. This, in turn, reinforces the key behaviors of Chinese transformational leaders, including visionary leadership, a willingness to take risks, good moral character, and a belief in guanxi (relationships). In the Chinese context, guanxi plays a critical role in business settings, as it is believed that maintaining long-term reciprocity is essential for mutual benefits. Conte and Novello (2008) conducted investigations in state-owned and private enterprises in China and found that leaders tend to use compliments to maintain a harmonious climate, which is in line with the cultural value of protecting *face* and *guanxi* [18]. Additionally, Cheng et al. (2004) identified the influence of Chinese traditional culture on organizational behavior, particularly

the paternalistic management style prevalent in state-owned enterprises and the impact of Confucian philosophy on the attribute of power distance [19].

Research has also been conducted to assess the applicability of transformational leadership theory in China. Walumbwa et al. (2005) used a sample of 402 employees from China and India and found that transformational leadership has positive effects on job satisfaction and work-related outcomes, particularly in the context of the "iron rice bowl" system prevalent in China [20]. Moreover, Liu, Zhu, and Yang (2010) collected data from 191 Chinese employees in diverse organizations and found that employees were more willing to express their opinions under transformational leadership [21].

6.2. Limitations in China

Despite the relevance of transformational leadership theory in the Chinese context, there are also limitations. One limitation is the hierarchical nature of Chinese culture, which may hinder leaders' ability to fully engage in collaborative and participative aspects of transformational leadership. The collectivistic culture in China places a higher value on group harmony and conformity, which may result in a preference for leadership styles that prioritize these values over individual expression and creativity. This can pose a challenge for transformational leaders who encourage their followers to think independently and take risks.

Furthermore, the adoption rate of Transformational Leadership in Chinese organizations is relatively low when compared to more traditional styles such as transactional leadership and laissez-faire leadership. This is partly due to the hierarchical nature of Chinese society, where employees are expected to follow their superiors without questioning their authority. Moreover, Chinese employees may view the focus on individualized consideration, intellectual stimulation, and inspirational motivation as being overly Western and not in line with their cultural values.

Confucian classics, which emphasize hierarchy and obedience to authority, may create a barrier to the development of genuine harmony within organizations in China. McElhatton and Jackson (2012) suggest that China's high power distance and collectivism values may hinder the effectiveness of transformational leadership, as subordinates may not feel comfortable expressing their opinions to their superiors.

Hofstede's cultural dimensions suggest that Chinese society values hierarchy, which is evident in various organizations. While transformational leadership emphasizes intellectual stimulation and inspiring subordinates to voice their opinions, Chinese employees may carefully choose their words and tone to avoid offending higher authorities or causing them to lose face (Lam, Huang, & Lau, 2012) [22].

However, ethical and moral leadership could promote employee voice in China. When leaders are perceived as righteous, employees are more likely to express their opinions. Hartog et al. (1999) recognize that transformational leaders may appear powerful and assertive, but this may not be well-received in the Chinese context. Chinese employees prefer non-aggressive communication styles and are more likely to follow a humble leader. Furthermore, the use of exaggerated language or excessive praise may be viewed as immodest and go against Chinese cultural norms that value humility and action over talk [23].

While transformational leadership theory can be effective in the Chinese context, it is crucial to consider the unique cultural and societal factors that may affect its implementation. The hierarchical and collectivist nature of Chinese culture may pose challenges to the collaborative and participative aspects of transformational leadership. Leaders may need to adapt and contextualize transformational leadership to better suit their organizational and cultural context. Ethical and moral leadership may help promote employee voice in China, while humble and non-aggressive communication styles may be more effective than assertive styles.

7. Conclusion

In conclusion, the transformational leadership theory has been widely recognized as an effective leadership style in various contexts. However, its application in the Chinese context may face certain limitations such as the lack of empirical evidence, limited observation of followers, and environmental uncertainty for leaders. To address these limitations, future research should focus on measuring the effectiveness of transformational leadership in various situations and take into account cultural variables.

Despite the limitations, the transformational leadership style is still relevant in the Chinese context and can be beneficial for managers to adopt. Considering the low adoption rate of this leadership style,

it is essential for managers, expatriates, and practitioners in China to understand cultural variables by undergoing cross-cultural training to better implement this positive leadership approach.

Therefore, future research should strive to provide more empirical evidence and expand the understanding of the effectiveness of transformational leadership in the Chinese context. Furthermore, it is crucial to consider cultural variables and provide appropriate training to promote the adoption of transformational leadership among managers and leaders in China.

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