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East Asian wisdom and relativity

Inter-ocular testing of Schwartz values from WVS with extension of the ReVaMB model

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Abstract

Purpose – The purpose of this paper is threefold. First, the paper demonstrates how inter-ocular testing (looking at the data) of Schwartz values from world values study (WVS) provides a surprisingly different picture to what the authors would expect from traditional mean comparison testing (t-tests, analysis of variance (ANOVA)). Second, the authors suggest that the ReVaMB model can be applied to an East Asian philosophical perspective. Relativity, the authors argue, is a factor when East Asian wisdom, philosophies and ideologies (Confucianism, Taoism, Buddhism and Legalism) "drive" outcomes such as work ethic. Third, the paper serves as an editorial to a special issue in CCSM on East Asian wisdom and its impact on business culture and performance in a cross-cultural context. Common themes are Yin Yang, how different cultures deal with paradox, and Zhong Yong, with accompanying concerns of how to conceptualise and deal with balance of opposites.

Design/methodology/approach – The authors adopted ten variables of the Schwartz values scales used in the WVS and subjected them to principle components analysis to reduce the number of variables. The authors found a two-factor solution: one relating to personal material success and adventure and excitement; another relating to success and personal recognition. The authors labelled these factors as Altruism and Hedonism. The analysis is based on an overall sample of 84,692 respondents in 60 countries. In addition to traditional statistical testing, the authors conduct inter-ocular testing. The authors also suggest that the ReVaMB model can be applied to East Asian wisdom.

Findings – Three recommendations help to arrive at more accurate conclusions when comparing groups: the authors recommend to aspire to "consistent look and statistic". If the data distribution does not agree with the statistics, then the researcher should take a closer look. To avoid misinterpreting statistics and other analysis, the authors recommend inter-ocular testing, i.e. eyeballing data in a scientific fashion. The authors provide specific examples how to do that. The authors recommend to test for common-language effect size (CLE), and also recommend a new rule of thumb, i.e. a split of 60/40 as minimum difference to make any generalisation; 70/30 is worth considering. The rule of thumb contributes to better differentiation between real and "not real" differences.

Originality/value – The authors introduce two concepts: the "inter-ocular test", which simply means to "look at your data", and the Chinese word, 错觉 (Cuòjué) which roughly translates to "illusion", "wrong impression", or "misconception". This study argues against accepting simplistic averages for data analysis. The authors provide evidence that an inter-ocular test provides a more comprehensive picture of data when comparing groups rather than simply relying on traditional statistical mean comparison testing. The "word of caution" is to avoid premature conclusions on group comparisons with statistical testing alone.

An important point to make is a word of big thanks to Professor Rosalie L. Tung, Editor-in-Chief of CCSM. Rosalie is the first author’s long-standing mentor and friend, and has been instrumental in Chris’ career and publication Mantra. Chris concludes that from Rosalie, one learns true excellence. All three authors are most grateful for Professor Tung’s guidance on this special issue.
The authors also propose an extension of the original ReVaMB model from a confucian orientation to a broad East Asian philosophical perspective. Culture does determine attitudes and behaviour which in turn contribute to the shaping of cultures, depending on situation, context, location and time. The “context” for a situation to occur should be tested as moderators, for example, between East Asian wisdom (Confucianism, Taoism, Buddhism and Legalism) and behavioural or attitudinal dimensions such as work ethic.

**Keywords** Confucianism, Common-language effect (CLE), Inter-ocular testing, ReVaMB model, World values survey (WVS), Ying Yang, Cuòjué

**Paper type** Research paper

1. **Introduction**

The purpose of this paper is threefold. First, we demonstrate how inter-ocular testing of Schwartz values from world values study (WVS) provides a surprisingly different picture to what we would expect from traditional mean comparison testing such as $t$-tests and ANOVA. As such our paper will later result in a “word of caution” for (often) premature conclusions about culture and ethnic groups being different – or not. Second, this paper also serves as an editorial to a special issue in CCSM on East Asian Wisdom and its impact on business culture and performance in a cross-cultural context. Third, we recommend the ReVaMB model previously introduced by Baumann and Winzar (2017) with a lens of Confucianism originally, to a broader East Asian philosophical perspective. After all, how culture “drives” attitudes and behaviour which in turn “shapes” the culture often depends on relativity, namely, the situation, context, location and time. Relativity, we argue, is also a key factor when we look at East Asian wisdom and how Confucianism, Taoism, Buddhism and Legalism, to name a few key East Asian philosophies and ideologies, determine outcomes such as work ethic. In statistical “speak”, circumstances should be incorporated into regression/SEM/PLS modelling as moderators.

Given the long history of East Asian culture to emerge from the combination of Confucianism and Taoism in China, spreading to Korea, Japan and Vietnam, it is not necessarily easy to “capture” East Asian culture and wisdom. Confucianism is also “joined” by and/or intertwined with Taoism, Buddhism and Legalism, and all have experienced changes over time while spreading geographically. Taoism and Confucianism emerged almost at the same time with Confucius a few years younger than Lao Tzu. In Chinese literature, it is written that Confucius visited Lao Tzu to ask the meaning of Tao. Confucianism (Yang) and Taoism (Yin) are equally powerful and influential in the Chinese psyche but in different ways. The former is more visible and often officially adopted than the latter. At the same time, East Asia experienced other cultural, economic and ideological influences, ranging from the Soviet Union’s Communism to Western capitalism; to make things more complicated, there has also been the influx of major world religions (e.g. Christianity, Buddhism). As such we are looking at not just East Asian Wisdom, but East Asian Wisdoms! When we consider the different histories and cultural evolutions that have emerged in each country and region, we see a fascinating combination of Westernisation, Modernisation, Confucianism, Taoism, Buddhism and Legalism. Here, we refer to Westernisation as the cultural influence of predominantly European and, most recently, American cultural artefacts – music, food, entertainment, movies and TV, language pronunciation and slang, fashion and so on. In contrast, Modernisation is the process of using the most recent ideas, technology, infrastructure and methods so that goods and behaviour are, or appear to be, more modern (Hill, 2000). Confucianism, Taoism, and Buddhism are the three main Chinese philosophical thoughts (Fang, 1999). Today’s China is westernised compared with China under Mao. But, today’s China is not westernised as much as it is modernised. The following table crudely illustrates our view of the dominant factors influencing life and business in just five country/regions of North-East Asia: Urban China, Rural China, Taiwanese China, South Korea and Japan (Table I).
This table is limited, obviously, religion and spiritualism could be added. And we have left out most other East Asian countries, and we could argue about inclusion of Rural and Urban China. But the point remains, each of these region/countries has arrived at its current state of culture and economic development through different histories and influences. And each is enjoying extraordinary success. The combinations of ingredients – maintenance and adaptation of traditional values, adoption and adaptation of Western and/or Modern technologies and systems – have produced rapid improvements in the welfare of citizens, and global influence.

East Asia has also seen dramatic economic progression and development. For example, directly after Second World War all countries in the region were of a low-level development, but are now advanced economies with leading innovation in the car sector (including environmentally friendly cars), electronics and manufacturing industries, and more recently also in services (hospitality, transportation) and experiences (theme parks, beauty and plastic surgery; entertainment), Artificial Intelligence (AI), and the list goes on. East Asia has seen massive modernisation, but to what degree has that trend been coupled with westernisation? In sum, modernisation may have occurred with different degrees of westernisation for different countries, and within different countries (Tu, 2014). For example, Taiwan is very traditional Chinese in many ways, preserving Confucian Chinese tradition at least at the level of Mainland China.

In education, Chinese Taiwan actually teaches Confucianism in schools as part of the curriculum, whereas on the Chinese Mainland, Confucianism is generally offered as an elective subject. Regardless, in China, Chinese Taiwan, Japan and Korea, the teaching style remained largely Confucian, i.e. with strict discipline, an emphasis on respect, and even more so on human betterment (Baumann and Krskova, 2016). East Asia managed to massively modernise its school curriculum and infrastructure, yet maintaining a strong Confucian pedagogic approach, ultimately resulting in the world’s strongest academic performance, at least according to PISA. In Asia, strict discipline in schools and a focus on academic performance in educational institutions have been found as determinants of work ethic, but not so in Western countries (Baumann et al., 2016). Such a finding may be, to some extent at least, an outcome of students being viewed – and treated – as learners under Confucianism, in contrast to – more and more – as customers in the “West”.

The Yin Yang thinking is a combination of three principles, i.e., holism, dynamism and duality (Fang, 2012; Li, 2016). The Yin Yang thinking is “either-and” (Li, 2016) which embraces but also goes beyond the focused “average”. Yin Yang is about the point and area; whereas “average” is only about the point. The Yin Yang thinking allows East Asia to embrace opposing approaches, such as a traditional yet very modern approach to management, education and running societies at large. While this is fascinating, it makes for a challenging task to measure, conceptualise and test East Asian philosophy and wisdom in a scholarly, empirical fashion (Fang et al., 2017; see also Pauluzzo, Guarda, De Pretto and Fang in this special issue). Li (2016) highlights the value of Yin Yang thinking as indigenous

<table>
<thead>
<tr>
<th>Westernisation</th>
<th>Modernisation</th>
<th>Confucianism</th>
<th>Taoism</th>
<th>Buddhism</th>
<th>Legalism</th>
</tr>
</thead>
<tbody>
<tr>
<td>China (Urban)</td>
<td>China (Rural)</td>
<td>Taiwanese</td>
<td>Korea</td>
<td>Japan</td>
<td></td>
</tr>
</tbody>
</table>

**Note:** The more intense the shading, the greater the extent to which that particular trait is manifested in that country/region.

---

**Table I.** Philosophical variation in the Confucian orbit

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epistemological system from the East to understand different contexts. Straightforward either-or situations are best dealt with using Western-style absolute thinking, whereas paradoxical, either-and, situations require acceptance, even encouragement, of Eastern-style thought (Zhu et al., 2016). In many ways what Western researchers consider new has been understood for centuries in East-Asia. For example, Chen (2016) discusses at length the similarities between Eastern, specifically Chinese, philosophy and Western competitive dynamics. He points out that co-opetition, a relatively new concept in Western managerial thought, is normal in Eastern classical literature. Contrasting Asia vis-à-vis the “West” on competitiveness, competitive attitude, willingness to serve and speed have been identified as drivers of workforce performance in Asia, contrary to Western countries where these three motivational drivers did not have strong explanatory power (Baumann et al., 2016). In simple terms, “East and West” do seem to differ on a not insignificant number of dimensions in relation to motivation, thinking and performance, to name a few.

Yin Yang sees value in combined perspectives – harmony between conditions rather than conflict between opposing phenomena. Such an approach attempts to incorporate the whole rather than simplified abstractions of a phenomenon. At the risk of oversimplification, for example, Western attempts to measure and analyse aspects of culture have relied on simple averages for a cohort. We believe that is a serious mistake.

2. Countries are not their average

Tsui (2016) “explains the two primary types of values relevant for science: epistemic – norms and standards to ensure good science – and social – criteria not relevant for discovering the truth of knowledge but may influence decisions related to science especially in evaluating the cost of wrongful conclusions from the research evidence”. The focus only on averages is not only poor epistemology but risks dangerous conclusions when we make business decisions or government policy based on such crude measures. Implicit in Tsui’s argument is a profoundly Confucian view of science – that it is important and valuable to understand the nature of the world, but the implications for society are equally as important. Under Confucian philosophy, it is a duty of each person to improve oneself and work for the betterment of those around one. Tsui reminds us of recent work by Birkinshaw et al. (2014), who criticised the “scientistic” approaches of some research – the rituals and appearance of science that does little to produce new knowledge. Healey argues, “the bulk of management research subsists on analysing regularities in statistical surrogates and drawing inferences from self-reports that are often twice removed from the action. The benefits of close contact are many; not least insight, inspiration, curiosity and ecological validity” (Birkinshaw et al., 2014, p. 47). Arguably, the same can be said for much of the cross-cultural research we have consulted. Ironically, some “closer contact” can be found in the usual statistical methods, by considering the range of our measures, rather than their averages, and the context in which those measures are made.

2.1 错觉 (Cuòjué)

For want of a better term, we introduce the Chinese word 错觉 (Cuòjué), which roughly translates to “illusion” or “wrong impression”. We argue that, too often, we read arguments about culture or organisational behaviour based on averages of the individuals within those cohorts. The average of a group is not the group, and it certainly is not any individual in the group.

Modelling often is a simplistic replication of earlier work that may not consider the context of the problem, or without thinking about the meanings of scales and measures. For example, Baumann et al. (2011, p. 252) refer to Jarvis et al. (2003), and observe that “[…] some 96 per cent of SEM studies published in leading journals used reflective measures; while only 4 per cent used formative measures. Perhaps more alarmingly, they claim that 28 per cent of the reflective models should more correctly have used formative measures”.

East Asian wisdom and inter-ocular testing
Leading international business journals, e.g. *Cross Cultural and Strategic Management* (CCSM) and the *Journal of International Business Studies* (JIBS), now require testing, or at least discussion of, Common-Method variance (CMV), in manuscript submissions; CMV being the spurious “variance that is attributable to the measurement method rather than to the constructs the measures are assumed to represent” (Yüksel, 2017, p. 377).

Researchers often face two challenges when collecting primary data: First, collect one set of survey data, but then face the problem that CMV could be present (e.g. “inflated” or “deflated” responses/values in cross-cultural research). That would require subsequent testing for possible CMV effects, principally applying three different techniques: harman single factor, common latent factor, and common marker variable (see, e.g. Eichhorn, 2014; Williams and Anderson, 1994; Williams *et al.*, 2010). Second and alternatively, in order to avoid CMV by research design, independent/moderating/mediating variables would ideally be separately and independently measured from dependent variables; see, e.g. Baumann and Harvey (2018).

Hofstede (2015, p. 556) notes that the use of agent-based models pioneered by Schelling (1971) and Sakoda (1971) “has led to the fields of computational social science, artificial economics and social simulation, fields that investigate the links between micro-level behaviour of agents – often individuals – and resulting macro-level patterns. Culture is such a pattern, and could thus be studied using these techniques”. In other words, Hofstede’s son, Gert Jan, has consciously stepped away from defining culture as simply the aggregation of individual-level responses to questions, as sometimes implied by his father, Geert Hofstede (1980), and too often taken as a reified truth by some scholars. Instead, we should look at culture as patterns of behaviour that emerge in a non-linear and non-aggregate way from individual values and behaviours, in an interactive social environment.

Confusion about level of measurement and the effects of average scores is often subtle and pervasive. Applying the average of the group to the individuals in the group is known as the Ecological Fallacy (McSweeney, 2002, 2013; Winzar, 2015). Misunderstanding of the Ecological Fallacy has led to some creative analyses. For example, Andreassi *et al.* (2014, p. 70) acknowledge in their Limitations section that “culture even at a national level is an aggregate measure of individual values and is not generalizable as the measure of each individual’s perception of these cultural dimensions”. This statement was made after the researchers had applied averages to the individuals. In another example, Song *et al.* (2017) mixed different units of measurement by combining national-level constructs with individual-level evaluations. Individuals were questioned about a national-level construct, then averaged across all individuals, and then applied back to individuals. This was a rather “tricky” analysis that risked both the ecological fallacy and the atomistic fallacy, inferring the behaviour of a whole group based on the behaviour of a few individuals (Lieberson, 1991). To further explain this point, we use WVS as an example in the following section.

3. Re-evaluating the WVS

Ten variables designed to capture aspects of the Schwartz values scales were used in the WVS Wave 6 (WVS, 2016) (variables V71:V79). We subjected them to principle components with varimax rotation to reduce the number of variables to a more manageable number and to remove correlation among constructs. After removing those with communalities of less than 0.40, and ensuring that the solution was consistent across all countries, we found the two-factor solution in Table II. We can see that four variables load highly on Factor no. 1, each relating to such values as helping other people in the community, environmental concerns, tradition and behaving with propriety. Two variables loaded highly on Factor no. 2, relating to personal material success and adventure and excitement. Another variable, relating to success and personal recognition, loaded almost equally on both factors. A three-factor
solution did not resolve this loading issue. We have labelled these factors, somewhat subjectively, as Altruism and Hedonism, respectively. We extracted then two orthogonal factors and applied them to all respondents in the WVS (2016) data set. This provided us with two uncorrelated variables with which to examine all respondents in the data set within each country and cultural grouping. The variables were standardised across all 84,692 respondents in 60 countries, so that scores for both Altruism and Hedonism have mean of zero and standard deviation of one. Thus, about 95 per cent of cases have scores ranging between $-2$ and $+2$, and 99.7 per cent of cases have scores in the range $-3$ to $+3$.

### Table II. Exploratory factor analysis of WVS Schwartz variables

<table>
<thead>
<tr>
<th>Schwartz variable</th>
<th>Factor no. 1 (Altruism)</th>
<th>Factor no. 2 (Hedonism)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Looking after the environment is important to this person; to care for nature and save life resources (V78)</td>
<td>0.775</td>
<td></td>
</tr>
<tr>
<td>Help others, mean of two variables: it is important to this person to do something for the good of society (V74) and It is important to help people living nearby; to care for their needs (V74B)</td>
<td>0.735</td>
<td>0.170</td>
</tr>
<tr>
<td>Tradition is important to this person; to follow the customs handed down by one’s religion or family (V79)</td>
<td>0.716</td>
<td></td>
</tr>
<tr>
<td>It is important to this person to always behave properly; to avoid doing anything people would say is wrong (V77)</td>
<td>0.710</td>
<td>0.102</td>
</tr>
<tr>
<td>It is important to this person to be rich; to have a lot of money and expensive things (V71)</td>
<td></td>
<td>0.787</td>
</tr>
<tr>
<td>Adventure and taking risks are important to this person; to have an exciting life (V76)</td>
<td></td>
<td>0.766</td>
</tr>
<tr>
<td>Being very successful is important to this person; to have people recognise one’s achievements (V75)</td>
<td>0.411</td>
<td>0.650</td>
</tr>
</tbody>
</table>

**Notes:** Questions relate to Schwartz’s values inventory. Respondents read the questions and marked a six-point rating scale ranging from 0 (not at all like me) to 5 (very much like me). Orthogonal factors were extracted based on the above factor loadings, and standardised so that the Altruism score and the Hedonism score had Mean of zero and Standard Deviation of one across all 84,692 people in all 60 countries; Factor loadings less than 0.1 hidden for ease of reading; V – denotes the variable number in the World Values Survey (6); World Values Survey (2016). World Values Survey wave 6 (2010-2014), official aggregate. Asep/JIBS, Madrid Spain, World Values Survey Association. www.worldvaluessurvey.org

4. **Data presentation and interpretation**

Analysis of statistical data and comparison of groups in this journal and many others traditionally is dominated by null-hypothesis significance testing (NHST) – $t$-tests, ANOVA, etc. – with much concern for the $p$-value. A $p$-value is supposed to be an estimate of the probability of getting a given result when there is really no relationship or difference. We want to avoid type 1 error (hanging an innocent man). The $p$-value says nothing about type 2 error (releasing a guilty man). Additionally, the $p$-value is not a reliable test when there really is a difference between two groups (Cumming, 2012). For some scholars it can be an obsession; $p > 0.05$ means failure; $p < 0.05$ means celebrate and submit for publication. The American Statistical Association has long campaigned against such naïve reliance on $p$-values, with some success (Wasserstein and Lazar, 2016). A recent editorial in *Journal of International Business Studies (JIBS)* (Meyer *et al.*, 2017) raised concerns about such reliance on $p$-values, and offered ten concrete guidelines for avoiding false positives (type 1 errors). We humbly offer one additional guideline: look at the data.

Our discussion here is prompted by recent reminders that researchers should look at their data, for example, the datasaurus, before undertaking formal data analysis (Matejka and Fitzmaurice, 2017). Some years ago, the first and second authors’ friend and
mentor Professor Lester W. Johnson, coined the term “inter-ocular test” to encourage his students to always “eye-ball the data”. We offer the following breakdown of the standard approach to aggregating survey data. We can avoid Cuòjué (self-deception, illusion and misunderstanding) by using the “inter-ocular test”. When comparing survey results from two countries, we should first graph the data: see the extent that the data overlap or not, and consider comparative ranges and values.

Let us consider first the usual approach to cultural comparisons – averages, $t$-tests and ANOVA. Figure 1 presents the average scores on both Altruism and Hedonism across different national cultural groupings as suggested by Minkov (2011). With Figure 1 we can construct a very plausible story that reinforces a colonial world view and much of what has passed as scholarship in Western literature. Those in the upper-right of the graph might be inferred as the “good” people: they enjoy life, and they want others to enjoy life also. And of course, at the other end of the graph are the “bad” people, those who do not enjoy life and do not care for you to either.

Moving on to Figure 2, showing all countries in the WVS 6 data set, the story is not as clear, but we could probably make up a plausible story just the same. Average scores for all the Anglo and Western European countries are still in the upper-right corner, and we could argue that some Eastern European countries are more “developed”, socially or economically, to justify their placement. Similarly, the same “good/bad” subtext can be inferred for most other countries. The analysis usually ends here. The reader is probably aware of several books and journal articles that present persuasive maps of country and cultural centroids such as Figures 1 and 2 where it is implicit that one country, or one cultural group, is “better” than another on some dimension. We are ignoring, of course, the underlying assumption in this and all similar studies, that all cultures interpret the questions the same way, and use the six-point response scales the same way. For now, let us consider the scale of all these means. The data are normalised, meaning that the mean among all (84,692) respondents is zero and standard deviation is one. This rescaling permits easy comparison across all individuals and groups using the same scales of measurement. Values across all

![Figure 1. Average personal values across cultural groups](image-url)
people range from $-3.0$ to $-3.0$ (six standard deviations). Figures 1 and 2 show mean scores for cultural groups range from $-0.4$ to $+0.4$ (only 0.8 of a standard deviation). The averages are really all bunched together, as we can see in Figure 3, which presents the centroids in the context of the full range of the data.

Now let us consider Figures 4 and 5. In each figure we have attempted to present, in Column 1, a bar-graph showing only the mean scores for each variable in each country within its Minkov cultural grouping. It is easy to draw the conclusion that some countries are high, and others are low. But the second data column suggests a subtly different story. In Column 2 we see each respondent graphed under a boxplot showing the mean,
plus interquartile range and 95 per cent range. The scales of the two data columns are the same so that the centre of the boxplot corresponds with the end of the bar-graph. Note the amount of overlap in the data among any two countries. Generally, there is much more overlap than there are separate observations. Now let us ask the implicit question more openly […] Is any one country really that much different from another? Some are, but most are not.

5. Comparisons of country pairs
Historically, when comparing two or more groups, we test whether the means are different, using a t-test or ANOVA and the standard measure of difference is the p-value, which defines the level of statistical significance. Unfortunately, with large sample sizes, almost everything is “statistically significant”. With large sample sizes, statistical significance is rarely meaningful. When William Sealy Gosset published what became the t-test, he had sample sizes of literally a handful in mind; his table of “significant” values represented samples of between four and ten only (Gosset, 1908). Further, what Gosset called “significant” did not mean “important”. He simply meant it to be a call to look closer.
When samples are in the thousands, then miniscule differences in sample means appear to be "significant". If we want to determine how much one group is different from another then measures of effect size are more appropriate.

5.1 Effect size
Effect size can be seen “as a quantitative reflection of the magnitude of some phenomenon that is used for the purpose of addressing a question of interest” (Kelley and Preacher, 2012, p. 137). When comparing groups, effect size is a measure of how strong is a difference. We offer three measures: the common-language effect size (CLE), Cohen’s D, and $\eta^2$:

1) CLE: CLE is an intuitively simple statistic suggested by McGraw and Wong (1992). CLE is a measure of the proportion of times one randomly-selected member of one group scores higher (or lower) than one randomly selected member of another group. For example, if we have ten men and ten women we can compare the heights of each man with each woman – 100 paired comparisons. Of these we might find that 80 of those 100 comparisons resulted in the man being taller than the woman. So, the CLE is 0.8, or 80 per cent. CLE is robust against outliers and
sample size, and it is relatively easy to understand for decision-makers who are not confident or familiar with statistical terminology (Brooks et al., 2014).

(2) **Cohen’s D**: Cohen’s D is an effect size used to indicate the standardised difference between two means Cohen (2013). It is the number of standard deviations distance between the two means. The lower bound for D is zero, when the two means are equal, but there is no upper bound. Sawilowsky (2009) suggests rules of thumb for effect sizes to define D (0.01) = very small, D (0.2) = small, D (0.5) = medium, D (0.8) = large, D (1.2) = very large, and D (2.0) = huge. Of course, Cohen warns against using such rules of thumb as gospel. For example, if all comparisons between two groups in a study are extremely small then a slightly larger statistic might be cause for further investigation.

(3) **η²**: η² is analogous to r²: the proportion of variance shared by two variables. In the case of two independent samples, it is the amount of variation in the data that can be attributed to the grouping variable. For example, if comparing two groups, if η² is 0.3, then 30 per cent of the variation in the variable of interest is accounted for by knowing the two groups.

With effect size in mind, it is worth reconsidering our historical perspectives on group differences based only on statistical means.

Figure 6 presents summary information for different pairs of countries selected from the WVS 6 data set. We have presented a density plot graph for each country so that the reader can see the distribution of scores for both variables, Altruism and Hedonism. Within each graph we include the following statistics:

- **t-test**: a regular independent samples t-test of whether the two means are different from each other, plus degrees of freedom, and standard two-tailed “significance level” as measured by the p-value.
- **η² (“quasi R²”),** to show the proportion of variation explained by recognising that the data come from two different groups.
- **Cohen’s D**, the number of standard deviations separating the two means.
- **CLE**, presented as the proportion of times that members of one group scored higher than members of the other group. In this case, we took each respondent for one country and compared it with each case in the other country. For example, comparing Taiwan with China, each of the 2453 Taiwanese respondents was compared with each one of the 2612 Chinese respondents – 6,407,236 paired comparisons.

Collectively, are the Taiwanese Chinese different from Mainland Chinese people, in other words, what is the real difference between the Mainland Chinese and Taiwan Chinese? A standard t-test suggests that they are quite different on both Altruism and Hedonism, with t-values of 4.7 and 24.0, respectively. Figure 6 also shows that there is a great deal of overlap between Taiwan and China on Altruism. CLE scores are 55/45 per cent, and η² is less than 1 per cent. The means, as measured by Cohen’s D, are only 0.17 standard deviations apart. Overall, are the Mainland Chinese and Taiwan Chinese really different with respect to Altruism? We suggest not. Hedonism may be a different issue for Taiwan and China. CLE scores are 73/27 per cent in favour of Taiwan, and η² is over 14 per cent. We can conclude then that, generally, the Taiwan Chinese enjoy life more than the Mainland Chinese.

Comparisons of Singapore with China give similar results: almost identical distributions for Altruism but somewhat different for Hedonism. Here, the Chinese seem to be more hedonistic than the Singaporeans.

What is sufficient to conclude there is a difference? That is a judgement call. Like all guidelines for what is worthy of investigation or highlighting (including the notion that...
East Asian wisdom and inter-ocular testing

Figure 6. Paired distributions of Altruism and Hedonism for selected countries (continued)
CCSM

Figure 6. (continued)
$p$-value should be less than 0.05 to be called “significant”) the decision should be based on the needs of the research and relative to other measures. We felt that a CLE split of 60/40 per cent was the minimum difference to make any generalisations about two countries. 70/30 per cent is worth talking about. With that crude rule of thumb, we can see
that there are very few big differences across the country pairs. We have included several
more country pairs for the reader to examine.

Examination of the different graphs in Figure 6 highlights some interesting cases where
the data distributions match with the traditional statistical inference, the $t$-test. These are
summarised in Table III. When frequency plots or density plots are consistent with the
$t$-test, then we are satisfied. But when the appearance of density plots is not consistent with
the $t$-test, then we risk falling into what we call the Cuòjué trap. We use a framework similar
to types 1 and 2 errors. Type 1 error is a false positive, rejecting the null-hypothesis when
the null is true, or simply “hanging the innocent man”. Type 2 error is a false negative,
accepting the null when it is really false, or simply “releasing the guilty man”. We suggest
two types of Cuòjué or confusion, illusion, misunderstanding when examining a $p$-value and
comparing it with the data distributions under consideration. This applies to $t$-tests,
ANOVA, and other traditional tests involving a $p$-value:

- **Type 1 Cuòjué** occurs when we calculate a statistically significant $p$-value, but the
data distributions appear very similar. Type 1 Cuòjué occurs when we test relatively
large samples, as we have in the WVS 6 data set. Type 1 Cuòjué means that, for
example, while a traditional $t$-test may suggest that two means are different, for all
practical purposes, there is no real difference in the two groups.

- **Type 2 Cuòjué** occurs when the data distributions look different, but the $p$-value
suggests that they are not. Type 2 Cuòjué is common with small samples.

Our analysis leads us to make some broad conclusions that we hope our colleagues in
international business, including cross-cultural researchers, might follow up on:

- Averages alone are rarely useful. The full range of values gives a much more
nuanced understanding of the data.

- Looking at (and thinking about) the data helps.

- These considerations may undermine much of what has passed for scholarship in our
area. This should be a concern for some researchers – accepting averages as
representative of a whole country or cultural group is to fall victim of the ecological
fallacy. It is a cause for more deep and thoughtful analysis.

The theoretical implications of this study contribute mainly to the debates on whether,
and how, culture “drives” behaviour, within the context of specific situations, without
discounting the very real probability of “alternative causal directions” (Baumann and
Winzar, 2016, p. 21). That is, modified behaviour of sufficient numbers of people may
affect group culture over time. But our paper makes a stronger contribution to
methodology, namely we provide strong evidence that simple means testing alone could
indeed lead to faulty conclusions, for example that a significant difference is found, but in

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<table>
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<tr>
<th>Table III. Avoiding Cuòjué: patterns of “inter-ocular” test and “traditional” statistical inference</th>
<th>$t$-test (“traditional” statistical inference)</th>
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<tbody>
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<td>Density plot (inter-ocular test)</td>
<td>Not statistically different</td>
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<tr>
<td>Similar distribution</td>
<td>Consistent look and statistic</td>
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<td>Looks the same/no statistical difference</td>
<td>Looks the same/statistically different</td>
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<td>Requires high-level of overlap</td>
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<td>What we had like to see</td>
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fact two groups are not different substantially in reality. Our paper provides a framework/approach how data can be plotted, and directly contrasted to mean comparisons to show the full picture.

Our contribution to methodology centres on the following three very practical recommendations:

(1) **Type 1 Cuòjüé and type 2 Cuòjüé:** in our Table III we show patterns of “inter-ocular” test and “traditional” statistical inference. Naturally, our recommendation for researchers is to aspire “consistent look and statistic”, and to avoid the two types of Cuòjüé we have identified. Our table should prove useful to identify the “danger zones”, and ultimately avoid them.

(2) **Inter-ocular testing:** to avoid the above types 1 and 2 Cuòjüé, we recommend inter-ocular testing in addition to traditional statistical testing, i.e. eyeballing the data in a scientific fashion. We provide specific examples in Figures 4 to 6 on how such inter-ocular testing could be executed.

(3) **Common-language effect (CLE) size:** we recommend to test for CLE, and we further recommend a new rule of thumb, i.e. a split of 60/40 per cent as the minimum difference to make any generalisation about two countries (or cultural, ethnic or religious group; or gender; or any other categorisation); 70/30 per cent is worth considering. With our crude new rule of thumb, it is likely that a better differentiation between real and “not real” differences can be made.

In summary, we argue against accepting simplistic averages for data analysis. We provide empirical evidence that an inter-ocular test, looking at the data, provides a more comprehensive picture of data when comparing different countries, cultures or ethnic groups in contrast to simply relying on traditional statistical mean comparison testing (namely, $t$-tests, ANOVA). We offer a “word of caution” to avoid premature conclusions on group comparisons with statistical testing alone.

6. Papers in this special issue

This special issue draws on this renewed perspective on understanding individual differences, nuanced analysis and context affect our understanding of East Asian wisdom. We are proud to present the following contributions.

Michael Minkov presents “A revision of Hofstede’s model of national culture: Old evidence and new data from 56 countries”. Much of the measurement used to define Hofstede’s cultural dimensions have not changed since the original study in the 1970s: they are old and likely to be inapplicable today and in the future. Many measures could not be reproduced by more recent researchers. This study combines proprietary research with publicly-available data – the WVS 5 – to propose a shorter and more easily interpreted measurement system, with fewer dimensions. The paper argues that some of the original Hofstede dimensions such as uncertainty avoidance and the masculine/feminine aspect are “misleading artefacts”, and proposes an in-depth revision of Hofstede’s work, namely a reduction of dimensions.

Pauluzzo, Guarda, De Pretto and Fang, in their research paper, “Managing paradoxes, dilemmas, and change: a case study to apply the Yin Yang wisdom in Western organizational settings” offer a look at how cultural values and behaviour are managed in the organisations within Generali Group, which is one of the world’s largest insurance companies. Based on the East Asian wisdom of Yin Yang balancing and cultural perspective, this study explores how the West (i.e. Organisations and individuals) can be more effective in managing cultural differences by applying East Asia’s Yin Yang paradigm according to situation, context, location and time. The study demonstrates that integration and learning sourcing from opposite cultures leads organisations and individuals to manage and balance cultural paradoxes.
Hyun-Jung Lee and Carol Reade present “The role of Yin-Yang leadership and cosmopolitan followership in fostering employee commitment in China: a paradox perspective”. Lee and Reade’s paper looks at using a “paradox perspective”, also with a Yin Yang lens, with inspirations from for example, the earlier research on Yin Yang thinking and organisation paradox e.g., Peter Li (2016), Fang (2012), Faure and Fang (2008), Smith and Lewis (2011). This study explores leadership-followership dynamics in foreign firms in China. Yin Yang leadership behaviour (Japanese expatriates and Chinese employees) is tested for their roles in the formation of employee commitment, Yin Yang leadership and cosmopolitan followership “tango” together as cultural adaptability to build employee commitment, emphasising the interaction between leaders and followers.

Lin, P.P. Li and Roelfsema offer a valuable addition to the cross-cultural management literature with, “The traditional Chinese philosophies in inter-cultural leadership: The case of Chinese expatriate managers in the Dutch context”. The paper highlights important subtleties that Western authors have neglected. Specifically, using in-depth interviews, the authors test three propositions regarding the ease with which Chinese managers working in the Netherlands integrate with the local culture and workforce as a function of their influence by Confucianism, Taoism and Legalism. “Chinese expatriates’ leadership styles are simultaneously influenced by multiple traditional philosophies. This result is consistent with the theoretical argument that many Chinese, both historically and in modern times, tend to have a mix of multiple philosophical perspectives rather than being a believer in only a single philosophy”. Much comparative management literature, naturally from the West, takes the perspective of a Western manager working in China, or some other Asian country. To see the perspectives of Chinese managers working in the West is refreshing.

Viengkham, Baumann and Winzar offer a first attempt at an empirical measurement of Confucian values applied to the work environment with “Confucianism: Measurement and Association with Workforce Performance”. The paper recognises that values are a relative construct, applying at different levels in different circumstances. Viengkham and her colleagues reconsider the measurement of Confucianism, or Confucian values, and subsequently probe associations with workforce performance. Different “shades of Confucianism” in East Asia are categorised into Confucian Origin, Preservation, and Pragmatism. That multifaceted measurement of Confucianism is next linked to workplace performance, demonstrating that indeed Confucianism drives human performance.

Xin Li’s paper, “Zhong-Yong as dynamic balancing between Yin-Yang opposites” expands on a recent commentary by Li et al. (2017) on Peter Li’s (2016) CCSM article titled “Global implications of the indigenous epistemological system from the East: How to apply Yin-Yang balancing to paradox management”. Zhong-Yong is the Chinese term to capture the “dynamic balancing between Yin Yang opposites”. Xin Li believes that Peter Li’s “asymmetry” and “superiority” arguments may be “flawed”, and instead offers an alternative understanding: Zhong-Yong is more sophisticated than the ratio-based one. Balance is more than defining a ratio of activities that deliver a simple average of competing perspectives: Balance is about selecting what is good, appropriate and feasible from competing options and discarding what is none of these, and then attempting to find a path to deliver as many as possible. Xin Li also draws a comparison between East and West, or how the “analysis plus synthesis” methodology would be like the Western “get the best of both worlds”.

The overarching themes that emerge in this Special Issue are Yin Yang, with the ideas of how different cultures deal with paradox, and Zhong-Yong, with accompanying concerns of how to conceptualise and deal with balance of opposites. Two themes implicit in many of these papers is how we might make empirical measures of our constructs, and how the interaction of culture and behaviour is moderated by context.
7. The ReVaMB model

We suggest an extension of Baumann and Winzar’s (2017) ReVaMB model from a Confucian orientation to a broader East Asian philosophical perspective. Culture, at least in the short term, does indeed determine, or “drive”, attitudes and behaviour, but this effect depends on circumstances, the environment; the broader context.

The model rests on three defensible assumptions:

1. Personal values and culture drive behaviour, at least in the very short term.
2. Different components of values and culture become activated, or take dominance in different circumstances. That is, context moderates the relationship between culture and behaviour.
3. Absolute measures of values or culture are not meaningful – it is the relative value of these constructs that affect decision-making and behaviour.

Our original formulation centred on Confucianism and its effects on workplace behaviour, specifically work ethic. There is no reason why this model cannot be generalised to include many philosophical, cultural or political values structures, and their effects on other specific behaviours. That is, East Asian wisdom such as Confucianism, Taoism, Buddhism and Legalism, determine behavioural outcomes. For example, Qiu and Rooney (2017) suggest a model of Buddhist mindfulness and workplace ethical behaviour can be operationalised very easily with this approach. We define moderating factors as the “context” for a situation to occur, or in statistical terminology, indeed moderators between independent variables such as East Asian wisdom (Confucianism, Taoism, Buddhism and Legalism) and the dependent behavioural or attitudinal variable. The model is visualised in Figure 7.

We invite future researchers to test, verify, extend etc. our original ReVaMB model on East Asian (and other) philosophical perspectives and context. What is the relative contribution of Confucianism, Taoism, Buddhism and Legalism (and other East Asian and other philosophies, ideologies and religions) to explain and predict behaviour and attitudes?

Source: Baumann and Winzar (2017)
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Further reading


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A revision of Hofstede’s model of national culture: old evidence and new data from 56 countries

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Abstract
Purpose – Hofstede’s model of national culture has enjoyed enormous popularity but rests partly on faith. It has never been fully replicated and its predictive properties have been challenged. The purpose of this paper is to provide a test of the model’s coherence and utility.

Design/methodology/approach – Analyses of secondary data, including the World Values Survey, and a new survey across 56 countries represented by nearly 53,000 probabilistically selected respondents.

Findings – Improved operationalizations of individualism-collectivism (IDV-COLL) suggest it is a robust dimension of national culture. A modern IDV-COLL index supersedes Hofstede’s 50-year-old original one. Power distance (PD) seems to be a logical facet of IDV-COLL, rather than an independent dimension. Uncertainty avoidance (UA) lacks internal reliability. Approval of restrictive societal rules and laws is a facet of COLL and is not associated with national anxiety or neuroticism. UA is not a predictor of any of its presumed main correlates: achievement and competition orientation, help and compassion, preference for a workplace with likeable people, work orientation, religiousness, gender egalitarianism, foreign aid. After a radical reconceptualization and a new operationalization, the so-called “fifth dimension” (CWD or long-term orientation) becomes more coherent and useful.

Research limitations/implications – Differences between subsidiaries of a multinational company, such as IBM around 1970, are not necessarily a good source of knowledge about broad cultural differences. A model of national culture must be validated across a large number of countries from all continents and its predictions should withstand various plausible controls. Much of Hofstede’s model (UA, MAS-FEM) fails this test while the remaining part (IDV-COLL, PD, LTO) needs a serious revision.

Practical implications – Consultancies and business schools still teach Hofstede’s model uncritically. They need to be aware of its deficiencies.

Originality/value – As UA and MAS-FEM are apparently misleading artifacts of Hofstede’s IBM data set, a thorough revision of Hofstede’s model is proposed, reducing it to two dimensions: IDV-COLL and FLX-MON.

Keywords Masculinity, Hofstede’s cultural dimensions, Confucianism, Long-term orientation, Individualism and collectivism, Uncertainty avoidance

Paper type Viewpoint

1. Introduction
Geert Hofstede is the author of one of the most influential treatises on national culture (Kirkman et al., 2006), originally published in a short form (Hofstede, 1980), followed by an expanded version (Hofstede, 2001). According to Bond (2002), cross-cultural psychologists were “held in thrall” (p. 73) by Hofstede’s intellectual achievement, whereas Peterson (2003) pointed out that Hofstede’s first book shaped the basic themes, structures, and controversies.
of the cross-cultural field for over 20 years. Hofstede popularized the nomothetic approach to the study of culture, subsequently employed by other leading researchers (for instance Inglehart and Baker, 2000; House et al., 2004; Schwartz, 1994, 2008, etc.). Their studies have proven the utility of this approach. But how accurate is the product that it yielded in Hofstede’s research? The answer to this question is long overdue. As the issue is complex and requires a lengthy analysis, a single paper cannot provide all answers. Yet, it can outline some general conclusions.

This study starts with an analysis of secondary (published) data. Then, it analyzes primary data from a survey of nearly 53,000 respondents selected probabilistically in 56 countries. The survey was partly designed to check the structure and replicability of Hofstede’s dimensions.

I remind the readers that Hofstede designed his model at the national level of analysis, not at the individual. This means that Hofstede’s model explains patterns that are observable when the agents are whole nations, not individuals. Attempts to transpose Hofstede’s model to the individual level would be what Hofstede (2001) and others call an ecological fallacy. Unfortunately, Brewer and Venaik (2014) and Winzar (2015) found that many authors of articles in leading journals continue to project cultural patterns onto individuals or organizations. Such attempts amount to expecting the laws of classical mechanics to apply at the sub-atomic level, where very different quantum physics laws are in force. Still, if the laws are different at different levels, the logic of the discrepancy needs to be explained. In one instance, discussed further in this paper, this seems to be a problem for Hofstede’s model.

Another caveat is also important. Baumann and Winzar (2017) point out that the extent to which values drive behavior is a function of the circumstances in which individuals find themselves as well as the relative importance of competing values in particular circumstances. Minkov’s (2017) work shows that this may be especially true in the East Asian societies (all those with a Confucian heritage except Vietnam). Nevertheless, this recently highlighted challenge in the cross-cultural field will be ignored in this study and Hofstede’s model will be analyzed on the basis of the prevalent conceptualization of culture at the time of its creation, assuming that culture can be studied through snapshots of static situations rather than motion pictures.

2. Analysis of secondary data
The analysis of secondary data should shed some light on four basic questions that entail validity tests for any model in social science or psychology and are therefore relevant in this study:

RQ1. Did Hofstede’s database, consisting solely of the employees of the IBM Corporation around 1970, adequately reflect the national cultures of the respondents?

RQ2. Do Hofstede’s dimensions replicate?

RQ3. Do Hofstede’s dimensions have internal reliability? Are their facets really correlated as the Hofstede model postulates?

RQ4. Do Hofstede’s dimensions have convincing predictive properties? Are they associated with relevant external variables in accordance with Hofstede’s theoretical expectations?

2.1 Reliability of Hofstede’s IBM database as a source of knowledge about national culture
In an analysis of data from the World Values Survey (WVS) (www.worldvaluessurvey.org), Minkov et al. (2015) split all the national samples into several occupational categories. They found that national samples of respondents from a single category (e.g. only experts)
do not necessarily yield the same dimensions of national culture as samples from another category (e.g. only skilled manual workers) although the items in the analysis are the same. Smith et al. (2002) explain why some seemingly matched samples may not be equivalent and, consequently, may not yield the same results: government employment is appreciated in Japan, but not in western countries. Consequently, Japanese and western government employees would probably not provide equivalent samples for comparisons of national cultures because they do not have the same status in their home countries. Likewise, while teachers enjoy respect in China, their profession is considered low status in some East European countries, and there are even derogatory words for “teacher” and “school” in those societies. Thus, it is possible that employment at IBM around 1970 did not carry the same social status across the world. As a result, the national subsidiaries of IBM may have attracted dissimilar types of job applicants. National culture also may have affected actual recruitment procedures, despite IBM’s efforts to enforce universal global standards.

The IBM database has yielded dimensions of national culture called individualism vs collectivism (IDV-COLL) and power distance (PD) that are strongly correlated with national wealth (Hofstede, 2001). This external validation means that at least some of the measured differences between the IBM subsidiaries reflect actual societal differences and are not pure artifacts of IBM’s organizational cultures, employee selection, or other local factors. But did the IBM database correctly reflect national culture in every respect? Critics, such as McSweeney (2002), were not convinced.

One of the pillars of Hofstede’s masculinity-femininity (MAS-FEM) dimension is Hofstede’s (2001) finding that distances between the values of men and women are greatest in MAS nations, whereas FEM ones have smaller distances. In other words, men and women in FEM countries, such as the Netherlands and the Scandinavian countries, have the most similar scores on values, whereas men and women in MAS countries, such as Japan, have the most dissimilar scores. By 2007, it was well established that this was demonstrably wrong. Guimond et al. (2007) summarize the literature on that subject, including Schwartz (2005) and Costa et al. (2001). The summary shows that national differences in distances between the values and personality traits of men and women are not a function of MAS-FEM but of gender emancipation, underpinned by national wealth. In other words, these gender differences are strongly associated with IDV-COLL since gender emancipation is greatest in the most IDV countries. There are diverse explanations of the larger gender differences in values and personality in the IDV societies, one of which could be that people in such societies have greater freedom to express their individuality, whereas in COLL countries there is strong pressure for men and women to be the same in terms of values and personality. Whatever the right explanation is, far from having the smallest distances between the values of men and women, as the MAS-FEM theory claims on the basis of the IBM findings, the Netherlands and the Scandinavian countries have the largest distances. The values sections in the WVS confirm this. It is noteworthy that MAS-FEM is orthogonal (unrelated) to IDV-COLL and national wealth (Hofstede, 2001). This means that, in terms of national distances between men’s and women’s values, the IBM database could hardly have been more misleading than it was, as it showed a 90-degree deviation from reality. It is highly unlikely that the structure of male-female distances across the globe has changed so drastically since 1970 that the IBM revealed a true societal pattern back then, which did not reflect any geo-economic logic, whereas today we see a 90-degree shift to something that rests on the solid logic of economic differences between nations and their societal consequences. Much more plausibly, the societal pattern was the same in 1970, yet the IBM database was contaminated with IBM-specific peculiarities that made it an unreliable source of information for extrapolations to the societal level.

Further, the IBM data set has yielded an IDV-COLL index that assigns the English-speaking countries, and particularly the USA, to the top of the ranking.
Minkov, Dutt, Varma, Schachner, Morales, Sanchez et al. (in press) reviewed all large studies of national IDV-COLL or closely related constructs, and found that the English-speaking countries do not have top scores on anything related to IDV-COLL. Of note, some of these studies are based on the nationally representative WVS or probabilistic data sets that are close in structure to the national census of each country (Minkov, Dutt, Varma, Schachner, Morales, Sanchez et al., in press). The leading position of the USA on Hofstede’s IDV-COLL is doubtlessly an artifact of the IBM database, reflecting its national unrepresentativeness.

2.2 Replicability of Hofstede’s dimensions

Only one peer-reviewed publication in an indexed journal so far (Merritt, 2000) describes an attempt to replicate all of Hofstede’s IBM dimensions in a single study. While IDV-COLL and PD replicated reasonably well, UA and MAS-FEM did not. Following this failure, Merritt (2000) tried constructing an UA dimension and a MAS-FEM dimension with items that were statistically correlated with those two dimensions, even though they had no face validity. The outcome was confusing. Merritt (2000) did obtain measures that were highly correlated with IBM’s UA and MAS-FEM, yet MAS-FEM was composed of classic UA items, such as a feeling of nervousness and agreement that rules should not be broken, and a PD item (employees afraid to disagree with superior). Besides, instead of being unrelated to IDV-COLL, as in the IBM study, this new MAS-FEM, just like UA, was strongly correlated with it. In short, Merritt’s (2000) work showed that UA and MAS-FEM could not be replicated, suggesting that they are problematic dimensions.

Single-dimension studies have replicated IDV-COLL successfully (Gelfand et al., 2004; Minkov, Bond, Dutt, Schachner, Morales, Sanchez et al., in press). This implies that if PD is seen as a facet of IDV-COLL (Minkov, Dutt, Varma, Schachner, Morales, Sanchez et al., in press), it also replicates. Schwartz’s (1994, 2008) work demonstrates that national aggregates of values in the domain of what he calls “hierarchy” are conceptually and statistically similar to PD. Thus, Schwartz’s work indirectly confirms the replicability of PD, yet without necessarily indicating that it is independent from IDV-COLL.

There are no studies in peer-reviewed journals focusing on the replicability of MAS-FEM. Hofstede (2001) reported that MAS-FEM is highly correlated with Schwartz’s (1994) measure of “mastery vs harmony.” Yet, Schwartz (2011) stated that he sometimes regretted his 1994 publication as researchers continued to cite it despite the existence of much more refined variants of his measures. Schwartz’s latest, unpublished mastery and harmony measures (personally provided by Schwartz in 2016), recommended by him for validation purposes, are unrelated to MAS-FEM.

Project GLOBE (Sully de Luque and Javidan, 2004) attempted to replicate Hofstede’s UA. Yet, GLOBE conceptualized and operationalized UA very differently, not as a combination of anxiety and a conviction that rules and laws must be followed strictly. GLOBE’s UA is reminiscent of Hall’s (1959) high-vs-low-context concept as it measures the degree to which people perceive their societies as having clearly explained rules or wish to have such rules. The first of these two GLOBE measures (UA practices) is a variant of IDV-COLL as it creates a more or less clear contrast between economically advanced countries (more explicit rule communication) and developing countries (more implicit rule communication), which conforms to Hall’s theory. GLOBE’s UA practices measure is correlated with Hofstede’s UA at −0.66 (p < 0.001, n = 47), suggesting that people in countries that Hofstede defines as strongly avoiding uncertainty and ambiguity actually describe their societies as having ambiguous rule communication. This confusing result can hardly be taken as a replication of Hofstede’s UA. GLOBE’s alternative UA measure – the degree to which people wish to have clear rule communication – correlates weakly with Hofstede’s UA at 0.32 (p = 0.03, n = 47). Again this cannot be seen as a replication of Hofstede’s UA by any standard.
Taras et al. (2012) reported that their meta-analysis of studies devoted to Hofstede's dimensions, most of them done in a small number of countries at a time, yielded national indices that are reasonably well correlated with all of Hofstede's IBM measures. The authors also report that the original IBM indices for IDV-COLL and PD remain highly correlated with the corresponding meta-analytical scores from the 1980s to the 2000s, However, measures of MAS-FEM and UA from the 2000s correlate with the Hofstede's originals at only 0.56 and 0.46, respectively, suggesting that MAS-FEM and UA are unstable dimensions whose modern variants have little to do with their counterparts decades ago.

Taras et al. (2012) conceded that they relied on studies that had used not only Hofstede's Values Survey Module but also a variety of other tools designed by various authors to measure Hofstede's dimensions. Without detailed information about those unknown and untested tools, it is impossible to pronounce on what they really measure and, consequently, how valid the conclusions of Taras et al. (2012) are. Of note, the Values Survey Module has never been properly tested either. There is not a single study in a peer-reviewed journal showing how it works across at least 30 countries from all continents.

2.3 Internal reliability of Hofstede's dimensions

The issue of internal reliability is important as Hofstede's theories are built on some key assumptions, such as the positive relationship between societal anxiety and societal restrictiveness with respect to rules and laws, underpinning the UA dimension, as well as a negative relationship between so-called MAS and FEM values, underpinning the MAS-FEM dimension. If these relationships were not confirmed, Hofstede's model would be seriously challenged even if it were correct in other respects.

2.3.1 Internal reliability of IDV-COLL and PD. The question of whether IDV-COLL and PD, as operationalized by Hofstede, are internally reliable is probably irrelevant. Hofstede's operationalization of IDV-COLL has not been accepted as a paradigm for major replications of that dimension simply because many of his items have been seen as lacking face validity and some have even been viewed as a mystery (Bond, 2002). Replications of IDV-COLL with entirely different items (Gelfand et al., 2004; Minkov, Dutt, Varma, Schachner, Morales, Sanchez et al., in press) are characterized by good internal reliability and face validity. There is no doubt that, measured in this way, IDV-COLL is a robust and important dimension of national culture.

Surprisingly, major replications of PD are simply missing in the literature. Therefore, it is impossible to pronounce on that dimension's internal reliability. The relationship between IDV-COLL and PD has not been elucidated satisfactorily either. Hofstede's measures of these two constructs are closely correlated statistically. Minkov, Dutt, Varma, Schachner, Morales, Sanchez et al. (in press) argue that they are also related conceptually. If IDV-COLL reflects differences in treatment of people – as individuals or as members of particular groups – then PD is a logical facet of IDV-COLL, as it reflects differential treatment on the basis of one's position in society. Thus, as PD is merely a conceptual facet of IDV-COLL, and not an independent dimension, the question of its internal reliability becomes irrelevant.

2.3.2 Internal reliability of uncertainty avoidance (UA). According to UA theory, people in societies with high levels of anxiety (a facet of neuroticism in the Big Five personality model) value job security (Hofstede, 2001; Minkov and Hofstede, 2014). Minkov and Hofstede (2014) found support for this theory albeit across European countries only. Yet, Table I demonstrates that "good job security" as an important job characteristic, measured by the WVS in 2000-2004 (Item v88, subsequently discontinued) across the world, is not associated with any reported measure of national neuroticism or anxiety, including the most recent estimates of national scores on the anxiety facet of neuroticism by Allik et al. (2017).
The UA theory also postulates that societies characterized by high anxiety attempt to reduce that feeling by believing in, and in fact imposing, strict and unbendable rules and laws, so as to make life less uncertain (Hofstede, 2001; Minkov and Hofstede, 2014). However, this theory is not very convincing in view of the fact that anxiety and a rule-orientation ideology are not correlated at the individual level, which we know from Hofstede’s (2001) own findings. In other words, the anxious people and the bureaucratic-minded individuals are not necessarily the same. But if the bureaucrats do not necessarily have high anxiety levels, what makes them create and insist on unbendable rules? Are they doing it out of concern for the neurotics who need such rules? If the latter do need such rules, why do they not, too, believe in them?

Minkov and Hofstede (2014) found that, at the national level, a measure of anxiety is indeed highly correlated with a measure of the ideology that all laws must be followed strictly. Yet, this was a study across European countries only. It does not reveal whether these two facets of UA are correlated highly and positively across a wider set of countries. There are no secondary data that provide an answer to this question. Yet, the analysis of primary data below does provide an answer.

Minkov et al. (2013) extracted a dimension of national culture from WVS items measuring the strength of societal norms in the domain of creation and termination of life, such as divorce, homosexuality, prostitution, abortion, suicide, and euthanasia. They found that these items form a strong single factor, called “personal-sexual,” creating a contrast between economically advanced countries (greater permissiveness) and developing countries (greater restrictiveness). This factor is closely associated with IDV-COLL (Minkov, Dutt, Varma, Schachner, Morales, Sanchez et al., in press), but is not related to any published national index of neuroticism or anxiety. In fact, according to Hofstede (2001) it is MAS-FEM, rather than UA, that explains societal restrictiveness as measured by “personal-sexual” items in the WVS. Although the logic of this association is not apparent, it will be tested in the section devoted to the predictive properties of MAS-FEM.

2.3.3 Internal reliability of MAS-FEM. MAS-FEM has two main facets: MAS values (achievement, challenge, recognition, earnings, competition) and FEM values (good human relationships, including compassion). These two facets should be correlated negatively (Hofstede, 2001).

The 1995-1999 wave of the WVS allows a test of this theory. Item V73 presents the respondents with four job characteristics – “good income,” “safe job, no risk,” “working with people I like,” and “important job, feeling of accomplishment” – and asks the respondents to choose the most important one. The first item and the last two items should reflect MAS-FEM goals as they correspond to some of the items that loaded highly on MAS-FEM in Hofstede’s (2001) factor analyses of IBM items (pp. 256-257, p. 284). “Good income” corresponds to “earnings,” “working with people I like” corresponds to “friendly

<table>
<thead>
<tr>
<th>National neuroticism (N) or anxiety (A) measure</th>
<th>r with v88</th>
<th>n (countries)</th>
</tr>
</thead>
<tbody>
<tr>
<td>N: McCrae (2002)</td>
<td>0.19</td>
<td>16</td>
</tr>
<tr>
<td>N: McCrae and Terracciano (2005)</td>
<td>0.34</td>
<td>20</td>
</tr>
<tr>
<td>N: Schmitt et al. (2007)</td>
<td>−0.07</td>
<td>20</td>
</tr>
<tr>
<td>N: Gebauer et al. (2015)</td>
<td>−0.05</td>
<td>31</td>
</tr>
<tr>
<td>A: Allik et al. (2017)</td>
<td>0.03</td>
<td>17</td>
</tr>
</tbody>
</table>

Notes: Allik et al. (2017) provide several scores for some countries based on different studies. In those cases, I used the median score. None of the correlations are significant at 0.05.

atmosphere,” whereas “important job, feeling of accomplishment” is a measure of the social importance of prestige and success, and corresponds to “recognition,” “challenge,” and “advancement to a higher position” in Hofstede’s analysis. This WVS item format measures relative importance and avoids response style, approximating the effect of ipsatization (also known as standardization within subject or by subject) used by Hofstede (2001) in his analysis of work values from which he extracted MAS-FEM.

Table II demonstrates that the three items are not correlated quite as the MAS-FEM theory predicts. While “good income” and “working with people I like” are indeed opposites, “important job” yields correlations that contradict the MAS-FEM theory.

Figure 1 demonstrates that if the items measuring the importance of “feeling of accomplishment” and “working with people I like” were merged into a single dimension,
it would highlight a contrast between economically developed countries, in the upper right corner, and developing countries, in the lower left corner. Therefore, the observed national differences in job priorities are a function of differences in national wealth, not MAS-FEM, which is unrelated to it. Subsequent waves of the WVS confirm this finding, although the MAS item in question was fielded without the “feeling of accomplishment” component. Likewise, across the WVS waves in which these items were fielded, “good income” and “working with people I like” are negatively correlated and clearly merge into a single dimension that creates a contrast between economically developed countries (high priority of people, low priority of income) and developing countries (high priority of income, low priority of people). Evidently, these contrasts are not a function of MAS-FEM but are an outcome of differences in economic development, which is unrelated to MAS-FEM according to Hofstede (2001).

The WVS has fielded some of Schwartz’s items, including importance of success (V85) and importance of helping (V84) in the 2005-2009 WVS wave, which provides the largest set of countries that have been scored on both of these items \( n = 51 \). The two items certainly address societal MAS-FEM values. “Success” is part of Schwartz’s “mastery” domain, which according to Hofstede (2001, p. 298) contains MAS values. Helping is a major prerequisite for the maintenance of good relationships. Also, it is found across from “success” on Schwartz’s (2008) circumplex, suggesting that the two values are opposites, just as the MAS-FEM theory postulates. A reviewer of this paper helpfully provided the results of a Monte Carlo simulation analysis of these items, indicating the probability that a randomly selected male in a specific country will score higher or lower than a randomly selected female. The results are consistent with the MAS-FEM theory. For example, in 43 of the 52 countries in the WVS, men are less likely than women to value helping others and these differences are often substantial, reaching 23 percent (greater probability for males) vs 43 percent (greater probability for females). There is no doubt then that importance of helping is a FEM value, whereas importance of success is a MAS value.

Across 51 countries, importance of helping and importance of success are correlated significantly and positively: \( r = 0.40 \) \( p = 0.004 \). Ipsatization at the national level reverses this correlation and makes it negative, in accordance with the MAS-FEM theory, just like in Schwartz (2008) where the two items are in opposite sections of the value circumplex, suggesting a negative correlation. This raises the question of which method is preferable: comparing raw scores or ipsatized scores? This is a complex issue beyond the topic of this study. The section on the primary data analysis explains the outcome of fielding MAS and FEM items as categorical choices without Likert scales, which makes ipsatization irrelevant.

2.3.4 Internal reliability of Confucian work dynamism or long-term orientation (LTO). Originally called “Confucian work dynamism,” Hofstede’s fifth dimension is also known as LTO. It is an extremely important dimension as it seems to explain some of the cultural differences between the Confucian societies of East Asia at one extreme and Africa, the Middle East, and Latin America at the other. Minkov and Hofstede (2012) successfully replicated LTO with data from the WVS and confirmed its internal reliability. Still, they admitted that the dimension lacked theoretical coherence. Minkov, Bond, Dutt, Schachner, Morales, Sanchez et al. (in press) have provided a radical reconceptualization of this dimension based on Minkov’s (2011, 2013) work, called “flexibility vs monumentalism” (FLX-MON). It is partly based on Steven Heine’s self-enhancement and self-stability theory, and reflects national differences in high vs low self-regard and self-confidence, being always the same person vs being flexible and adaptable, and liking to help people vs being reluctant to do that. Minkov, Bond, Dutt, Schachner, Morales, Sanchez et al. (in press) do not include the concepts of persistence and thrift in FLX-MON, arguing that these facets of LTO are controversial.
2.4 Predictive properties of Hofstede’s dimensions

The predictive properties of Hofstede’s dimensions are a central topic in Culture’s Consequences, Hofstede’s (2001) main monograph. The numerous examples in that book create the impression that all the dimensions in Hofstede’s model are statistically associated with, and thus seem to predict or explain, variance in many external variables. However, given a database of diverse variables measured at the national level, it is easy to select some, or even many, that are associated at least weakly and at least across some countries. For a particular dimension of national culture to be credible and of practical utility, it should satisfy two more stringent requirements. First, it should have strong predictive properties, yielding high correlations with variables of interest across a large sample of countries from all, or most, continents, adequately representing the cultural variation across the world’s modern nations. Second, it should be a strong predictor, withstanding plausible controls. Appendix 6 at the end of Culture’s Consequences (Hofstede, 2001) shows that the great majority of Hofstede’s validity tests were performed across fewer than 30 countries, often from the economically developed part of the world, because Hofstede did not have data from other countries. This makes most of the reported associations unconvincing.

Taras et al. (2012) studied the predictive properties of Hofstede’s original indices and found reasonably high correlations, at least with respect to a small number of external variables, in the past decades. Yet, the strength of these predictive properties has been declining so much since then that, according to Taras et al. (2012), in another decade or so Hofstede’s indices may not explain adequately anything anymore. In view of the small number of dependent variables in the analysis of those authors, the lack of control variables, and the lack of information on the number and geographic location of the countries across which each correlation was calculated, their conclusions should be viewed with great caution. A more detailed dimension-by-dimension check would be beyond the scope of any article, including this one. Yet, it is noteworthy that Taras et al. (2012) found that IDV-COLL and PD yielded higher correlations with relevant external variables than did MAS-FEM and UA. This resonates with the finding of the same authors that MAS-FEM and UA are more temporarily unstable than IDV and PD, and with Merritt’s (2000) unsuccessful attempt to replicate MAS-FEM and UA, strengthening the impression that these are problematic dimensions.

2.4.1 Predictive properties of IDV-COLL and PD. Minkov, Dutt, Varma, Schachner, Morales, Sanchez et al. (in press) show that IBM’s IDV-COLL index is still a reasonably good predictor of key variables such as rule of law, human inequality, and accident proneness. However, Minkov, Dutt, Varma, Schachner, Morales, Sanchez et al.’s (in press) IDV-COLL index is a considerably better predictor of those key variables, suggesting that the IBM measure needs updating. Also, Minkov, Dutt, Varma, Schachner, Morales, Sanchez et al. (in press) show that the Anglo countries, and especially the USA, do not score particularly high on IDV-COLL or any measure related to it. With the exception of Japan, the Confucian countries of East Asia score low on IDV-COLL in the work of Hofstede (2001). Yet, due to their phenomenal economic development in the past decades, they have all climbed higher on the IDV-COLL ladder, surpassing many developing countries, and currently occupy mid-range positions.

Table III compares the correlations that Hofstede’s PD and IDV-COLL yield with relevant external variables that can be expected to be associated with PD. Hofstede’s PD is the better predictor of only a few of them and in those cases the significant relationship is lowered and reduced to insignificance after controlling for a still better predictor. This seriously calls into question the utility of the PD index.

2.4.2 Predictive properties of UA. Exhibit 6 in Hofstede (2001) contains only one significant correlation between UA and a dependent variable that exceeds ±0.50 across at least 30 countries: UA predicts a country’s nurse-doctor ratio.
Hofstede and McCrae (2004) reported that UA was associated with McCrae’s national neuroticism index. Table IV shows correlations between UA and the four large studies reporting national neuroticism scores based on the NEO-PI-R or BFI questionnaires. As UA is related to some measures of neuroticism but not to others, the evidence remains inconclusive. The correlations between the available measures of neuroticism are not impressive, suggesting that some of the four studies have not measured it convincingly. Identifying those studies is beyond the scope of this paper.

Table V provides more correlations between UA and relevant societal indicators that UA could be expected to correlate with. With the exception of the “personal-sexual” factor, all selected indicators conform to Hofstede’s (2001) expectations concerning the predictive properties of UA. Namely, it should predict importance of job security, trust, subjective well-being, a focus on order, racism, corruption, slow acceptance of innovation, and a lack of economic freedom. Some correlations were calculated twice: across all available countries and then across countries in the “very high” category on the UNDP’s (2015) Human Development Index, since Hofstede (2001) reports that some of UA’s predictive properties are valid only or primarily across economically advanced countries.

The expectation that UA should be positively associated with importance of job security and negatively with interpersonal trust (Hofstede, 2001) is not confirmed by the WVS data. Both variables are closely associated with GLOBE’s UA practices. This suggests high trust and relatively low importance of job security characterize societies with detailed and properly enforced formal rules that create predictability. This has nothing to do with national anxiety.
Although Hofstede (2001) indicated that UA is not associated with risk avoidance, Table V shows that UA is a positive predictor of preference for a “safe job with no risk” as measured by the WVS. Yet, controlling for GLOBE’s UA practices reduces this correlation to statistical insignificance. The strongest preference for job safety is found in societies without detailed and strictly enforced formal rules (thus scoring low on GLOBE’s UA practices), which apparently depresses job safety while generating a high desire for it.

One of the most important practical implications of Hofstede’s UA is its presumed negative association with innovation (Hofstede, 2001). The largest study that supports this view was conducted across 68 countries more than 20 years ago (Shane, 1995). It concluded literally that uncertainty-accepting societies may be more innovative than uncertainty-avoiding societies, based on employees’ preferences for different roles within their organizations. Intrigued by these findings, Rinne et al. (2012) assessed the predictive properties of all of Hofstede’s dimensions, using data from the complex Global Innovation Index as dependent variables. They found that while IDV-COLL and PD were related to national innovation scores, UA was not related to them. The results in Table V show that UA is not related to adoption of innovative technologies.

Idiographic analyses further highlight some of the issues that plague the UA dimension and its index. According to Hofstede (2001), the South East Asian countries tend to score low on UA. This suggests that their societies should be quite liberal and allow their members to bend or ignore rules. The observed reality in those countries is precisely the opposite. They are well known for their harsh punishments, such as flogging for alcohol consumption during Ramadan in Malaysia, flogging for homosexual intercourse in Indonesia, prison sentences for graffiti writing in Singapore, and death penalty for possession of small amounts of light drugs in Malaysia, Indonesia, and Singapore. Singaporeans do not even have the right to chew gum and jokingly call their home place “a fine country:” a nice country where one can easily get fined.

2.4.3 Predictive properties of MAS-FEM. Appendix 6 in Hofstede (2001) does not list any significant correlations between MAS-FEM and a dependent variable that exceeds ±0.50 over at least 30 countries. Nevertheless, some of the presumed key predictive properties of that dimension are worth examining. Table VI provides correlations between key variables that MAS-FEM should be associated with according to Hofstede (2001). Some of the calculations were calculated also across economically developed countries as Hofstede (2001) indicates that some of the predictive properties of MAS-FEM are valid only across wealthy countries. Also, some calculations were calculated twice: using raw items and then ipsatized items, as advocated by Hofstede (2001).

Only two of the variables in Table VI – women’s share of seats in parliament and official development assistance as share of a nation’s gross domestic product – are associated, albeit

<table>
<thead>
<tr>
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<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Hofstede’s uncertainty avoidance</td>
<td>1.00</td>
<td>0.57**</td>
<td>0.18</td>
<td>0.32</td>
<td>43**</td>
</tr>
<tr>
<td>(2) Neuroticism (McCrae, 2002)</td>
<td>1.00</td>
<td>40*</td>
<td>0.49**</td>
<td>0.37</td>
<td></td>
</tr>
<tr>
<td>(3) Neuroticism (McCrae and Terracciano, 2005)</td>
<td>1.00</td>
<td>0.32*</td>
<td>0.20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(4) Neuroticism (Schmitt et al., 2007)</td>
<td></td>
<td>0.23</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>(5) Neuroticism (Gebauer et al., 2015)</td>
<td></td>
<td></td>
<td></td>
<td>1.00</td>
<td></td>
</tr>
</tbody>
</table>

Notes: *, ** Significant at 0.05 and 0.01 level, respectively
<table>
<thead>
<tr>
<th>Variable</th>
<th>$r$ with UA</th>
<th>$n$ (countries)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Importance of job security, WVS (2000-2004, Item v88) (not fielded in the same form after 2004)</td>
<td>-0.11</td>
<td>21</td>
</tr>
<tr>
<td>Interpersonal trust, WVS (2005-2009, Item v23)</td>
<td>-0.48**</td>
<td>39</td>
</tr>
<tr>
<td>Same item after controlling for GLOBE’s UA practices (Sully de Luque and Javidan, 2004)</td>
<td>-0.11</td>
<td>28</td>
</tr>
<tr>
<td>Interpersonal trust, WVS (2011-2014, Item v24)</td>
<td>0.41*</td>
<td>36</td>
</tr>
<tr>
<td>Same item after controlling for GLOBE’s UA practices (Sully de Luque and Javidan, 2004)</td>
<td>0.13</td>
<td>24</td>
</tr>
<tr>
<td>Personal-sexual factor (Minkov et al., 2013), reflecting restrictive societal norms with respect to the creation and termination of life</td>
<td>-0.11</td>
<td>32</td>
</tr>
<tr>
<td>Preference for a “safe job with no risk,” WVS (2000-2004 and 2005-2009, average of Items v84 and v48) (not fielded after 2009)</td>
<td>0.47*</td>
<td>42</td>
</tr>
<tr>
<td>Same item after controlling for GLOBE’s UA practices (Sully de Luque and Javidan, 2004)</td>
<td>0.23</td>
<td>29</td>
</tr>
<tr>
<td>Average life satisfaction, WVS (2005-2009, Item v22)</td>
<td>0.01</td>
<td>35</td>
</tr>
<tr>
<td>Same item, only countries with a “very high” Human Development Index (UNDP, 2015)</td>
<td>-0.64**</td>
<td>13</td>
</tr>
<tr>
<td>Average life satisfaction, WVS (2011-2014, Item v23)</td>
<td>0.12</td>
<td>35</td>
</tr>
<tr>
<td>Same item, only countries with a “very high” Human Development Index (UNDP, 2015)</td>
<td>-0.25</td>
<td>12</td>
</tr>
<tr>
<td>Subjective perception of one’s own state of health, WVS (2011-2014, Item v11)</td>
<td>0.33</td>
<td>30</td>
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<tr>
<td>Average happiness, WVS (2011-2014, Item v10)</td>
<td>0.42 ($p = 0.20$)</td>
<td>11</td>
</tr>
<tr>
<td>Same item, only countries with a “very high” Human Development Index (UNDP, 2015)</td>
<td>0.20</td>
<td>28</td>
</tr>
<tr>
<td>“Maintaining order in the nation” most important of four national goals, WVS 2005-2009 (not fielded after 2009, Item v71)</td>
<td>0.51 ($p = 0.11$)</td>
<td>11</td>
</tr>
<tr>
<td>Percentage respondents choosing “people of a different race” as unwanted as neighbors, WVS (2005-2009, Item v35)</td>
<td>0.04</td>
<td>38</td>
</tr>
<tr>
<td>Percentage respondents choosing “immigrants, foreign workers” as unwanted as neighbors, WVS (2005-2009, Item v35)</td>
<td>0.00</td>
<td>48</td>
</tr>
<tr>
<td>Corruption perception index 2015 (Transparency International, 2017)</td>
<td>0.04</td>
<td>45</td>
</tr>
<tr>
<td>Correlation with “maintaining order in the nation” most important of four national goals, WVS 2005-2009 (not fielded after 2009, Item v71)</td>
<td>-0.32 ($p = 0.15$)</td>
<td>23</td>
</tr>
<tr>
<td>Availability of latest technology according to the Global Competitiveness Report (2014-2015, Item 9.01) (Schwab et al., 2014)</td>
<td>-0.20</td>
<td>64</td>
</tr>
<tr>
<td>Same item, only countries with a “very high” Human Development Index (UNDP, 2015)</td>
<td>-0.39*</td>
<td>27</td>
</tr>
<tr>
<td>Percentage internet users in 2013 according to the Global Competitiveness Report (2014-2015, Item 9.01) (Schwab et al., 2014)</td>
<td>-0.04</td>
<td>23</td>
</tr>
<tr>
<td>Availability of latest technology according to the Global Competitiveness Report (2014-2015, Item 9.01) (Schwab et al., 2014)</td>
<td>-0.06</td>
<td>64</td>
</tr>
<tr>
<td>Same item, only countries with a “very high” Human Development Index (UNDP, 2015)</td>
<td>-0.50**</td>
<td>27</td>
</tr>
<tr>
<td>Percentage internet users in 2013 according to the Global Competitiveness Report (2014-2015, Item 9.01) (Schwab et al., 2014)</td>
<td>-0.22</td>
<td>23</td>
</tr>
</tbody>
</table>

(continued)
weakly, with MAS-FEM, yet even these correlations become insignificant after controlling for relevant external variables, such as Welzel’s (2014) emancipative values index and GLOBE’s assertiveness, proposed by Hartog (2004) as a radical reconceptualization of, and improvement on, Hofstede’s MAS-FEM. This failure of MAS-FEM to predict female emancipation should not come as a surprise since it is well known by now that emancipation is strongly associated with variants of IDV-COLL and national wealth, and is completely unrelated to MAS-FEM. An example of such an IDV-COLL variant is Welzel’s (2014) emancipative values index. Welzel’s extensive work in the field of emancipation is fully convincing and conclusive.

Dimensions of national culture that replicate in one form or another, and have good predictive properties, produce clear geo-economic spatial configurations as shown by Dobson and Gelade (2012). This is accepted by Hofstede (Minkov et al., 2013). Yet, MAS-FEM does not yield a recognizable geo-economic configuration and neighboring countries whose populations have common ethnic and civilizational origins, such as Mexico and Guatemala, and Japan and Korea, sometimes have dramatically different scores on MAS-FEM. Naturally, an index that lacks a geo-economic structure cannot explain variables that have such a structure, such as most important national statistics and most WVS measures.

2.4.4 Predictive properties of Hofstede’s fifth dimension. Minkov and Hofstede (2012) showed that their LTO measure predicted national differences in educational achievement. However, Minkov, Bond, Dutt, Schachner, Morales, Sanchez et al. (in press) demonstrated that FLX-MON, a radical reconceptualization of LTO, is the best-known predictor of national differences on TIMSS and PISA tests, considerably outperforming LTO measures.

3. Analysis of primary data
The analysis of primary data focuses on the internal reliability of the two problematic dimensions: UA and MAS-FEM. It uses data from a new study of national culture and personality across nearly 53,000 respondents selected probabilistically from all main geographic regions and economic sectors of 56 countries, reflecting the ethnic, linguistic, and age structure of most countries quite adequately. In economically developed countries, the samples are also close to the national census in terms of educational-level differences, whereas the samples in developing countries consist predominantly of respondents with higher education. Nevertheless, in nearly each country in the second group there are at least 100 probabilistically selected respondents without higher education, thus allowing separate cross-national analyses of samples with and without higher education. This study excluded the Dominican Republic and

<table>
<thead>
<tr>
<th>Variable</th>
<th>$r$ with UA</th>
<th>$n$ (countries)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile phone subscriptions per 100 population in 2013 according to the Global Competitiveness Report 2014-2015, Item 2.08 (Schwab et al., 2014)</td>
<td>0.08</td>
<td>64</td>
</tr>
<tr>
<td>Same item, only countries with a “very high” Human Development Index (UNDP, 2015)</td>
<td>$-0.01$</td>
<td>27</td>
</tr>
<tr>
<td>Index of Economic Freedom 2016 (Heritage Foundation, 2016)</td>
<td>$-0.33^*$</td>
<td>63</td>
</tr>
<tr>
<td>Same item, after controlling for GLOBE’s UA practices (Sully de Luque and Javidan, 2004)</td>
<td>$-0.07$</td>
<td>45</td>
</tr>
<tr>
<td>Same item, only countries with a “very high” Human Development Index (UNDP, 2015)</td>
<td>$-0.74^{**}$</td>
<td>27</td>
</tr>
<tr>
<td>Same item, only countries with a “very high” Human Development Index (UNDP, 2015), after controlling for GLOBE’s future orientation practices (Ashkanasy et al., 2004) and neuroticism (McCrae and Terracciano, 2005)</td>
<td>$-0.50$ ($p = 0.07$)</td>
<td>16</td>
</tr>
</tbody>
</table>

Notes: *,**Significant at 0.05 and 0.01 level, respectively

Table V.
<table>
<thead>
<tr>
<th>Variable</th>
<th>( r ) with MAS-FEM</th>
<th>( n ) (countries)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage choosing “Working with people I like” as most important job characteristic, Item v73, WVS (1995-1999)</td>
<td>0.11</td>
<td>28</td>
</tr>
<tr>
<td>Percentage choosing “Working with people I like” as most important job characteristic, Item v48, WVS (2005-2009) (not fielded after 2009)</td>
<td>-0.11</td>
<td>36</td>
</tr>
<tr>
<td>Percentage choosing “Important job, feeling of accomplishment” as most important job characteristic, Item v73, WVS (1995-1999) (not fielded in this form after 1999)</td>
<td>-0.34</td>
<td>28</td>
</tr>
<tr>
<td>Percentage mentioning “a job in which you feel you can achieve something,” WVS (2000-2004) (not fielded after 2004)</td>
<td>-0.05</td>
<td>23</td>
</tr>
<tr>
<td>Importance of helping as a personal value, WVS (2005-2009, Item v84)</td>
<td>0.29</td>
<td>32</td>
</tr>
<tr>
<td>Same item, after ipsatization at the national level, across all 10 Schwartz items</td>
<td>0.18</td>
<td>32</td>
</tr>
<tr>
<td>Importance of success as a personal value, WVS 2005-2009, item v85</td>
<td>-0.06</td>
<td>32</td>
</tr>
<tr>
<td>Same item, after ipsatization at the national level, across all 10 Schwartz items</td>
<td>-0.26</td>
<td>32</td>
</tr>
<tr>
<td>“Religious faith” mentioned as an important trait for children, Item v19, WVS (2005-2009)</td>
<td>0.12</td>
<td>38</td>
</tr>
<tr>
<td>Same item, only countries with a “very high” Human Development Index (UNDP, 2015)</td>
<td>0.28</td>
<td>15</td>
</tr>
<tr>
<td>“Religious faith” mentioned as an important trait for children, Item v19, WVS (2011-2014)</td>
<td>0.20</td>
<td>30</td>
</tr>
<tr>
<td>Same item, only countries with a “very high” Human Development Index (UNDP, 2015)</td>
<td>0.07</td>
<td>11</td>
</tr>
<tr>
<td>Importance of family, item v4, WVS 2005-2009</td>
<td>-0.07</td>
<td>37</td>
</tr>
<tr>
<td>Same item after ipsatization by nation across five value items in that section of the WVS</td>
<td>-0.09</td>
<td>37</td>
</tr>
<tr>
<td>Same item after ipsatization, only countries with a “very high” Human Development Index (UNDP, 2015)</td>
<td>-0.29</td>
<td>19</td>
</tr>
<tr>
<td>Importance of work, Item v8, WVS (2005-2009)</td>
<td>0.05</td>
<td>37</td>
</tr>
<tr>
<td>Same item after ipsatization by nation across five value items in that section of the WVS</td>
<td>0.05</td>
<td>37</td>
</tr>
<tr>
<td>Same item after ipsatization, only countries with a “very high” Human Development Index (UNDP, 2015)</td>
<td>0.08</td>
<td>19</td>
</tr>
<tr>
<td>Importance of religion, Item v9, WVS (2005-2009)</td>
<td>-0.05</td>
<td>37</td>
</tr>
<tr>
<td>Same item after ipsatization by nation across the five value items in that section of the WVS</td>
<td>-0.07</td>
<td>37</td>
</tr>
<tr>
<td>Same item after ipsatization, only countries with a “very high” Human Development Index (UNDP, 2015)</td>
<td>-0.12</td>
<td>19</td>
</tr>
<tr>
<td>Average life satisfaction, WVS (2005-2009, Item v23)</td>
<td>0.01</td>
<td>35</td>
</tr>
<tr>
<td>Same item, only countries with a “very high” Human Development Index (UNDP, 2015)</td>
<td>-0.16</td>
<td>12</td>
</tr>
<tr>
<td>Average life satisfaction, WVS 2011-2014, item v23</td>
<td>0.03</td>
<td>35</td>
</tr>
<tr>
<td>Same item, only countries with a “very high” Human Development Index (UNDP, 2015)</td>
<td>-0.19</td>
<td>12</td>
</tr>
<tr>
<td>Subjective perception of one’s own state of health, WVS (2011-2014, Item v11)</td>
<td>0.09</td>
<td>30</td>
</tr>
<tr>
<td>Same item, only countries with a “very high” Human Development Index (UNDP, 2015)</td>
<td>0.21</td>
<td>11</td>
</tr>
<tr>
<td>Gender Inequality Index (UNDP, 2015)</td>
<td>0.08</td>
<td>62</td>
</tr>
<tr>
<td>Same item, only countries with a “very high” Human Development Index (UNDP, 2015)</td>
<td>-0.13</td>
<td>32</td>
</tr>
<tr>
<td>Schwartz’s mastery (personally provided scores, 2016)</td>
<td>0.08</td>
<td>50</td>
</tr>
<tr>
<td>Societal restrictiveness vs permissiveness as measured by the WVS 2005-2009: “personal-sexual” factor (Minkov et al., 2013)</td>
<td>-0.13</td>
<td>32</td>
</tr>
<tr>
<td>Same item after controlling for Hofstede’s IDV-COLL</td>
<td>-0.30 (p = 0.10)</td>
<td>32</td>
</tr>
</tbody>
</table>

Table VI. Correlations between masculinity-femininity (MAS-FEM) and relevant external variables

(continued)
Puerto Rico, where the data were collected by phone, unlike all other countries. Details about the samples are freely available from Itim International (info@itim.org), an international cross-cultural management consultancy, licensed by Geert Hofstede.

The questionnaire included 108 items, plus demographic questions, grouped in several sections. The largest section (52 items) consists of personality items and self-construals, targeting the Big Five measures of personality and Hofstede’s dimensions. Two smaller sections measure consumer behavior preferences and sources of guidance in making purchasing decisions. Analyses of these sections may have interesting implications for international business.

Comparisons of data from samples with and without higher education did not reveal any substantial differences in terms of country positions. Below, only results from comparisons of samples without higher education are reported.

In order to avoid response style associated with Likert scales, all items in this study elicit categorical responses, plus an intermediate option. Examples are provided below.

### 3.1 UA

Two items target the two main facets of UA. The first is about anxiety:

1. I worry a lot and often feel nervous.
2. I am somewhere here, in between these two.
3. I am usually relaxed and do not worry much.

The second item is about the conviction that all societal rules and laws must be followed strictly, which is the societal extrapolation of the conviction that all company rules must be followed strictly (Minkov and Hofstede, 2014):

1. If I could, I would make all people in our society follow all our laws and rules very strictly.
2. I am somewhere here, in between these two.
3. If I could, I would allow people to break useless or meaningless laws and rules.

Scored on a scale from 1 to 3 and aggregated to the national level, the two items correlate positively at 0.45 ($p = 0.022$) across the 26 European countries in the sample, supporting Minkov and Hofstede’s (2014) findings, and validating the representativeness of the database used for this analysis, as it produces the same pattern as the nationally representative European Social Survey used by Minkov and Hofstede (2014). But across 53 countries from all continents, this correlation is $-0.23$ ($p = 0.094$). Figure 2 visualizes the relationship between the two variables.

Figure 2 suggests that, with the exception of Vietnam[1], it is mostly the economically advanced IDV societies that have the strongest tendency to give people the discretion to
decide which laws and rules are not worth following. With the exception of Italy, all societies at the opposite extreme are developing countries. This supports Minkov, Dutt, Varma, Schachner, Morales, Sanchez et al.’s (in press) assertion that this item measures IDV-COLL differences. In IDV countries, people have greater freedom and individual discretion to decide whether societal rules are meaningful or not. In COLL societies, people have to follow the rules that are imposed on them as their fellow countrymen and women do not believe that giving people discretion is a good idea. This highly meaningful and logical pattern suggests that the country scores on this item capture logical cultural differences and cannot be dismissed as a study artifact.

Table VII shows that, unlike Hofstede’s UA, the anxiety item in this study is significantly correlated with all national measures of neuroticism and anxiety obtained in large-scale studies. Besides, some of the correlations are quite high. This validates the anxiety item as a reliable measure of national anxiety. In fact, it may be the best available national measure of anxiety and neuroticism as it is the only one available that yields such (relatively) high correlations with each of the remaining measures in the other large-scale studies. In sum,

Table VII.

<table>
<thead>
<tr>
<th>Variable</th>
<th>$r$</th>
<th>$n$ (countries)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neuroticism in McCrae (2002)</td>
<td>−0.62</td>
<td>31</td>
</tr>
<tr>
<td>Neuroticism in McCrae and Terracciano (2005)</td>
<td>−0.47</td>
<td>35</td>
</tr>
<tr>
<td>Neuroticism in Schmitt et al. (2007)</td>
<td>−0.67</td>
<td>37</td>
</tr>
<tr>
<td>Neuroticism in Gebauer et al. (2015)</td>
<td>−0.42</td>
<td>54</td>
</tr>
<tr>
<td>Anxiety in Allik et al. (2017)</td>
<td>−0.67</td>
<td>37</td>
</tr>
</tbody>
</table>

**Note:** All correlations are significant at 0.01
we have solid evidence that this study has measured anxiety and societal restrictiveness in a very meaningful and reliable way, and that the two measures are not correlated as UA theory predicts.

3.2 MAS-FEM

Baumann and Winzar (2017) correctly point out that value prioritizations are complex processes whose outcome may depend on the values themselves and circumstances. From this perspective, asking people how much they value achievement may not be informative enough. Everybody values achievement of some sort, yet some people may value achievement of good human relationships (a FEM value or goal) more than achievement of recognition (a MAS value or goal) or vice-versa. Therefore, for the purpose of this study, the text of the achievement item was quite specific:

1. I would like to achieve fame and glory. 2. I am somewhere here, in between these two. 3. I see fame and glory as useless to me.

This conceptualization of achievement is entirely in accordance with Hofstede (2001) who indicates explicitly that high MAS stands for “achievement in terms of ego boosting, wealth, and recognition” (p. 298).

The other MAS item addresses one’s willingness to compete, based on Hofstede’s (2001) indication that MAS cultures have a “concern” for “performance and competition” (p. 313), and that “The family in masculine societies socializes especially male children toward assertiveness, ambition, and competition” (pp. 314-315):

1. I like to compete with people. 2. I am somewhere here, in between these two. 3. I hate to compete with people.

The following items capture the concept of FEM:

1. I like to help people, even if I have to do something difficult. 2. I am somewhere here, in between these two. 3. I rarely agree to do something difficult to help people.

1. I am a compassionate person. When others have problems, I feel very sorry for them. 2. I am somewhere here, in between these two. 3. If other people have problems, I am usually indifferent.

Just like helping, compassion is consistent with MAS-FEM theory since Hofstede (2001) indicates that “The mas/fem dimension affects priorities in the following areas: (1) solidarity with the weak in one’s society versus reward for the strong” (p. 317), and that “In masculine societies more people believe that the fate of the poor is the poor’s own fault” (p. 319).

Our data show that, worldwide, we have the same situation as with the “help” and “success” items in the WVS: men are more likely to adopt the supposedly MAS self-descriptions (desire for fame, competitiveness) whereas women are more likely to adopt the supposedly FEM self-descriptions (desire to help and compassion). Thus, there is no doubt that these items conform to Hofstede’s MAS-FEM theory.

Table VIII shows correlations between these items, scored on a scale from 1 to 3 and aggregated to the national level, and Hofstede’s MAS-FEM index.

Table VIII demonstrates that all MAS and FEM items are correlated positively. The use of conceptual opposites within each item instead of a Likert scale means that this pattern cannot be due to the well-known preference of some societies to agree with most statements or rate most items as important, since the respondents are not asked to agree with anything to any specific degree or rate the importance of anything. They have described themselves in terms of clear statements that they identify with.

Figure 3 visualizes the relationship between liking to compete and liking to help. The two items create a clear geographic map, with East Asia in the upper right corner, European and English-speaking countries in the middle, and Africa, Latin America, Southeast Asia, as well as the Balkans and the Middle East (Turkey, Serbia, Romania and Egypt), in the lower left corner. These two items obviously measure something very real; otherwise there would not
be such a clear geographic pattern. It is evident that the East Asian Confucian cultures are least likely to socialize their members for a desire to compete and help, whereas the rest of Asia, Latin America, Africa, and the Middle East exhibit the opposite pattern. This pattern is indicative of FLX-MON differences, explained in the work of Minkov, Bond, Dutt, Schachner, Morales, Sanchez et al. (in press).

This finding does not imply that East Asians do not engage in competitions. In fact, it is well known that they tend to be fiercely competitive in education. The results of this fierce competitiveness are also known. Children of Confucian heritage surpass those from any other societies in educational achievement, especially in mathematics. Yet, the nationally representative study TIMSS reveals that East Asian children are also those who have the most negative attitudes toward the study of mathematics (Minkov, 2011), and possibly toward the educational competitions that they have to engage in, under societal pressure.

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Desire to achieve fame</td>
<td>1.00</td>
<td>0.55**</td>
<td>0.32*</td>
<td>0.47**</td>
<td>−0.20</td>
</tr>
<tr>
<td>(2) Desire to compete</td>
<td></td>
<td>1.00</td>
<td>0.61**</td>
<td>0.59**</td>
<td>0.01</td>
</tr>
<tr>
<td>(3) Desire to help</td>
<td></td>
<td>1.00</td>
<td>0.77**</td>
<td></td>
<td>−0.03</td>
</tr>
<tr>
<td>(4) Compassion</td>
<td></td>
<td>1.00</td>
<td></td>
<td>0.12</td>
<td></td>
</tr>
<tr>
<td>(5) Hofstede’s masculinity-femininity index</td>
<td></td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes: *, ** Correlations are significant at 0.05 and 0.01 levels, respectively

Figure 3.
Visualization of the relationship between liking to compete and liking to help people (this study)
Again, we have evidence of Confucian duality and ability to adapt one’s behavior to the requirements of the situation even if this means a clash with one’s values and dispositions. Item v10 in WVS 1999-2004 (subsequently discontinued) measured the importance of “service to others” as a personal value. The percentages of respondents who have chosen the “very important” option are highly correlated with the national scores on the reversely-scored liking-to-help item in this study: $r = -0.71 \ (p < 0.001, \ n = 21)$. Considering the 15-year time difference between the two studies, this is a remarkably high correlation, strongly validating both studies: the WVS and ours. Figure 4 visualizes the relationship between the two items.

In sum, the MAS and FEM measures in this study are highly reliable and valid as measures of national culture and the positive correlations between them, refuting the MAS-FEM theory, are not due to improper measurement.

4. Discussion
Replication and validation studies can have three possible outcomes. First, the original model may be confirmed and validated. In that case, all is just well. Second, the replication and validation attempt may produce nonsensical findings. This would not necessarily invalidate the original model. It may be the case that the original is valid whereas the replication attempt is plagued by various methodological errors. This study is an example of the third possible outcome. The original model is not replicated and is not validated but the new findings are not nonsensical at all. They are underpinned by a very solid logic, which however differs from Hofstede’s. This new logic is based on nationally representative studies, mostly the WVS and a survey of 53,000 people chosen probabilistically, reflecting the structure of the national census more or less closely in each of 56 nations, adequately representing the world’s national cultures from all continents. Which of the two logics is stronger – the old or the new – is a question that is not hard to answer.

\[\text{Figure 4. Visualization of the relationship between liking to help people (this study) and importance of “service to others,” v10 in World Values Survey (1999-2004)}\]
This study documents the need for a thorough revision of Hofstede’s model of national culture. Of the four original IBM dimensions, only IDV-COLL is supported as a coherent and empirically useful dimension of national culture. Yet, the original IBM operationalization and the index that it has produced need a substantial correction. First, IBM’s IDV-COLL does not have good face validity. Second, after Hofstede’s IBM study, the USA and the other English-speaking countries have never been shown to lead the country rankings on any major dimension of national culture or any national statistics related to IDV-COLL. A much-needed correction of the IDV-COLL index is provided by Minkov, Dutt, Varma, Schachner, Morales, Sanchez et al. (in press).

The internal reliability of PD and its independence from IDV-COLL could not be established with the data available for this study. It is however clear that IDV-COLL is a better predictor of the main variables that PD can be expected to predict, making PD empirically redundant. And since one of the main facets of IDV-COLL is differential treatment of people based on their group affiliation, PD is logically a sub-facet of IDV-COLL that need not be seen as independent from IDV-COLL.

The main pillar of UA – the assumption that societal anxiety accounts for societal preference for strict rules and laws – collapses upon scrutiny. These two presumed UA facets are correlated highly and positively only across European countries. An analysis across countries from all continents reveals quite clearly that societal preference for strict rules and laws is an aspect of COLL, and is not related to national measures of anxiety or neuroticism as UA theory predicts. This explains why, despite their low UA scores, the South and Southeast Asian countries have extremely strict rules in domains that their COLL cultures have traditionally considered important. The fact that westerners observe some lack of order in South Asia from their own perspective, such as chaotic driving, simply means that Western driving regulations are still a foreign import in South Asia that has not taken root in the local culture as it clashes with older cultural rules.

Apart from its lack of internal consistency, UA does not have any of the main predictive properties that it has been credited with. Whenever UA produces a significant zero-order correlation with a relevant external variable, that correlation is reduced to insignificance after controlling for various aspects or facets of IDV-COLL or closely related constructs, such as GLOBE’s UA or future orientation practices, or Welzel’s emancipative values index.

MAS and FEM values are correlated positively, not negatively, and are not related to the IBM MAS-FEM index. This finding, as well as the failure of the IBM’s MAS-FEM index to demonstrate the predictive properties that it is supposed to have, plus the fact that distances between the values and personality traits of men and women are not a function of MAS-FEM, discredits the MAS-FEM dimension and suggests that it is an artifact of the IBM data set without a societal equivalent.

Figure 5 is a cultural map of the world, using Hofstede’s UA and MAS-FEM as axes. It is puzzling to see the Confucian countries scattered throughout the map. It is also impossible to explain the close proximity of pairs of culturally distant countries, such as the USA and the Philippines, Canada and Indonesia, Taiwan and Brazil, Korea and Peru, Germany and Ecuador, Austria and Venezuela, and Finland and Thailand, to name just a few pairs. While the Scandinavian countries and the Netherlands have the lowest scores on MAS-FEM, the other economically advanced countries are at the other extreme on that dimension. The Latin American countries are also dispersed along the MAS-FEM axis, without any apparent logic. Some of the Confucian countries score very low on UA whereas others score very high. Taiwan is in the middle. These patterns do not have close analogues in any national statistics or other indicators.

Figures 6 and 7 present a new cultural map of the world, using the latest measures of IDV-COLL (Minkov, Dutt, Varma, Schachner, Morales, Sanchez et al., in press) and FLX-MON (Minkov, Bond, Dutt, Schachner, Morales, Sanchez et al., in press).
This new map of the world is very much like the real one, drawn from a traditional European perspective, without the world’s oceans. There is one logical exception: the English-speaking countries are not scattered across the world but form a fairly compact cluster right above the center of the map. Indonesia’s proximity to the Arab world and the African countries should not
It is supported by proximity on important national indicators, such as measures of rule of law, transparency vs corruption, accident proneness, and gender inequality (all associated with IDV-COLL), as well as educational achievement (associated with FLX-MON).

The new cultural map is also the only one available that highlights the cultural distinctiveness of the Confucian countries of East Asia. They occupy an intermediate position on IDV-COLL, yet they are leaders in terms of FLX-MON. This explains the leading position of the Confucian countries in educational achievement, followed by Finland, the Netherlands, Russia, and Kazakhstan.

This study exposes two perils in cross-cultural research. The first one is over-reliance on seemingly matched samples whose comparability is not guaranteed. The second is insufficient testing of the validity of a model of national culture. This includes use of small and globally unrepresentative samples of nations and reliance on modest zero-order correlations that have not been tested extensively by controlling for potentially better predictors. Authors who use Hofstede’s dimensions rarely test the effects of other predictors, such as Inglehart’s, Schwartz’s, and GLOBE’s measures, alongside Hofstede’s. This explains why, not only in Hofstede’s work, but also in the studies of many other authors, UA has been found to be a significant predictor of diverse variables, including some of those tested in this study. Even MAS-FEM has been reported to produce effects in some analyses, although it is obviously a fictitious dimension. Most recently, De Mooij (2017) reported several high zero-order correlations between MAS-FEM and various variables measured across European countries only. One of these, “agree with university education is more for boys” (p. 451) is reported to correlate with MAS-FEM at 0.68, without the number of countries across which the correlation was calculated (p. 451). The same variable is measured by item v52 in WVS 2011-2014 across the world. Across 30 overlapping countries, it correlates with MAS-FEM at −0.31 (p = 0.09).

At the time when Hofstede developed his model, and even in 2001, when his main monograph was published, the scarcity of the available data did not allow adequate
large-scale tests. Hofstede's analysis caused the admiration of many scholars, including the author of this paper. Yet the world has changed enormously since then and the amount of information about cross-cultural differences worldwide has increased manifold. This wealth of information today reveals a picture that is very different from what Hofstede extracted from his IBM data set and, apart from the fact that the Confucian societies are now somewhat more IDV-oriented, the difference does not seem to be a result of seismic cultural restructuring across the world. It comes from the nature of Hofstede's IBM samples: they were not good representations of the cultures from which they were drawn, whereas the samples available today are far more representative.

Might the new model, proposed here, consisting of the new measures of IDV-COLL and FLX-MON, also be refuted upon closer scrutiny? It may certainly be modified, updated, and improved, but it cannot be completely dismantled in the near future, before very significant cultural shifts have occurred across the world. IDV-COLL is a dimension that transpires in one variant or another from any large study of culture, and each variant is closely associated with differences in national wealth and a host of other national indicators. The long history of FLX-MON and its predecessors from diverse studies, including the WVS, is described by Minkov, Bond, Dutt, Schachner, Morales, Sanchez et al. (in press). The validity of that dimension is confirmed by its strikingly close and persistent association with differences in national educational achievement, and measures of self-consistency and self-esteem from a variety of reliable studies, covering many countries across the globe, including self-confidence or self-esteem measures by PISA OECD, which relies on the largest nationally representative samples in the history of cross-cultural studies. Other national indicators, such as homicide rates and adolescent fertility seem to follow the same geographic distribution, rising from Confucian East Asia toward Latin America and Africa, whereas suicide rates and tobacco consumption seem to rise in the opposite direction. These, and many other research topics, are awaiting further exploration.

Note
1. Vietnam exhibits an unusual pattern on this item. That country scores relatively high in terms of percentages of people who would enforce strict laws, like in a typical collectivist country. The percentage of Vietnamese who would allow others to break useless laws is small in absolute terms, yet high relative to other countries.

References


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Managing paradoxes, dilemmas, and change
A case study to apply the Yin Yang wisdom in Western organizational settings

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Abstract

Purpose – Drawing on Fang’s (2012) Yin Yang theory of culture while taking up the roadmap proposed by Li (2016) for applying the epistemological system of Yin Yang balancing to complex issues in management research, in general, and to paradoxical issues, in particular, the purpose of this paper is to explore how organizations and individuals in the West can balance cultural paradoxes and manage culture dilemmas through the lens of Yin Yang wisdom.

Design/methodology/approach – The paper is based on a qualitative case study. Data are gathered through interviews, documents, and field observations in four subsidiaries of an Italian insurance multinational corporation and were analyzed according to the three parameters, i.e., situation, context, and time (Fang, 2012).

Findings – The findings show how the integration and learning from seemingly opposite cultures and sets of values lead the organization and individuals to balancing cultural paradox and managing cultural dilemma effectively. With regard to situation, the authors find that both organizations and customers choose the most relevant value(s) to take advantage of specific events or circumstances, and that different value orientations can coexist. As for context, the authors show that organizations can adapt their values either through suppression and/or promotion, which can foster individuals to find new balancing within the paradox. In terms of time, the authors show that the process of learning from other cultures over time can play a role in the shift of people’s and organizations’ choices of attitudes and value orientations.

Originality/value – The paper suggests the relevance and usefulness of adopting Yin Yang wisdom to uncover the dynamic process of cultural learning in Western scenarios.

Keywords Case study, Yin Yang, Cross-cultural challenge, Cultural paradox, Culture dilemma, National and organizational culture

Paper type Research paper

Introduction

This paper presents an embedded case study aiming to investigate whether organizational and national cultures mutually influence each other, how they do so, and how this process of reciprocal learning may encourage organizations and individuals to balance cultural paradoxes and manage cultural dilemmas. For this study, Yin Yang, an East Asian wisdom, is adopted as the lens through which Western national and
organizational cultures are examined. More specifically, the Yin Yang worldview and epistemological system (Fang, 2012; Li, 2016) is found to be the most appropriate system with which to make sense of cultural learning and to reframe the paradox that originates from the coexistence of apparently opposite values and behaviors. The Chinese philosophical tradition of Yin Yang supports the reconciliation of “opposing voices” (Chen, 2002). Instances of these “opposing voices” can be found in nature, as well as in most human expressions, allowing the Yin Yang thinking to be applied to the study of various phenomena across multiple disciplines. For example, the relationship between males and females has been explained as one in which opposites complete each other: male having more Yang qualities (being more assertive and protective) and female having more Yin qualities (being more conciliatory and nurturing) (Ortner, 1972). Food consumption has also been looked at through Yin Yang lenses: following the Yin Yang philosophy, foods can be divided into more Yin or more Yang. Yin foods tend to be refreshing and to provide water to the body; Yang foods have heating and drying properties. By eating both types of these opposite foods, people can make sure to have optimal balance in their bodies, and, ultimately, good health (Ludman and Newman, 1984). This principle of the union of the opposites is very useful when applied to the study of business organizations, as the case study object of this study exemplifies.

The case study involved four subsidiaries of an Italian insurance multinational corporation (MNC), each of which is located in a different area of Europe. Data were gathered through interviews, documents and field observations, and were analyzed according to the three categories in which, according to Fang (2005-2006, 2012), culture – national, local, or organizational – is embedded in situation, context, and time. Understanding culture in a contextual/relative way has also been proposed recently in the framework “Relative Values and Moderated Behaviour” (the ReVaMB model, see Baumann and Winzar, 2017) which suggests that one has to “consider the moderating role of the context in which values are allowed to become manifest” (p. 41). This study heeds these calls to look at culture with contextual and situational lenses to reveal that a variety of processes are activated when organizational and national cultures intertwine. In particular, organizations and individuals can adapt their value portfolios according to specific situations, context requirements, and changes over time, thus making sense of paradoxes and cultural dilemmas. The paper is structured as follows: the following section provides a brief overview of the theoretical framework of this study, in an attempt to explain why East Asian wisdom was chosen as the point of departure for an analysis of Western values and behaviors. Next, the paper describes the methodology and data sources used for the case study, and then moves on to the analysis of data and the findings arising from it. In the concluding section, we discuss the limitations of this study and the need for further research.

**Exploring Western cultures through the lens of East Asian wisdom**

Over the past few years, interest in East Asian philosophical wisdom as inspiration for theory building to cope with the increasing paradoxes in today’s globalized business world has been on the rise (Fang, 2012; Fang et al., 2017; Li, 2012; Luo and Zheng, 2016; Mattsson and Tidström, 2015, to mention a few). Western literature does not adequately comprehend East Asia’s traditions, approaches, and performance. For example, it was only recently established that when competitiveness and workforce performance are compared (Asia vis-à-vis the “West”), three Western countries (Germany, the UK, the USA) cluster together with significantly lower performance levels than China and South Korea (Baumann, Hamin, Tung, and Hoadley, 2016). In education, the East Asian cluster (China, Japan, Singapore, South Korea, and so on) again significantly outperforms Western and other clusters (Baumann and
East Asian philosophies are arguably the drivers of such strong performances. Among the East Asian ideologies, philosophies and other elements of wisdom, Yin Yang is considered as the worldview and epistemological system that can best foster an understanding of recent phenomena by reframing the notions of paradox, opposites, and balance (Fang, 2012; Li, 2016; Luo and Zheng, 2016).

According to the Yin Yang philosophy, the universe and all its phenomena are shaped by the continuous interplay of Yin and Yang, two opposite yet interdependent — cosmic energies. Yin is associated with traditionally female traits such as softness, femininity, darkness, and submissiveness, while Yang represents traditionally male traits such as strength, energy, masculinity, and dominance. The co-dependency of these dual forces works in such a way that, as Jì et al. (2001, p. 450) put it, “[w]hen Yin reaches its extreme, it becomes Yang; when Yang reaches its extreme, it becomes Yin. The pure Yin is hidden in Yang, and the pure Yang is hidden in Yin.”

Fang (2005-2006, 2012) suggests that Yin Yang as a philosophical thinking helps conceptualize culture at the national, local, organizational, and individual levels. In his words, in the same way that Yin and Yang coexist and influence each other, apparently “paradoxical value orientations coexist in any culture” and “give rise to, exist within, reinforce, and complement each other to shape the holistic, dynamic, and dialectical nature of culture” (Fang, 2012, p. 25). Fang’s (2012) theory unveils the intrinsically paradoxical nature of any culture, in which apparently contradictory values and behaviors can coexist, and where a “greater tendency toward one end of a bipolar dimension does not preclude the espousal or exhibition of characteristics at the opposite end [...]. Culture is therefore not a situation-free, context-free, or time-free construct, but rather is embedded in situation, context, and time” (p. 35). This dynamic vision of culture reflects the Chinese view of paradox as the “co-existence of mental opposites that are contradictory yet interrelated” (Li, 2016, p. 6) in a constant process of dynamic balancing which strives to reach harmony in duality. “In short, the Yin Yang approach emphasizes the interdependence of opposites as compared to the perspective of the independence of opposites in the classical Western approach” (Fang et al., 2017, p. 559).

Fang (2012) put forward four propositions that define the essence of the Yin Yang theory of culture. According to the first proposition, potentially paradoxical value orientations can coexist in the same culture, embedded in three main parameters: situation, context, and time. Fang’s assertion is, therefore, that a variety of competing value orientations coexist in the same culture at a given time, and in a specific situation and context. This leads to his second proposition, which postulates that, at a given time, the members of a given culture can choose from the rich portfolio of value orientations according to the situation, context, and time they find themselves in. In a previous article, Fang (2005-2006) had metaphorically described culture as an ocean with “a life of its own” (p. 81). In his words, every culture is characterized by “ups and downs of cultural values” (p. 82). This leads to his third proposition, according to which at a given point and under the influence of internal (Yin and Yang) and external forces (e.g. globalization, context), certain value orientations are legitimized, while others are suppressed. Mattsson and Tidström (2015, p. 3) further note that “it is impossible to say exactly when and for how long a certain force will dominate.” The “ocean” metaphor illustrates this dynamic process, in that the ocean’s visible waves represent the values and behaviors that are activated in a given context, while the currents beneath the surface symbolize the values that lie dormant. In his fourth and last proposition, Fang conceptualizes the process of mutual influence and interaction that takes place between different cultures, especially through globalization, and affirms that each individual culture self-selects and constructs its own set of cultural values, which can
According to Chen (2008), a "...suggest that Yin Yang principles can be useful in shedding light on dynamics that today...". With regard to market dynamics, for instance, Mattsson and Tidström (2015) note that it offers a broader perspective from which to understand the complexity of values and behaviors. Further, Fang’s (2012) Yin Yang theory of culture: four propositions (pp. 36-42) (“+Vi” and “−Vi” and [i = 1, 2, 3, ... n] symbolize various paradoxical value orientations):

P1. If there exist (“+V1,” “+V2,” “+V3,” ... “+Vn”) in a culture, (“−V1,” “−V2,” “−V3,” ... “−Vn”) can coexist in the same culture depending on the situation, context, and time.

P2. To guide action in a given context at a given time, human beings choose the most relevant value(s) from the full spectrum of potential value orientations ranging from (“+V1,” “+V2,” “+V3,” ... “+Vn”) to (“−V1,” “−V2,” “−V3,” ... “−Vn”).

P3. In a culture in a particular context at a particular time some values (“+V1,” “+V2,” “+V3,” ... “+Vn”) can be promoted, while other values (“−V1,” “−V2,” “−V3,” ... “−Vn”) can be suppressed, thus resulting in a unique value configuration.

P4. Each culture is a unique dynamic portfolio of self-selected globally available value orientations ranging from (“+V1,” “+V2,” “+V3,”... “+Vn”) to (“−V1,” “−V2,” “−V3,”... “−Vn”) as a consequence of the culture’s all-dimensional learning over time.

Embracing the conviction that each element contains the seeds of the other and that, together, they form a dynamic unity (Fang, 2010, p. 160), the Yin Yang approach to the study of organizational culture – and the reciprocal influences that national and organizational cultures play on each other (Nikčević, 2014) – appears to be a very useful resource with which to “grasp things in their interrelationships and in the totality to which they belong, in the process of change, of being born and of dying, in their conflicts and contradictions” (Acton, 1967, p. 392). The need for applying the Yin Yang thinking to management studies is often linked to the need for scholars to take into account East/West differences for the meaningful analysis of Asian contexts (Jing and Van de Ven, 2014).

In this study, we aim to show how the Yin Yang thinking can be applied to Western organizational settings. The Yin Yang approach to culture appears to be an appropriate point of departure from which to investigate other cultures, including Western cultures, in that it offers a broader perspective from which to understand the complexity of values and behaviors. With regard to market dynamics, for instance, Mattsson and Tidström (2015) suggest that Yin Yang principles can be useful in shedding light on dynamics that today “have not been fully explored in the field of market research in Western markets” (p. 2). According to Chen (2008), a “transparadox” perspective could increase understanding of Western phenomena through the lens of East Asian theories such as Yin Yang. This, in our view, would lead to what Li (2016) calls a “geocentric integration between the West and the East at the fundamental level of philosophy” (p. 3). In particular, Li (2016) argues that East Asian philosophical traditions offer a unique epistemological system that, unlike the epistemological systems of Aristotle and Hegel in the West, is able to fully appreciate paradox by reframing it into duality as “opposites-in-unity” (p. 29). In this light, the Yin Yang epistemological system would allow us to see paradox not as a negative problem of inconsistency which is to be resolved by separating opposite elements, but rather as a positive solution through the partial integration of those very elements. Although this view is rooted in East Asian ways of thinking, it is interesting to note that Far Eastern culture is not alone in contemplating such a useful coexistence of opposites. As argued by Jing and Van de Ven (2016), some Western thinkers, including the ancient Greek Philosopher Herachitus and more recent thinkers such as Whitehead and Rescher, also gave importance to the concept of paradox in their theorizations. This seems to confirm...
the importance of applying a duality principle to explain and balance paradoxical elements in Western scenarios.

In the present study, we draw on Fang’s (2012) Yin Yang theory of culture while taking up the roadmap proposed by Li (2016) for applying the epistemological system of Yin Yang balancing to complex issues in management research, in general, and to paradoxical issues, in particular. In this light, our study sets out to respond to the following research question (RQ):

RQ. Can integrating and learning from other cultures and sets of values lead organizations and individuals to balance cultural paradoxes and manage cultural dilemmas? If this is the case, how does this happen?

We intend to respond to and further elaborate on the call put forth by Mattsson and Tidström (2015) that “the balance between opposing forces is in a state of constant change and should therefore be observed and analyzed over time” (p. 3). Change should not be seen as just an episodic process, but should be recognized as a continuous process (Jing and Van de Ven, 2014), and our research intends to analyze the modalities and mechanisms through which cultural value change occurs. Jing and Van de Ven (2016, p. 14) summarize Li’s (2016) comparison of an ontology of “being” vs an ontology of “becoming”: “being” refers to “a fixed, certain, and complete status or form of an existence before acquiring its relationships with other entities,” while “becoming” refers to “an interdependent and interactive process with other entities before and after any entity acquires its status or form.” Li (2016) states that the knowledge system of Yin Yang is built on the “becoming” ontology of reality (Jing and Van de Ven, 2016); it is on the basis of this knowledge system and this ontology of reality that we approach the present case study.

Methodology

We adopted a cross-case analysis in order to explore the dialogical complexity of organizational and individual behaviors depending on situation, context, and time. This methodology is considered suitable for the purposes of this study for three main reasons. First, cross-case analysis allows researchers to compare cases from one or more settings, communities, or groups to observe formal and informal processes within an organization, and permits them to collect a vast array of data (Hartley, 1994). Second, it enables researchers to accumulate case knowledge, compare and contrast cases, and in doing so, produce new knowledge (Khan and VanWynsberghe, 2008). This provides opportunities to learn from different cases and gather critical evidence. Third, the cases play a supportive role, facilitating the understanding of specific issues, when conducting exploratory research on complex social phenomena in real-life contexts (Eisenhardt, 1989; Yin, 2014). Case study methodology (Yin, 2014) is useful in providing an in-depth understanding of a specific context with the focus being on analytical (the findings specific to the research context) rather than statistical generalizations. In our analysis, we acknowledged the discipline-specificity of business case studies, as advocated by Piekkari et al. (2009), who highlight the importance of a descriptive, pluralistic and dynamic view. Cultural dynamics and cross-cultural research literature guided us in the formulation of the RQs.

We adopted an embedded case study design (Yin, 2014) which is considered appropriate for descriptive studies, where the main aim is to describe the features, context, and process of a phenomenon. It contains more than one sub-unit of analysis and allows to identify key components of human and environmental systems (Scholz, 2011). Its main strength lies in its ability to combine a variety of information sources, including documentation, interviews, and artifacts. In particular, we focused on the Generali Group to show how integrating and learning from other cultures and sets of values lead organizations and individuals to balance...
cultural paradoxes and manage cultural dilemmas. Founded in Trieste (Italy) in 1831, the Generali Group is one of the world’s largest insurance companies. The group has 74,000 employees worldwide, serving 55 million clients in around 60 countries, while its gross written premiums exceed €70 billion, 34 percent of which originates in Italy and 66 percent abroad. Generali has a consolidated presence in Europe that dates back almost 200 years and combines insurance expertise with existing large-scale distribution networks.

We decided to study this specific company because of the exciting cross-cultural competences acquired by the group. We contacted via mail the companies belonging to the group during Summer 2015. Four of them agreed to participate in the study: Assicurazioni Generali Spa (Italy), Generali Deutschland AG (Germany), Generali France SA (France), and Generali CEE Holding BV (Central and Eastern Europe).

Research data
We used multiple sources of evidence in order to address a broad range of contextual, attitudinal, and behavioral issues (Yin, 2014): interviews, field observations, and internal document analyses. This allowed us to ensure the validity and reliability of the data, thereby increasing the probability of our findings being credible (Lincoln and Guba, 1985).

At each company, interviews were conducted with five HR managers or project participants who were actively involved in sustainability reporting issues. Interviewees were chosen in conjunction with the case companies to include a range of levels of experience. Our decision to focus on these interviewees follows Patton’s (2002) idea of identifying and selecting information-rich cases for the most effective use of limited resources. In particular, we identified and selected individuals with particular experience with the phenomenon of interest (Creswell and Plano Clark, 2011). All the interviews were conducted individually at the headquarters of the Generali Group in Trieste, Munich, Paris, and Prague during the period January-May 2016. Interviews were semi-structured (Merriam, 2009), meaning that we had a list of questions on topics to be covered, but we left the interviewees free to propose issues and topics that we had not included in the list of questions. The minimum time spent with each interviewee was one-and-a-half hours, and the maximum was three hours. To remove or minimize cultural bias, interviews were conducted neutrally (Holstein and Gubrium, 1995). In one of the branches, interviewer (one of the authors) and interviewees were native speakers of the same language. In each of the other branches, the same interviewer was backed up by a native speaker of the language of the interviewees. Interviews were recorded and transcribed so as to accurately quote the statements of the interviewees. At the moment of first telephone contact, the informants provided us with oral informed consent, a written version of which was then signed at the time of the interview. In return, we guaranteed the confidentiality of the participants’ identity, and informed them of the purposes of the study (Lincoln and Guba, 1985).

Our second source of evidence was field observations; we visited each company twice during the period November 2015-May 2016 to collect impressions and evidence from field observation of HR and sustainability reporting meetings and presentations. Meetings were observed, recorded, and then analyzed. Attention was also paid to the interactions between managers and employees as a potential source of evidence for the paradoxes, diversity, and changes that can portray cultures in action. Data obtained through these observations represented a control of the participants’ subjective reporting of beliefs and actions. Participant observation was also useful in gaining a better understanding of the context in which study participants operate. This method helped us develop a familiarity with the cultural milieu of the companies.

Finally, we collected internal documents: booklets, slides used during meetings, and HR documentation. We also relied on public documents, such as the Generali 2014 and 2015 Integrated Reports and Sustainability Reports. These documents provided additional
information on how case study companies are coping with cultural paradoxes and managing cultural dilemmas depending on situation, context, and time. A content analysis was then performed. We re-read the transcripts and wrote some memoranda in the margins. Documents were coded into categories according to the three parameters (situation, context, and time) identified by Fang (2012) as playing a role in the selection and exhibition of value orientations. In this phase, some codes were redefined, in order to provide a more precise description of the data, while others were grouped in larger categories. Table I shows an overview of the sample companies and the data collected at each site.

These sources of data permitted triangulation, helping us ensure the trustworthiness of the research. In order to enhance the quality of our analysis and to assess its internal validity, external validity, construct validity and reliability, we considered trustworthiness dimensions adapted from Piekkari et al. (2009) and other scholars (e.g. Campbell and Stanley, 1963; Eisenhardt, 1989). Interviews, field observations and internal documents allowed us first of all to obtain an insight into the four branches of Generali. Assicurazioni Generali Spa is a leader on the Italian insurance market with an overall share of 16.2 percent thanks to the complete range of insurance solutions the Group offers its clients – retail, SME and corporate – in both the life and P&C segments. The company has 14,091 employees, 23.6 billion euros of gross written premiums and a total operating result of 2,087 million euros. For distribution, Generali Italia operates through a multi-channel strategy, mainly concentrated on agents. It also has a strong position in the direct channel, through Genertel – Genertellife, the first online insurance launched in Italy. The Group also offers a complete variety of insurance, pension and savings products to its customers through Banca Generali. In 2016, Generali Italia launched its simplification program following the completion of an integration process, launched in 2013, aiming for the unification of all the existing brands into three main strategic brands – Generali (retail market and SME), Alleanza (households), and Genertel (alternative channels). The goal is to improve customer experience by simplifying the relationship between customers and agents – through the entire process from pre-sales to assistance – and providing more accessible and innovative services.

In Germany, Generali Deutschland AG is the second largest insurance group in terms of total premium income. Its market share is 5.6 percent in the P&C segment and 10.2 percent in the life segment (also including the healthcare business), and it is particularly well positioned in the unit-linked and protection business lines, in hybrid products, corporate

<table>
<thead>
<tr>
<th>Companies</th>
<th>Assicurazioni Generali Spa</th>
<th>Generali Deutschland AG</th>
<th>Generali France SA</th>
<th>Generali CEE Holding BV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover (bln. €)</td>
<td>30.9</td>
<td>21.3</td>
<td>14.6</td>
<td>3.7</td>
</tr>
<tr>
<td>Employees (approx.)</td>
<td>17,100</td>
<td>13,000</td>
<td>7,600</td>
<td>12,600</td>
</tr>
<tr>
<td>Interviews conducted</td>
<td>2 HR managers and 3 project participants</td>
<td>1 HR manager and 4 project participants</td>
<td>1 HR manager and 4 project participants</td>
<td>3 HR managers and 2 project participants</td>
</tr>
<tr>
<td>Average length of each interview</td>
<td>3 hours</td>
<td>2.5 hours</td>
<td>1.5 hours</td>
<td>2.5 hours</td>
</tr>
<tr>
<td>Site of the interviews</td>
<td>Trieste (Italy)</td>
<td>Munich (Germany)</td>
<td>Paris (France)</td>
<td>Prague (Czech Rep.)</td>
</tr>
<tr>
<td>Observations</td>
<td>HR and sustainability reporting meetings</td>
<td>HR and sustainability reporting meetings</td>
<td>Sustainability reporting meetings</td>
<td>HR and sustainability reporting meetings</td>
</tr>
<tr>
<td>Documents</td>
<td>Booklets, slides, sustainability reports</td>
<td>Booklets, slides, sustainability reports</td>
<td>Booklets, slides, sustainability reports</td>
<td>Booklets, slides, sustainability reports</td>
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</table>

Table I. Sample companies and data sources
pension plans and in the direct channel. The company has 12,424 employees, 16.2 billion euros of gross written premiums and a total operating result of 847 million euros. In 2016, Generali Deutschland continued a strategic repositioning intended to implement different initiatives to strengthen its position by leveraging its strong multi-channel presence, adopting a simplified and market focused approach, adopting a new business model in the life segment, and launching a range of innovative and smart products, services and processes focusing on specific customer needs. Thanks to the strategic repositioning on the German market started in May 2015, governance in Generali Deutschland has been strongly revised and made more efficient. Organizationally speaking, the local holding, whose headquarters was based in Cologne, has been integrated with the two main business units – Generali Versicherung (P&C) and Generali Leben (life) – located in Munich, becoming the new Generali Deutschland AG. With the realignment of the different Group companies’ board of directors and the creation of a matrix management structure, Generali in Germany is continuously oriented toward agile governance.

In the French insurance market, Generali France SA is a major player, with 7,594 employees, 10.9 billion euros of gross written premiums and a total operating result of 701 million euros. It features a multi-channel distribution network, with a sales force including agents, employed sales persons, brokers, financial advisors, banks, direct channels, and affinity groups. The variety of the distribution channels reflects the features of both the market and the products distributed. This approach gained momentum after the “Customer centric” reorganization process of 2014, which was based on the creation of four separate client areas (individual, affluent, professional and SME, and commercial). Generali France SA is also renowned for its leadership in the internet savings segment thanks to the excellence of the services provided and its important partnerships.

Generali CEE Holding BV is one of the biggest insurers in the Central Eastern European market. The Group ranks second in the Czech Republic, Hungary, and Serbia, third in Slovakia and among the top ten in the other countries. The company has 12,061 employees, 3.5 billion euros of gross written premiums and a total operating result of 461 million euros. In terms of volumes, its main insurance markets are Czech Republic, Poland, Hungary, and Slovakia. The contribution of minor markets has improved during recent years, resulting in an increase of the premium income. Generali CEE’s technical profitability is the best in the entire region, with a medium-long-term Net Combined Ratio at below 90 percent.

Method of analysis
For analysis we followed the four-step method of Miles and Huberman (1994): within-case analysis, data reduction, cross-case analysis, and conclusion drawing/verification. A meta-matrix based on the three categories of situation, context, and time (Fang, 2012) was displayed in order to provide a more systematic visualization and comparison of all the units of analysis at once. We also relied on the recommendation by Pökkari and Welch (2011) and Welch et al. (2011) to consider diversity and plurality in case study design to allow researchers to go beyond the dominant implicitly positivistic North American approach to conducting qualitative case study.

First, data from each unit were analyzed separately to give a complete picture of the role played by situation, context, and time in national and organizational culture. The same data analysis framework was used for each unit. Second, the collected data were transcribed into case descriptions which were then submitted to the informants of the case study companies to check their correctness, prevent observer bias, and enhance the credibility of the interpretation (Lincoln and Guba, 1985). The meta-matrix further supported data reduction by providing a way of organizing, simplifying, focusing, summarizing, documenting, sorting, transforming, and discarding text (Miles and Huberman, 1994). Third, comparisons of the cases were made to identify similarities and differences, and determine the
combination of factors explaining them. Fourth, use of the meta-matrix, and structuring and indexing the information into separate fields or case categories helped us interpret the results and assess the trustworthiness, credibility, dependability, confirmability, and/or transferability of the inferences made.

Findings
Table II shows the data collected through multiple sources of evidence via a meta-matrix. The data allowed us to obtain a comprehensive picture of how integrating and learning from other cultures and sets of values leads organizations and individuals to deal with cultural paradoxes and manage cultural dilemmas. The three categories of situation, context, and time (Fang, 2012) were used for both data analysis and presentation, and, for each of them, data sources were indicated. Data from meetings, internal documentation, public documents, interview transcripts, and participant observations were thereby triangulated to form a detailed and valid understanding of the dialogical complexity of organizational and individual behaviors depending on situation, context, and time. Each of the categories shown in Table II is discussed separately below to elaborate on the findings. For the sake of clarity, it is important to highlight that in Table II the hollow bullet points represent specific paradoxes encountered by the companies, while the solid bullet points describe the initiatives adopted by the companies to balance paradoxes.

Situation
Particular situations, events, or circumstances can affect the way people and organizations perceive the environment in which they are immersed, pushing them to adapt their value orientations and portfolios accordingly.

From the interviews and other sources of evidence, it emerged that organizations can nurture some values to the detriment of others to suit the specific needs of their customers or to respond to particular changes in the market and organizations. For example, in Italy face-to-face time is usually considered to be fundamental in building strong work relationships and supporting trust among employees. People feel more comfortable if they can see their interlocutors and interpret their gestures and body language in the correct way. It is also easier to enter the private sphere of other individuals, building good relationships and trust. However, the increased attention paid by employees to a healthier work-life balance has pushed Assicurazioni Generali Spa to introduce telecommuting with a constant rotation between home and the office, downgrading the importance of face-to-face contact. This initiative has not encountered any resistance within the organization, and employees felt comfortable with this new approach, as they were happy to reduce the time spent commuting. This project has also increased employees’ commitment and motivation. Similarly, in France customers have shown the need for more authentic and personalized human interactions with the insurance company when facing claim settlement problems, even if digital accessibility has been recognized as relevant to meet customer requirements. To respond to this newly observed need, Generali France SA has implemented a human touch approach in dealing with injured-centric claims handling processes. The company has adapted its value portfolio to develop a new hybrid human-digital strategy to succeed in the market.

Collected evidence also showed that customers may find it useful to choose the most relevant value(s) from the full spectrum of potential value orientations to take advantage of specific situations, events, or circumstances. For example, German customers are very concerned about sharing personal information and data. Germany has long-established data regulations and privacy rules are widespread throughout the country. This is believed to stem from a reaction against past regimes and their control systems. However, since 2015, Generali Deutschland AG has launched several health programs based on the provision of
Particular situations and events can affect the way people and organizations perceive the environment in which they are immersed, pushing them to adapt their value orientations and portfolios accordingly.

People and organizations are embedded in particular contexts. Individuals and organizations can reshape their values and behaviors to comply with contextual features, and contexts can be affected by people and organizations that can bring new value orientations and ways of thinking.

All-dimensional learning over time generates unique dynamic portfolios of value orientations. At a particular time, some values can be promoted, while others can be suppressed as the result of different factors, ideas, encounters, etc.

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### Assicurazioni Generali Spa (Italy)

- **Face-to-face time encourages good work relationships and favors trust among team members.**
  - In 2016, the company introduced telecommuting for employees who can work regularly from home with a constant rotation between home and the office for a maximum of 60% of their weekly hours.
- **Private-car usage is the preferred means of transport for traveling to and from the office.**
- The company has promoted the use of public transport or shared transport arrangements, by providing reduced local-transport travel incentives.

- **Italy is particularly vulnerable from a hydro-geological perspective.** However, due to the lack of an effective and coordinated assessment system, it is difficult to perform a socio-economic analysis of the costs and benefits of prevention activities.
- In 2016, the company decided to finance an interdisciplinary project, in partnership with national research institutions, to assess the economic impact of prevention/mitigation policies, as part of a national strategy for natural disasters.

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### Generali Deutschland AG (Germany)

- The right to privacy, both at home and in one’s office is paramount. Germans are very concerned about sharing personal information and data.
  - In order to receive more tailor-made products and lower costs, customers authorized the company to access, store, integrate, record health data and driver behavior.
- Traditionally, in Germany, companies were relatively interdependent to the German holding.
- **Germany is considered an uncertainty avoidant country.** People feel threatened by ambiguous or unknown situations. In fact, Germany is among the largest of Europe’s national insurance markets.
  - In 2015, the company issued “Risikoatlas,” a survey to investigate domestic risk and insurance density and penetration among the 16 federal states of Germany. Results showed

- **Germany has earned the reputation of having a “litigation culture” that permeates its legal system.**
  - In 2014, Generali examined German litigation behavior in the study “The Big German Litigation Atlas,” analyzing one million litigation cases in the period 2002–2012. Results showed how litigation behavior has changed, as well as regional and gender differences.

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(continued)

Table II. Summary of findings: balancing the paradox across case studies.
<table>
<thead>
<tr>
<th>Categories</th>
<th>Situation</th>
<th>Context</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>company. In this context, the decision-making approach was spread across the companies of the local group with a decentralized authority</td>
<td>significant differences among them, enabling the company to set up tailored solutions and to react quickly to the customers’ changing requirements</td>
<td>German companies were very reluctant to use business ethics tools. Germans tended to shelter their ethical opinions from the public sphere. An invasion of this domain was rejected</td>
<td></td>
</tr>
<tr>
<td>● In 2015, following a repositioning program, companies of the German group were merged in a more centralized organization. For example, the former fragmented non-customer-facing back office operations were consolidated at the national level to exploit economies of scale and localization</td>
<td>● In the last decades, several management tools have been imported from the USA. In 2012, Generali developed a Code of Conduct (“Verhaltenskodex”) to define the company’s ethical value system, to provide rules and orientation for employees, and to signal their commitment to stakeholders</td>
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<tr>
<td>Generali France SA (France)</td>
<td>Only 27% of French people really live a truly healthy lifestyle. 80% of them believe that companies have a fundamental role to play in ensuring well-being</td>
<td>France is considered a society in which some degree of inequality is accepted. Power is centralized and organizations are very hierarchical</td>
<td></td>
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<td>● In 2016, the company offered a health and wellness program to clients to encourage them to change their daily habits, through a reward system. Initial results showed sustainable health improvements among the target population</td>
<td>● Digital transformation and the demand of empowered clients for a new level of customer attention has generated the need for a more client-centered organization</td>
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<tr>
<td>● In France, while digital accessibility is a relevant force in meeting customer needs, clients’ desire for authentic and personalized human interactions is still proving to be very important</td>
<td>● Generali France overhauled its governance by making clients its central focus. In 2013, the company launched the “We, Demain” project to organize the company by client segment</td>
<td></td>
<td></td>
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<tr>
<td>Generali CEE Holding BV (Central and Eastern Europe)</td>
<td>In Slovakia, hierarchical organizations are normal, with a top-down decision-making approach and formal communication channels</td>
<td>EU aims to achieve higher levels of recycling and to minimize the extraction of additional natural resources. However, CEE countries still have lower recycling rates than the EU average</td>
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<td>● In 2014, the company prepared a large team building event called “Generali fun day” to</td>
<td>● In Generali, used paper is collected separately</td>
<td>In Hungary, there is an emotional need for rules. Claim handlers managed claims by sending standard claims letters to customers</td>
<td></td>
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<td>promote its values in a pleasant and informal way</td>
<td>Slovakia is a highly success oriented and driven society. It is important to be regarded as successful</td>
<td>and given to a specialized company which recycles it. The recycled paper exercise books and notepads are then donated to schools and institutions for disadvantaged children</td>
<td>personalized experience. Now they receive personal calls instead of standard claim letters</td>
</tr>
<tr>
<td>○ In 2016, the company launched a more inclusive recruitment campaign to help new mothers take the first steps toward their new career path and allow them a better work-life balance</td>
<td>● The non-profit sector has a long tradition in the Czech Republic. However, it was disbanded during the totalitarian regimes. At the end of the 1990s, the attitude toward the non-profit sector became more widespread and supportive</td>
<td>● The company, through its own foundations, supports charity projects aiming to help people in need and improving traffic safety in the region</td>
<td></td>
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Summary of common themes from data

1. People can choose the most relevant value(s) from their full spectrum of potential value orientations according to specific situations and events. These events can push people to adapt their values to manage emerging paradoxes
2. Organizations can nurture some values to the detriment of others to suit specific needs of the customers or to respond to particular changes in the market
3. Customers may find it useful to select particular values to take advantage of specific situations or events
4. Organizations can adapt their value portfolios, anticipating or following the emergence of a particular need

Notes: The hollow bullet points represent specific paradoxes encountered by the companies, while the solid bullet points describe the initiatives adopted by the companies to balance paradoxes
health data by the customers and other solutions that record driver behavior data to identify tailor-made products. For instance, “Generali Vitality” has been designed to encourage and reward healthy behavior for customers through an online health assessment and the use of behavioral economics linked to their policies. In line with this, with “RechnungsApp” clients diagnosed with diabetes receive a smartphone and a tool for measuring their insulin levels. These data are recorded by the app to keep diabetes monitored and reduce recourse to public health care facilities. Another example is provided by “Generali Mobility,” an app that rates the driving style of customers from 0 to 100. This rating is then used to calculate premiums and incentives.

Interestingly, organizations can also adapt their value portfolios to suit the particular needs of the local market/environment. For example, Slovakia is considered a highly success oriented and driven society, in which organizations are very hierarchical with formal communication styles and a top-down decision-making approach. Nonetheless, in 2014, Generali CEE Holding BV adapted its value orientations by flattening its hierarchies and launching a more inclusive recruitment campaign. Communication styles within the company also changed thanks to the promotion of meetings and team building exercises in which informal communication is encouraged. In addition, recruitment and career paths became more broad-minded as they reduced the barriers that stood in the way of women who want to work, but also have a family. These examples also suggest that different value orientations can coexist in the same cultural setting depending on specific situations, events, and circumstances.

Context
People and organizations are embedded in particular contexts through a process of mutual learning over time. On the one hand, individuals and organizations can reshape their values and behaviors to comply with contextual features and elements, while, on the other hand, contexts can be affected by people and organizations that can bring new value orientations and ways of thinking.

Results showed that organizations belonging to a specific culture can adapt their values to suit particular contextual requirements. For example, Germany is among the largest European insurance markets. People feel uncomfortable with ambiguous or unknown situations and try to avoid them by establishing more structure. However, the 16 federal states of Germany present significant differences with regard to domestic risk and insurance density and penetration. Thanks to a survey conducted at regional level, Generali Deutschland AG has been able to investigate these differences and adapt its value portfolio accordingly. This has allowed the company to be perceived as being responsive to customers’ needs while providing them with tailored products and services.

Changes in context can also push organizations to promote certain values, or alternatively suppress them. For instance, France is considered a society in which a certain degree of inequality is accepted. Power is centralized and organizations are very hierarchical. However, in the last few years, changes in the working culture based on flat hierarchy, flexible working conditions, informal knowledge sharing, and social activities have spread throughout the country. Generali France SA has implemented several projects aimed at facilitating networking and the sharing of ideas in response to these new requirements. More specifically, “CulturEcó” is a project designed to spread a proper knowledge of markets, insurance expertise, and a clear vision of one’s contribution to the development of the business, as well as promote value creation among employees using an informal and gamified approach. Again, “Cellules creatives” is an initiative designed to create internal think tanks to foster the development of creative ideas and involve employees in the innovation process, using an internal collaboration platform and following a bottom-up design. Thanks to these initiatives, employees feel more connected to the
company’s strategy, their leaders, and their teams. Engaged employees go beyond a transactional exchange and are willing to give discretionary effort.

Interestingly, the analysis conducted for this study showed that organizations can even change structures and governance to face contextual changes. For example, in 2013, Generali France SA launched the “We, Demain” project, a long-term strategic plan aimed at restructuring its governance and business model by making clients its central focus. Empowered customers, immersed in a digital ecosystem, demand compelling connections and personalized contents altering their relationship with companies in new and unanticipated ways. To guide action in an altered context, the organization changed its value configuration, selecting the most relevant value(s) from the full spectrum of potential value orientations.

From the analysis of the different sources of evidence it also emerged that, in particular contexts, organizations can adapt their values faster than individuals can, helping them deal with cultural paradoxes and reach a new balance. For example, CEE countries still have lower recycling rates than the EU average, despite the EU’s aims to achieve higher levels of recycling and minimize the extraction of natural resources. Even though some CEE countries have rapidly increased recycling rates in the last few years, some of them only recycle small proportions of their municipal waste and risk falling short of legally binding targets. In agreement with local municipalities, Generali CEE Holding BV has developed a broad recycling project to encourage employees to convert waste into resources. During the first phase, employees did not properly understand why the change was needed, and felt reluctant to adhere to the project. However, through an intensive communication plan, the company was able to create knowledge and awareness among employees. These training initiatives have now gained large popularity and employee commitment among all Generali CEE’s branches, helping them improve their recycling habits.

Time

 Cultures can change over time. As discussed above, at a particular time some values can be promoted, while others can be suppressed as the result of technological developments, changes in geographical and ecological factors, political beliefs, philosophical or religious ideas, encounters with other cultures and ideas, and so on. Culture’s all-dimensional learning over time generates unique dynamic portfolios of value orientations.

 Evidence showed that people and organizations can feel the need to adapt their value portfolios according to changes in culture over time. For example, Italian penal and civil codes are complicated and full of clauses and codicils. This is due to an emotional need for formal rules to reduce the number of potential exceptions and manage ambiguous situations. However, the excessive number of laws has generated several problems for individuals and companies, due to the rigidity of the regulations, difficulties in interpretation, and compliance costs. Following the recent simplification process, customers in Italy have been expressing the need for clearer policy conditions and contracts. To address this “pain point,” Assicurazioni Generali Spa has simplified its internal processes and developed a foldable, personalized, and visual document called “MyMemo” to make it easier for customers to understand travel policy documents. Similarly, the non-profit sector has a long tradition in the Czech Republic. However, it was disbanded during the totalitarian regimes, when such independent public initiative was considered undesirable. At the end of the 1990s, attitudes toward the non-profit sector became more supportive: governments created conditions for the rapid development of the sector and EU membership brought the opportunity to use funds to support the activities of non-profit organizations. Following these changes, Generali CEE Holding BV created its own foundations to support charity projects aiming to help people in need and improve traffic safety in the region.
From the analysis of the interviews and other sources of evidence, it also emerged that regional or contextual differences in values can be exacerbated or smoothed out over time, pushing organizations to adapt their strategies and operations accordingly. For instance, Germany has earned the reputation of having a “litigation culture” that permeates its legal system. In 2014, Generali Deutschland AG examined German litigation behavior in the study “The Big German Litigation Atlas,” analyzing one million litigation cases in the period 2002-2012. The main aim of the atlas was to stress the need for legal costs insurance, a type of insurance which covers policyholders against the potential costs of legal actions. Results showed how litigation behavior changed, as well as highlighting regional and gender differences. For example, Berlin was revealed to be the place with the highest litigation rates, while Bayern and Baden-Württemberg were the least litigious federal states. Men were also revealed to be more litigious than women. Litigation rates changed over time and the company used these data to adjust its strategies across the country. The atlas also became a powerful PR tool for communicating positive behaviors to potential customers.

Results also showed that learning from other cultures over time can promote changes in people’s and organizations’ attitudes and value orientations. For example, German companies were very reluctant to use business ethics tools. Germans tended to shelter their ethical opinions from the public sphere. An invasion of this domain was rejected. However, in recent decades, several management tools have been imported from the USA to Europe. Some of them have been adapted to the different cultural, legal, and work settings and have become useful tools for enhancing companies’ management and organization. Among these tools, compliance and ethics programs have been widely used throughout Europe. In 2012, following these changes in the habits of stakeholders inside and outside the company, Generali Deutschland AG developed a Code of Conduct (“Verhaltenskodex”) to define the company’s ethical value system, to provide rules and orientation for employees, and to signal their commitment to stakeholders.

Contrasting voices that call for further research over time

Embracing a dynamic view of culture and cultural learning, the section above has illustrated how the case organizations balance cultural paradoxes by integrating and learning from seemingly opposite sets of values given particular situation, context, and time. The findings discussed above appear to confirm that cross-cultural learning can work to manage cultural dilemmas and lead to greater effectiveness in the specific settings one operates in. Despite this, contrasting findings emerged from the data as well, suggesting the need for further research.

In some instances, for example, the management of paradox seemed to find resistance on the part of some parties involved, at one or more levels, which may give rise to some doubts about an all-embracing application of the Yin Yang theory to the case study. It was discussed above how the German branch of Generali managed to introduce a code of conduct, even though institutional interferences into the private sphere (such as ethical opinions) are traditionally seen as inopportune in Germany. This initiative had won the favor of stakeholders; however, some employees felt uncomfortable, or even skeptical, about it. In response, the company adopted multiple message formats to drive and reinforce behavior change. Nonetheless, some employees are still figuring out how to manage this paradox. Similarly, in the CEE countries, through an intensive communication plan, Generali was able to improve employees’ recycling habits among its local branches, overcoming the initial resistance to change. However, some employees felt like they were under obligation to adapt their behavior and increase their recycling rates during their working time. This resulted in worsening intransigent and even hostile reactions. Again, the lack of comparable relevant public policies outside the company exacerbated the risk of introducing these efforts in the restrictive domain of the organization itself. In addition,
we reported above that Generali introduced telecommuting with a constant rotation between home and the office to improve employees’ work-life balance. This initiative has downgraded the relevance of face-to-face contacts, usually considered to be fundamental in building strong relationships and trust in the Italian cultural setting. However, even though employees felt comfortable with this approach and it has not encountered any resistance within the organization, some managers felt reluctant to adapt to the new situation. They are still organizing and running several face-to-face meetings that are often perceived as ineffective and unproductive by other participants. Moreover, these face-to-face meetings are usually scheduled during the managers’ downtimes, such as lunch breaks or outside of regular working hours, causing frustration and stress among employees, in particular commuters.

These examples of friction, revealed during the interviews, suggest that the application of the Yin Yang thinking in the Western organizational settings may not be easy. Despite representing a minority of the collected data, the appearance of contrasting voices and experiences does shed light on the complexity that cultural learning process entails. According to Fang (2010, p. 165):

> When different cultures (like Yin and Yang) “collide” with each other, the very collision itself, however painful it may be at the colliding moment, would help inspire and ignite invaluable cultural learning and management learning processes taking place on both sides, most probably leading to the integration of both cultures into a new hybrid culture. During the cultural collision, different cultural values radiate and penetrate into each other and coexist within each other, physically and cognitively.

Indeed, our case study shows that the cultural learning and change processes involve frictions, inconveniences, and pains. Furthermore, contrasting findings such as these appear to confirm how cultural value change is a continuous process of becoming that needs to be analyzed over time, which is in line with the Yin Yang perspective on culture (Fang, 2012). Further research is needed to address if and how dynamically contrasting experiences of cultural learning and change such as cultural collisions, frictions and pains evolve over time and lead to a fuller understanding of and more effective management of cultural dilemmas and paradox in national and organizational settings.

**Conclusion**

This paper has described a cross-case analysis of four subsidiaries of an Italian insurance MNC drawing on the Eastern epistemological system of Yin Yang balancing (Li, 2016; Luo and Zheng, 2016) and on the Yin Yang theory of culture with three parameters (situation, context, time) (Fang, 2005-2006, 2012) that guide the selection and exhibition of value orientations. More specifically, the paper has attempted to respond to the following RQ:

> RQ. Can integrating and learning from other cultures and sets of values lead organizations and individuals to balance cultural paradoxes and manage cultural dilemmas? If this is the case, how does this happen?

The study has shed light on a variety of processes that appear to confirm that organizations and individuals can adapt their value portfolios according to specific situations, context requirements, and changes over time. In this way, they are stimulated to reframe cultural paradox as something positive, and are empowered in coping with the culture dilemma. Our findings are in line with those of other recent research into an anomaly with regard to understanding East Asia. Baumann, Hamin, Tung and Hoadley (2016) explored the “anomaly between economic growth and development experienced by Asian countries and their relatively low rankings in global competitiveness indexes by making the link between workforce performance and country performance” (p. 2197). Making particular reference to
the category of situation, our study has provided examples that show that, thanks to reciprocal learning, both organizations and customers choose the most relevant value(s) from the full spectrum of potential value orientations to take advantage of specific situations, events, or circumstances. The examples have also highlighted how different value orientations can coexist in the same cultural setting depending on the situation. With regard to context, the analysis has shown that, in particular contexts, organizations can adapt their values either through suppression or promotion, and that this behavior can also foster individuals to find new balance within paradox. Finally, in terms of time, the case study has provided examples of how people and organizations tend to choose the best value orientations according to changes in culture over time. In particular, the study has highlighted that the process of learning from other cultures over time can play a role in the shift of people’s and organizations’ choice of attitudes and value orientations. Our focus on the relative context of culture also provides support to the emerging conceptual framework that proposes to focus on “Relative Values and Moderated Behaviour;” the ReVaMB model (Baumann and Winzar, 2017).

Each culture, entrepreneurial, managerial, organizational, and nationals ones, is a unique dynamic portfolio of self-selected globally available potentials in value orientations as a consequence of the culture’s all-dimensional learning over time (Fang, 2012). We are living in an era in which change is the new normal for the foreseeable future. Companies worldwide should embrace change to face the challenges posed by uncertainties about the future, technological developments, increasing amounts of data, fierce global competition, and so on. In this context, the Yin Yang wisdom can be very useful in shedding light on the dynamics that today have not been fully explored. Our study responded to the call put forth by Mattsson and Tidström (2015), according to which “the balance between opposing forces is in a state of constant change and should therefore be observed and analyzed over time” (p. 3). In the same vein as the “becoming” ontology of reality put forward by Li (2016), our findings might be helpful in providing a deeper understanding of contemporary phenomena in business and management that are puzzling contemporary entrepreneurs and managers stuck between a known past and an increasingly dynamic and fast-paced future.

A major limitation of this study is that it focuses on a limited number of subsidiaries of a single insurance MNC. While the findings shed light on the processes of reciprocal learning and integration at play in these four subsidiaries, future research is needed in order to investigate whether similar processes take place in other companies as well as other cultural and organizational contexts. What is more, we believe that further research needs to be conducted to examine if and how contrasting voices and experiences in the management of culture paradoxes, illustrated by some cases of friction reported above, do evolve over time and lead to an improved understanding of cultural dilemmas.

Despite these limitations, our study confirms the need to rethink the very notion of paradox, and to view it as something which should not be avoided or denigrated, but as something desirable that can bring about positive change. As Li (2016) suggests, paradox is positive per se, and the endeavor to resolve it (proper to a Western perspective) might lead to a (non-desirable) reduction of complexity. Our findings, therefore, provide an insight into the empirical application of the Yin Yang wisdom in the study of culture, business, and management (Fang, 2012; Fang et al., 2017; Li, 2016; Jing and Van de Ven, 2016; Luo and Zheng, 2016, among others). Although rooted in Eastern philosophy, the Yin Yang perspective on culture and paradox appears to be an appropriate point of departure from which to examine other cultures, including Western ones, at national, organizational and individual levels. It offers a broader perspective with which to understand the complexity of values and behaviors, as well as the validity of reframing paradox into a duality system of integration. We believe that the adoption of a Yin Yang approach to a Western business management case study also highlights the need for multi-perspective approaches in social
science research. The most important point emerging from our research is that nations, organizations and individuals can grow and prosper by embracing the opposite cultural values in given situation, context and time, though the processes may entail painful frictions, allowing them to succeed eventually in balancing cultural paradoxes and managing cultural dilemmas effectively in a dynamic world.

References


Further reading


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The role of Yin-Yang leadership and cosmopolitan followership in fostering employee commitment in China

A paradox perspective

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Abstract

Purpose – Utilizing a paradox perspective, the purpose of this paper is to investigate the leadership-followership dynamic in foreign firms in China, specifically, the extent to which Yin-Yang leadership behaviors of Japanese expatriates and cosmopolitanism of Chinese employees influence employee commitment.

Design/methodology/approach – Data were collected through an online survey of Chinese employees who directly report to a Japanese supervisor in a Japanese subsidiary in China. Based on responses from 97 Chinese employees in three Japanese subsidiaries in China, the authors test if their cosmopolitan orientation and perceived Yin-Yang leadership behaviors of Japanese supervisors are related to employee commitment.

Findings – Yin-Yang leadership and cosmopolitan followership have a positive effect on employee commitment. Further, cosmopolitanism moderates the link between Yin-Yang leadership and employee commitment such that the follower’s cosmopolitanism compensates for lower levels of Yin-Yang leadership, especially a relative lack of Yin leadership behaviors.

Research limitations/implications – Results suggest that Yin-Yang leadership and cosmopolitan followership work together as a two-way street of cultural adaptability to build employee commitment, highlighting the interplay between leadership and followership in multinational enterprises. Future research should attempt to further refine the Yin-Yang leadership construct, and to gain a larger sample representing multiple expatriate nationalities to corroborate the relationships found in this study.

Originality/value – The study applies a context-based approach to developing culturally relevant leadership, through analyzing both the emic and etic concepts of culture in China. In doing so, the authors extend the application of paradox theories to the cross-cultural leadership literature utilizing the Yin-Yang principle, which is particularly relevant in societal contexts where rapid and dramatic change brings to the fore competing values, needs and employee preferences.

Keywords China, Japan, Cosmopolitanism, Yin-Yang, Paradox, Employee commitment, Cross-cultural leadership

Paper type Research paper

Introduction

The cross-cultural and expatriate leadership literature relies heavily on cultural value differences between societies in the investigation of cross-cultural challenges (Stahl et al., 2017; Stahl and Tung, 2015). The predominant approach is through assessing the scores of cultural dimensions (e.g. those from Hofstede and the GLOBE), where differences in cultural values, or cultural distance (Kogut and Singh, 1988) between societies are thought to affect cross-cultural leadership effectiveness (Dickson et al., 2003; Mendenhall et al., 2008; Wang et al., 2012). While leadership studies adopting the cultural values approach have generated many valuable insights in the cross-cultural management and
international business fields, there is increasing awareness that cross-cultural studies should also be approached from perspectives other than differences in societal cultural values (e.g. Beugelsdijk et al., 2017; Kirkman et al., 2006; Leung and Morris, 2015; Tung and Verbeke, 2010).

Recently, a paradox lens (Lewis, 2000) has been used in the theorization of leadership (e.g. Kan and Parry, 2004; Lavine, 2014; Zhang et al., 2015). A paradox perspective highlights the tensions, contradictions and dualities in a given phenomenon such as leadership (for a comprehensive review of the application of paradox theories in the management field, see Schad et al., 2016). For example, paradoxical leadership (Lavine, 2014) focuses on the leader’s ability to exhibit contradictory behaviors as necessary while still retaining integrity and credibility. In the same vein, paradoxical leader behaviors (Zhang et al., 2015) are those that simultaneously address the seemingly conflicting needs of followers as well as the often contradictory demands from the business and management environment. We propose that a paradox perspective is particularly relevant for theorizing cross-cultural leadership and followership, since operating in the global arena has become increasingly complex in nature. Such complexity is characterized by the frequent need to balance seemingly opposite values, needs and preferences arising from different cultural contexts (Hofstede, 1980; House et al., 2004; Inglehart and Baker, 2000; Schwartz, 1999, 2014), cognitive schemas (Leung and Morris, 2015) and thinking styles (Lee, 2017).

We adopt a paradox lens and argue that cross-cultural leadership and followership is a two-way street whereby both leaders and followers have to be skilled in dealing with complexity, ambiguity and possible contradictions inherent in cross-cultural relations within a multinational enterprise (MNE). Positive cross-cultural relations between local employees and expatriate managers have many important implications in local subsidiaries including employee commitment. Employee commitment is an affective attachment to the organization apart from purely instrumental worth (Buchanan, 1974; Meyer and Allen, 1997), and involves employee identification with organizational values and goals, a willingness to invest personal effort for the sake of the organization, and a desire to remain a member of the organization (Cook and Wall, 1980). Local employees’ psychological attachment to, or feeling part of, the foreign firm is important to the operation of a MNE (Reade, 2001; Taylor et al., 2008), since employee commitment is associated with enhanced employee performance and willingness to embrace change in complex operating environments (Meyer et al., 2007; Taylor et al., 2008).

The challenge of employee commitment is evident in contemporary China, the country context for our study. While China has garnered the international spotlight as an attractive investment destination, and is currently the 3rd largest FDI recipient in the world after the USA and UK (WIR, 2017), it has been identified as the most challenging emerging market for the operation of MNEs (e.g. Mercer HR and Mobility Challenges of Emerging Markets, 2011). A major challenge is the relatively high turnover of employees, and retaining those particularly with technical skills and managerial potential (Nie, 2015). Such high rates of employee turnover, and hence low levels of employee commitment, is related to the fast-paced changes taking place in the Chinese institutional environment, particularly labor market reforms.

Labor market reforms over the past two decades in China have significantly changed the employment relationship, especially in the private sector (Gallagher, 2007; Taylor, 2005). A fixed-period contract has become the norm, and employees are prone to dismissal by employers (Witt, 2010). Once unemployed, individuals cannot receive social welfare benefits such as healthcare (Gallagher, 2007), and are thus exposed to considerable risks. It has been observed that strong pressure for survival in the labor market engenders self-interested goals which coexist in an apparent paradox with the family-oriented nature of Chinese collectivism (Faure and Pang, 2008). Such pressure for survival and the impact on employee
behavior and expectations has also been observed in the subsidiaries of foreign firms. Lee et al. (2013), for example, found that Chinese employees working in subsidiaries of Japanese MNEs favor clear individual roles, short-term objective goals, clear criteria for promotion, a clear link between pay and performance, and frequent performance appraisals. This underscores the desire by Chinese employees to be highly marketable so as to progress and succeed in an uncertain marketplace where employment is on short-term contracts.

We propose that building employee commitment to the foreign subsidiary in China requires both appropriate leadership characteristics on the part of expatriate managers and followership characteristics on the part of local employees. A positive interpersonal relationship with supervisors is said to be the key to secure employee commitment in China (Chew and Putti, 1995; Yeh, 1988). Foreign managers thus need to demonstrate their reliability, trustworthiness and attractiveness by exhibiting culturally relevant leadership behaviors that build relationships and respond to the expectations of Chinese employees. Whereas traditional cross-cultural leadership theories focus on cultural value differences between the HQ country and local subsidiaries of the MNE, we shift the focus to the local context, that is, from an etic to an emic frame of reference. This allows researchers to delve more deeply into the specifics of local culture that may not be captured by etic measures of cultural values. A local focus further allows researchers to utilize an indigenous perspective in the theorization of cross-cultural leadership that may help to explain leadership behaviors beyond theories developed in “the West,” especially if the local context differs greatly from Western societies (Barkema et al., 2015; Chen, 2016). We propose the Yin-Yang principle for building theory on cross-cultural leadership in China. Yin-Yang embodies an indigenous East Asian view of paradox and a holistic balancing approach to manage contradictions. This will be explained in detail in the following section.

On the followership side, there is increasing awareness in the literature that the follower’s role and characteristics are critical but under-investigated in the leadership process (Kelley, 2008; Uhl-Bien et al., 2014). We propose that an important aspect of followership is cosmopolitanism, an individual’s cultural openness and ability to transcend local cultural boundaries (Lee, 2015). While a foreign firm may be an attractive choice for career advancement and challenging jobs (Newbury et al., 2006), work practices may be incompatible with the valued Chinese way of life (Fan and Zigang, 2004; Xing, 1995). It is important, therefore, for employees to be comfortable with foreign cultures and a different work environment. In particular, the leadership style of foreign supervisors may contradict local practices, and may even include a mix of behaviors from the home country together with behaviors adapted to the host country, projecting in the eyes of followers an inconsistent leadership style. Cosmopolitanism thus enables followers to adjust to unfamiliar foreign practices, and to embrace leadership styles that may appear inconsistent or paradoxical.

The purpose of this study is to empirically investigate whether culturally relevant Yin-Yang leadership behaviors adopted by expatriate managers, together with local employees’ cosmopolitanism, help to build employee commitment to foreign subsidiaries. Our study is set in multiple Japanese subsidiaries operating in China. The fact that China and Japan share a Confucian heritage and are often considered culturally similar may provide a modicum of control when examining culturally relevant leadership in China. Our study makes two distinct contributions. First, it contributes to the literature on cross-cultural leadership in China by introducing a Yin-Yang balancing and paradox perspective as a fresh lens. We develop the concept of Yin-Yang leadership and propose it as a profile of culturally relevant leadership behaviors in the contemporary Chinese context. Second, it contributes to building cross-cultural leadership theory by highlighting follower capabilities that embrace cultural unfamiliarity and possible contradictions or paradoxes in leadership behaviors of expatriate managers in foreign firms.
The paper proceeds with sections on Yin-Yang leadership and cosmopolitan followership as a basis for hypothesis development. This is followed by research methods, results, and discussion of the implications for research and practice.

Yin-Yang leadership
Contingency theories of leadership state that the most appropriate leadership approach is dependent on context (e.g. Vroom and Jago, 1988). That is, managers can improve employee attitudes and performance by exhibiting an appropriate leadership style that is suitable to a given context. In the cross-cultural management literature, it is often argued that the ideal leadership style in a particular context is highly contingent on national culture (Dorfman et al., 1997; House, 1971; Javidan et al., 2006; Larson et al., 1974). For instance, knowledge of cultural dimensions and leadership behaviors expected by members of a given society can inform managers how to adapt their style (Javidan et al., 2006). The implication is that expatriates need to adopt leadership behaviors that are relevant to the host country’s local culture, in order to maximize the effective leadership of local employees (Dickson et al., 2003; House et al., 1999).

What the contingency theories of leadership do not address, however, are paradoxes (e.g. Smets et al., 2015), and the increasing need to embrace seeming opposites simultaneously (Lavine, 2014; Smith and Lewis, 2011; Zhang et al., 2015). Contingency theories have their roots in Greek philosophical traditions that, while concerned with contradictions, focused on opposites independently to surface underlying truths (e.g. Schad et al., 2016). Early contingency theory (e.g. Lawrence and Lorsch, 1967) examined “how contexts influence the effectiveness of opposing alternatives” (Smith and Lewis, 2011, p. 381). Such “either/or” approach, that focuses independently on one alternative over another, has limitations, particularly in managing the complexities inherent in globalization. This has given rise to paradox theories (e.g. Lavine, 2014; Smith and Lewis, 2011) that consider the need for more holistic approaches to managing the tensions between seeming paradoxes that are contradictory yet interdependent, such as the organizational tensions between collaboration and competition, between global integration and local responsiveness, and between short-term profit and long-term success (e.g. Smith et al., 2016). Scholars have noted that the ability to manage such tensions or paradoxes contributes to greater leadership effectiveness (Faure and Fang, 2008; Lavine, 2014; Zhang et al., 2015).

A number of writers have offered the concept of Yin-Yang as an indigenous Chinese perspective on managing paradox that is relevant to cross-cultural management (Chen, 2016; Fang, 2012; Faure and Fang, 2008; Li, 2016; Luo and Zheng, 2016; Tung, 2008). Li (2012, 2014, 2016) has extended the work on paradox theory by introducing “Yin-Yang balancing” (Keller and Lewis, 2016) which will be discussed below. In this age of globalization, people from different cultures are increasingly coming together; moreover, “culture in action is full of paradoxes, diversity and change” (Fang, 2012, p. 35). We believe that the concept of Yin-Yang offers an approach to leadership that transcends the limitations of contingency approaches and is relevant to the Chinese context, and beyond. Below we introduce the Yin-Yang principle as a basis for our proposed Yin and Yang leadership behaviors, and Yin-Yang balancing (Li, 2012, 2014, 2016) that completes our concept of Yin-Yang leadership.

The Yin-Yang principle
An aspect of Chinese culture that foreign managers often find confusing is the Yin-Yang principle that manifests in dualities in cultural values (Faure and Fang, 2008). The Yin-Yang principle refers to an ancient Daoist philosophy in China that views all universal phenomena as being created by dual cosmic energies called Yin and Yang (Fang and Faure, 2011). The nature of Yin (阴) is represented by the moon, while the nature of Yang (阳) is
represented by the sun (Chen, 2008). Yin has come to symbolize darkness, passivity, and femininity, whereas Yang has come to symbolize light, activity, and masculinity (Fang, 2012; Faure and Fang, 2008; Lee et al., 2008). The cultural manifestations of these dualities have come to the fore with globalization and the rapidly changing economic and institutional landscape in China (Fang, 2012; Faure and Fang, 2008). For instance, China is known for its traditional values of caring, face saving, harmony, and family and group orientation associated with collectivism. Yet the pressures for modernization have highlighted opposite values of individualism, self-expression and directness. We suggest that values such as caring and harmony are imbued with the qualities of Yin, and values such as self-expression and directness have Yang qualities.

While these values appear to be contradictory or paradoxical in nature, they coexist in contemporary China (Fang, 2012). This can be explained by the notion of “seed,” a further aspect of the Yin-Yang principle that will be discussed below. A seed of Yin resides in Yang, and a seed of Yang resides in Yin to produce a dynamic, holistic and ever-changing reality (Li, 2016). This suggests, for instance, that there is no light without dark, no strength without weakness (Faure and Fang, 2008). Thus, the Yin-Yang principle offers a holistic means for managing paradox, by embodying duality, unity-in-diversity, change and harmony (Chen, 2002, p. 93). When expatriate managers consider which leadership behaviors to adopt in the Chinese context, they need to keep in mind the Yin-Yang principle and the general acceptance of paradox.

We propose that to be successful in China an expatriate leader needs to flexibly embrace contradictions as a natural phenomenon and be prepared to exhibit what we refer to as Yin-Yang leadership. Consistent with the Daoist Yin-Yang perspective, and drawing on Lee et al. (2008), we conceptualize Yin-Yang leadership as comprised of Yin and Yang leadership behaviors. Yin leadership behaviors, imbued with feminine cosmic energy, prioritize a “gentle and soft” approach (Lee et al., 2008). Yang leadership behaviors, imbued with masculine cosmic energy, prioritize a “persistent and powerful” approach (Lee et al., 2008). While Yin and Yang leadership behaviors together constitute Yin-Yang leadership, we believe it is useful to consider the characteristics of the two constituent components in order to fully appreciate the whole. As the Yin-Yang principle provides a new opportunity for research and theory development in the field of cross-cultural leadership, we need to carefully consider what leadership behaviors represent Yin and Yang.

In conceptualizing Yin-Yang leadership and the underlying behaviors that represent Yin and Yang, we adopt a two-step process, namely, translation and contextualization. In the first, translation step, we draw from widely available, both traditional and contemporary, indigenous sources of Confucianism and Daoism, as well as the comparative studies based on the Hofstede and the GLOBE studies that discuss Chinese values and practices. Based on these readings, we “translate” the prominent etic and emic cultural aspects of Chinese society into a list of culturally relevant leader behaviors in China. Many studies highlight practices associated with collectivism (e.g. Redding and Ng, 1982; Warner, 2009; Zhu et al., 2007) such as exhibiting care, maintaining harmony, saving face, networking, and prioritizing group over individuals in achieving goals and objectives, which are better known and in line with traditional Chinese values. We also identified perhaps lesser known aspects of Chinese society that tap into the notion of managing unprecedented risk and uncertainty in contemporary China (e.g. Lee et al., 2008, 2013; Littrell, 2002) such as controlling, dominating, actively managing uncertainty, and effectively influencing
or persuading others to achieve organizational goals, which may appear contradictory to the traditional Chinese values.

In the second step, we analyzed the identified list and grouped the culturally relevant behaviors into four themes of higher-order leadership behaviors: relationship building, benevolence, uncertainty management, and decisiveness. The former two higher-order leadership behaviors, relationship building and benevolence, are contextualized as the traditional values of collectivism and Confucianism that highlight a partiality for leaders with a caring and relationship focus. The latter two higher-order leadership behaviors of uncertainty management and decisiveness are contextualized within the contemporary Chinese context which is characterized by rapid economic growth, institutional change, and job insecurity, all of which create in individuals a preference for leaders who can help progress their careers. Accordingly, we conceptualize the culturally relevant leadership profile containing seeming opposites in contemporary China as “Yin-Yang leadership” to mean the extent to which leaders exhibit a high level of both the Yin elements (“relationship building” and “benevolence”) and the Yang elements (“uncertainty management” and “decisiveness”) of leader behaviors. In the next sections we set forth our research hypotheses (depicted in Figure 1) by first providing in more detail our proposed leadership behaviors associated with Yin and Yang, and second by introducing Yin-Yang balancing (Li, 2012, 2014, 2016) to complete our full concept of Yin-Yang leadership.

**Yin leadership behaviors**

We conceptualize Yin leadership behaviors as relationship building and benevolence, the two higher-order themes that we contextualize in accordance with the traditional Chinese values.

**Relationship building.** The first element of Yin leadership behaviors revolves around the indigenous Chinese concept of Guanxi. Guanxi is the Chinese term which means “relation” or “relationship” (Bian, 1994). This is the lifelong network of mutual relations involving reciprocal obligations among Chinese people, and is recognized as the source of dynamism in Chinese society (Wong et al., 2010). Guanxi is important in Chinese business because most Chinese people believe that they can reach their goals more effectively through interpersonal connections (Hwang, 1987). Underscoring the importance of interpersonal relationships in China, it is said that the value or importance of someone can be measured by observing his/her ties and relationships with others (Javidan et al., 2006). Guanxi is developed through social obligations (renquing) and giving and saving face (mianzi) (Redding and Ng, 1982; Wong et al., 2010). Additionally, Wu (1994) added reciprocity as a key element in Chinese culture for developing and maintaining Guanxi. The norm of reciprocity creates an obligation between people that sustains or strengthens the relationship. These elements are closely related to the interpersonal relationships among people in business and daily lives.

Fostering Guanxi therefore requires a leader to maintain the organization built around close-knit ties, and the ability to maintain harmony. This might entail keeping the group working as a team, and settling inter-member conflicts (Stogdill, 1963). Maintaining Guanxi,
is associated with gaining trust from subordinates (Wu, 1996), which in turn is associated
with higher employee commitment (Wong et al., 2010). This is important since Chinese
society is a “low trust” society where people tend to trust only those related to them, in other
words, to distrust those outside of the family or organization (Fukuyama, 1996). Therefore,
it is important for managers in China to develop and maintain Guanxi in their offices
(Pearce and Robinson, 2000). We propose that maintaining Guanxi through relationship
building is a culturally relevant Yin leadership behavior, and will increase employee
commitment to the organization.

**Benevolence.** The second element of Yin leadership behaviors revolves around
consideration and care that a leader personally exhibits to subordinates. The nature of
collectivism in China suggests that Chinese people appreciate a leader who is considerate
(Bond and Hwang, 1986; Hui and Tan, 1996). Such a leader demonstrates benevolence and
caring which builds trust in the leader and the perception of interactional justice among
subordinates. It has been argued that the primary qualification of a leader in China is the
ability to establish and nurture personal relationships (Javidan et al., 2006). In the study by
Javidan et al. (2006), most Chinese workers revealed a preference for having a benevolent
and sympathetic supervisor. Javidan et al. (2006) argue the importance of showing high
respect to their employees and their family, and paying attention to designing work
schedules and reward systems that show consideration and appreciation for their
subordinates. A leader who is benevolent and considerate is likely to display characteristics
of being approachable and friendly, being open about his or her actions, and treating group
members with respect (Stogdill, 1963).

In sum, Yin leadership behaviors are captured by notions of relationship building and
benevolence. We hypothesize as follows:

\[ H1a. \text{ Yin leadership behaviors are likely to have a positive influence on Chinese}
\text{ employee commitment to the Japanese subsidiary.} \]

**Yang leadership behaviors**
We conceptualize Yang leadership behaviors as uncertainty management and decisiveness,
the two higher-order themes that we contextualize in accordance with a Chinese response to
the rapid economic and institutional changes taking place in China.

**Uncertainty management.** The first element of Yang leadership behaviors revolves
around managing uncertainty and risk. Managing uncertainty and risk is important in a
highly fluid economic and institutional environment. Particularly in the Chinese context,
characterized by high uncertainty avoidance (Javidan et al., 2006; Littrell, 2002), the rapidly
evolving economic and institutional changes have highlighted paradoxes in values around
risk and uncertainty (Faure and Fang, 2008). Fan and Zigang (2004), for instance,
categorized Chinese people’s risk preference as “risk-averse” due to the high uncertainty
avoidance evident in their data. They found that Chinese managers tend to make careful
decisions in the face of unpredictable situations, and to make immediate decisions only
when they feel comfortable with the circumstances (Fan and Zigang, 2004).

However, there is a growing recognition among Chinese people that innovation for
creating economic wealth in the current changing environment requires some amount of
risk taking (Faure and Fang, 2008). Considering this, along with Chinese people’s general
preference for low risk, expatriate managers would be expected to work well under
situations of uncertainty and to make careful decisions. This might entail predicting trends
or events and anticipating problems and planning for them (Stogdill, 1963). The more
accurately one can predict the success of a new product or venture, for instance, the greater
the management of uncertainty and risk. We propose that uncertainty management is a
culturally relevant Yang leadership behavior, and can enhance employee commitment in the Chinese context.

**Decisiveness.** The second element of Yang leadership behaviors revolves around taking initiatives and decisive action. Decisiveness is a leadership behavior that assertively moves people toward goals in a convincing way. This is valuable particularly in emerging economic and institutional conditions that have highlighted paradoxes in values around hierarchy and power distance (Faure and Fang, 2008). Xing (1995) points out that Confucian ideology is the social system which has governed most aspects of Chinese life throughout China’s long history. The main characteristic of Confucianism is its hierarchical, authoritarian aspect which places emphasis on values such as conformity and respect for elders (Bond and Hwang, 1986; Littrell, 2002). Hence, it is normal for Chinese people to consider differences in status as the best way to conduct interpersonal relationships, and it is therefore accepted and maintained at all levels of an organization’s hierarchy (Bond, 1991).

Faure and Fang (2008) note, however, that while seniority continues to be maintained in society, it is also being challenged in recent times. There are more opportunities for younger people to take on responsible positions, and even to earn higher salaries than some of their seniors. Thus, leaders may increasingly need to rely, not on age-based seniority, for instance, but on other leadership qualities relevant to the changing economic environment to gain confidence from followers. Chinese people appreciate a leader who is able to take the initiative and to take decisive action (Lee et al., 2013; Littrell, 2002). In other words, there is respect for leaders who are authoritative, controlling and directive. This is likely to entail the ability to make convincing arguments and to assertively generate enthusiasm to reach a goal (Stogdill, 1963). We propose that decisiveness is a culturally relevant Yang leadership behavior, and can serve to enhance employee commitment.

In sum, managing uncertainty and risk in the fast-changing Chinese institutional and business environment requires an ability to assess future trends and to persuade subordinates and others to embark on a particular course of action. Thus, Yang leadership behaviors are those that help employees reduce uncertainty, and convey a decisive and convincing way of leading. We hypothesize as follows:

**H1b.** Yang leadership behaviors are likely to have a positive influence on Chinese employee commitment to the Japanese subsidiary.

**Balancing Yin and Yang: a holistic leadership approach**
Li (2016) stresses the importance of balancing Yin and Yang as a way to manage paradox especially in complex environments. Li’s (2012, 2014, 2016) “Yin-Yang balancing” emphasizes relativity, holism and change. This inherent dynamism is illustrated in Li’s (2016, p. 59) depiction of the content and process of Yin-Yang balancing, whereby paradox is fully embraced “by truly accommodating and appreciating both trade-off and synergy between true opposite elements in the same place at the same time.” In other words, the notion of balancing treats opposites as partially conflicting and partially complementary in an “either/and” approach to paradox management. The premise is that “either” indicates the existence of opposites while “and” indicates the existence of unity. This differs fundamentally from the Aristotelian “either/or” logic which fully separates opposites as a way to manage paradox (Jing and Van de Ven, 2016), and the Hegelian dialectical “both/or” logic which temporarily accepts paradox. Li (2014, p. 322) makes a further distinction between “both/and” logic and “either/and” logic, in that the former “denies the possible coexistence of true opposites in the same place at the same time due to the assumed complementarity or synergy between ‘fake’ opposites.” In essence, the “either/and”
logic inherent in Yin-Yang provides an approach that simultaneously embraces differences and similarities.

Following the “either/and” logic, Yin and Yang leadership behaviors coexist as complementary opposites. As mentioned earlier, the seeds of opposites exist in each other; a seed of Yin exists in Yang, and a seed of Yang exists in Yin (Fang, 2012; Li, 2016). Li (2016, p. 59) brings out the importance of “threshold” regarding the transition in the size of the seeds as critical for Yin-Yang balancing. In this process, opposites produce balance and harmony, a holistic whole, which highlights the dynamism inherent in the Yin-Yang principle. Faure and Fang (2008) have argued that Yin and Yang values are intertwined and both are important and meaningful in Chinese society and business, with one sometimes more salient than the other. Fang (2005-2006) brings this out in his “ocean” analogy of culture, where some cultural values may rise to the surface at a given time while some remain dormant. This is underscored by Chen (2016) who states that the balance of any two opposites, such as Yin and Yang, depends on time and context. In the same way, it is reasonable to submit that environmental influences may determine the relative salience of Yin and Yang leadership behaviors over time.

Consistent with the dynamism inherent in the Yin-Yang principle, with the seeds of Yin and Yang each present and in motion within the other, we propose that Yin and Yang leadership behaviors interact to form Yin-Yang leadership. Yin-Yang leadership consists of a profile of leader behaviors, derived from the two-step process of translation and contextualization, that embrace and respond to opposites and dualities in Chinese culture. Thus we believe that a balance of leadership behaviors that respond simultaneously to the cultural needs of nurturing and building relationships while focusing on business development in a fast-paced, changing institutional environment will enhance employee commitment. We consider Yin-Yang leadership as a high level of both Yin and Yang leadership behaviors displayed by supervisors, and hypothesize as follows:

**H1c.** Yin-Yang leadership, or a high level of both Yin and Yang leadership behaviors displayed by supervisors, is likely to have the greatest impact on Chinese employee commitment to the Japanese subsidiary.

**Cosmopolitan followership**

There is growing awareness in the leadership literature that the follower’s role and characteristics are critical, but under-investigated, in the leadership process (Kelley, 2008; Uhl-Bien et al., 2014). Similarly, the cross-cultural and global leadership literature has identified key leadership capabilities, including being culturally relevant (Dorfman et al., 1997; House, 1971; Javidan et al., 2006), and managing contradictions and tensions (Zhang et al., 2015). While the role of the leader has been extensively discussed, the cross-cultural leadership literature has been surprisingly silent on the follower’s role. We argue that followership plays an important role in cross-cultural contexts. In the case of Chinese employees who work in a foreign subsidiary of MNCs, the firm’s routines and practices may not be culturally or organizationally compatible with the local Chinese context.

It is often challenging for expatriate managers to fully exhibit culturally relevant leadership behaviors such as Yin and Yang leadership behaviors, as they may contradict their own accustomed leadership behaviors. Their leadership style may be perceived by followers to be inconsistent at times, as the leaders attempt to be culturally relevant but slip into their familiar leadership behaviors. It is therefore important for followers to have an open mind, and to transcend their own accustomed judgments, to embrace foreign expatriates’ leadership behaviors which may not be familiar or always appear consistent. This includes the ability to make connections between seemingly inconsistent behaviors of their supervisor and to feel comfortable with contradictions, which largely originate from
the efforts to deal with paradoxical demands from the business/management environment, but also come from the foreign supervisors’ attempts to balance between their own familiar leadership style at home and their adjusted leadership style in the local Chinese context. Therefore, we further propose that cosmopolitanism, or cultural openness and transcendence of one’s own culturally relevant assumptions (Lee, 2014), contributes to enhanced commitment of Chinese employees.

Cosmopolitanism refers to an individual’s acquired disposition or identity horizon that transcends conventional local cultural boundaries (Lee, 2015), and is acquired through one’s practice of exposing oneself to diverse products, places and people from different cultures in order to gain experience (Lee, 2014). Individuals who are high in cosmopolitanism are characterized by being curious and open to foreign cultures, enjoying interaction with foreigners, and even preferring diversity over homogeneity, since culturally diverse situations help them to constantly expand their identity horizon beyond what is culturally familiar (Lee, 2014). In the case of China, people have been increasingly exposed to different cultures through the entry of foreign MNEs since the Chinese Government adopted its open-door policy in 1979. Due to this influx, many Chinese workers, especially those in regions where MNEs locate, are likely to have a cross-vergence set of cultural values that meld their traditional Confucian culture with foreign cultures (Ralston et al., 1996; Lee et al., 2013). We propose that Chinese workers who have high levels of cosmopolitanism are likely to be more open to new (and different) ways of running the firm, of managing employees, and of interacting socially within the foreign workplace which is likely to differ from the Chinese way, and accordingly hold positive attitudes toward their company. We hypothesize as follows:

H2. The higher the level of Chinese employees’ cosmopolitanism, the higher their commitment to the Japanese subsidiary.

Further, we predict that cosmopolitanism may interact with Yin-Yang leadership to strengthen the predicted positive effect of Yin-Yang leadership on employee commitment (H1c). We submit that an employee with higher compared with lower levels of cosmopolitanism would be more open to a foreign supervisor’s leadership behaviors that might appear paradoxical, for example, being caring while at the same time stern toward employees, or being considerate in eliciting the opinions of others yet ruthless in decision making. As followers with high levels of cosmopolitanism would more easily process and manage such seeming contradictions and inconsistencies, accordingly they are likely to better appreciate Yin-Yang leadership behaviors displayed by a foreign supervisor, thus contributing to positive attitudes toward the company. We hypothesize as follows:

H3. Employee cosmopolitanism will interact with Yin-Yang leadership behaviors, such that Chinese employees’ cosmopolitanism will heighten the proposed positive relationship between Japanese supervisors’ Yin-Yang leadership behaviors and Chinese employee commitment to the Japanese subsidiary.

Method
Sample
The research sample was drawn from the Directory of Japanese firms in China 2011-2012 (The 21st Century China Research Institution, 2011). All firms in the directory were contacted by e-mail, regardless of industry and location within China in order to maximize the number of respondents.

Respondents were chosen according to the following selection criteria: Chinese employees currently employed at a branch of a Japanese firm during the survey period; and Chinese employees who reported to a Japanese supervisor. Several firms responded with the
appropriate criteria, yielding a sample of 97 Chinese employees (female 52.27 percent) from Japanese manufacturing and service firms in China. These include a stationery manufacturing firm, a web-based apparel retailing firm, and a large consumer electronics manufacturing firm. Employee contact details were obtained from the participating firms, and the survey was launched online (via Qualtrics). The prospective respondents were asked to answer the questions on their own computers.

Measures
In designing the survey instrument, all questions were extracted from established scale inventories. The questions used in the survey were translated from English into Mandarin Chinese. We followed the recommended translation procedure in comparative business studies, using the translation and back-translation technique with two bilingual speakers who are fluent in both English and Mandarin Chinese.

Leadership behaviors. We used several subscales of the “Leader Behavior Description Questionnaire – Form XII” scale, developed at the Fisher College of Business, Ohio State University (Stogdill, 1963) and is widely used among the leadership scholars. This scale is comprised of 12 subscales that comprehensively cover patterns of leader behavior. We selected four subscales – integration, consideration, predictive accuracy, persuasiveness – that we assessed correspond most closely to the proposed Yin and Yang leadership behaviors. All items were measured on a five-point Likert scale where 1 = Always and 5 = Never.

Yin Leadership Behaviors is conceptualized to include relationship building and benevolence. Relationship building is measured by three items from the Integration subscale. The integration items assess the perception of respondents on the extent to which their supervisor is capable of maintaining a closely knit organization, resolving inter-member conflicts, and keeping the group together as a team. Benevolence is tapped by three items from the consideration subscale, and include approachability, friendliness, and respectfulness of the supervisor. Cronbach’s $\alpha$ reliability for Yin leadership behaviors is 0.71.

Yang Leadership Behaviors is conceptualized to include managing uncertainty and decisiveness. Managing uncertainty is measured by three items from the predictive accuracy subscale, and assesses the perception of Chinese employees on the extent to which the supervisor makes accurate decisions and accurate forecasting of trends. Decisiveness is measured by three items from the persuasiveness subscale and taps the extent to which the supervisor uses convincing arguments and inspires enthusiasm for a project. Cronbach’s $\alpha$ reliability for Yang leadership behaviors is 0.72.

Cosmopolitanism. To measure the cosmopolitanism of Chinese employees, we used seven items from the Cosmo-V10, a self-assessment scale developed by Lee (2014). Sample items include: “I like interacting with people from countries other than my own country,” and “I am a citizen of the world.” All items were measured on a five-point Likert scale where 1 = Strongly Agree and 5 = Strongly Disagree. Cronbach’s $\alpha$ reliability is 0.83.

Employee commitment. We used six items from the British Organizational Commitment Scale (Cook and Wall, 1980). Sample items include: “I am proud to be able to tell people that I work for this company,” and “I feel myself to be part of this company.” All items were measured on a five-point Likert scale where 1 = Strongly Agree and 5 = Strongly Disagree. Cronbach’s $\alpha$ reliability is 0.78.

Control variables. Gender and tenure (measured in years) are included as standard demographic control variables. In the context of Chinese-Japanese interpersonal interaction, we also included language proficiency as this would partly tap cultural familiarity, and could potentially affect the quality of interaction between supervisor and
employee. Chinese employees’ proficiency in the Japanese language and Japanese supervisors’ proficiency in the Chinese language were measured on a scale from 1: No knowledge at all, to 6: Native speaker. In addition, we included job satisfaction (Agho et al., 1992) known to be the most robust and strongest predictor of employee commitment. Cronbach’s α score for this scale is 0.72.

Results
Table I shows the means, standard deviations and inter-correlations of the study variables. Table II presents the results of the multiple regression analyses which test

<table>
<thead>
<tr>
<th>Variables</th>
<th>Means</th>
<th>SD</th>
<th>1</th>
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<th>5</th>
<th>6</th>
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<th>8</th>
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</thead>
<tbody>
<tr>
<td>1. Gender</td>
<td>1.52</td>
<td>0.50</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2. Tenure</td>
<td>3.80</td>
<td>3.12</td>
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<td>3. Employee-Japanese language proficiency</td>
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<td>4. Supervisor-Chinese language proficiency</td>
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<td>1.56</td>
<td>−0.08</td>
<td>−0.05</td>
<td>−0.20**</td>
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<td>5. Job satisfaction</td>
<td>3.84</td>
<td>0.78</td>
<td>0.14</td>
<td>0.12</td>
<td>−0.07</td>
<td>0.31*</td>
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<td>6. Yin leadership behaviors</td>
<td>3.99</td>
<td>0.62</td>
<td>−0.15</td>
<td>0.15</td>
<td>0.02</td>
<td>0.22**</td>
<td>0.50**</td>
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<tr>
<td>7. Yang leadership behaviors</td>
<td>3.89</td>
<td>0.61</td>
<td>−0.09</td>
<td>0.24*</td>
<td>0.10</td>
<td>0.13</td>
<td>0.46**</td>
<td>0.60**</td>
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<td>8. Cosmopolitanism</td>
<td>3.13</td>
<td>0.46</td>
<td>0.05</td>
<td>0.29**</td>
<td>0.13</td>
<td>0.07</td>
<td>0.13</td>
<td>0.28**</td>
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<td>9. Organizational commitment</td>
<td>3.85</td>
<td>0.69</td>
<td>0.03</td>
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<td>0.14</td>
<td>0.41**</td>
<td>0.45**</td>
<td>0.48**</td>
<td>0.24*</td>
</tr>
</tbody>
</table>

Notes: *p < 0.05; **p < 0.01; ***p < 0.001

Table I. Means, standard deviations, and inter-correlations between the study variables

<table>
<thead>
<tr>
<th>Variables</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
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<td>Controls</td>
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<td>Gender</td>
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<td>Tenure (in years)</td>
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<td>Japanese language proficiency (employee)</td>
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<tr>
<td>Chinese language proficiency (supervisor)</td>
<td>0.02</td>
<td>−0.03</td>
<td>−0.06</td>
<td>−0.06</td>
</tr>
<tr>
<td>Job satisfaction</td>
<td>0.39***</td>
<td>0.21****</td>
<td>0.21****</td>
<td>0.19****</td>
</tr>
</tbody>
</table>

Main effects
Yin leader behaviors (H1a) | 0.22****| 0.14    | 0.10    |
Yang leader behaviors (H1b) | 0.25*   | 0.27*   | 0.55*** |
Cosmopolitanism (H2)        | 0.12    | 0.11    | 0.25*   |

Two-way interaction effects
Yin-Yang leadership (H1c) | 0.15    | 0.39**  |
Yin × Cosmopolitanism       | −0.14   | −0.15   |
Yang × Cosmopolitanism      | 0.22    | 0.10    |

Three-way interaction effects
Yin-Yang Leadership × Cosmopolitanism (H3) | −0.49***|
Change in R²                | 0.18*   | 0.16*** | 0.07*   | 0.08*** |
R²                        | 0.18    | 0.33    | 0.40    | 0.49    |
Adjusted R²               | 0.13    | 0.27    | 0.32    | 0.40    |
F                         | 3.48**  | 4.92*** | 4.66*** | 5.88*** |

Notes: Standardized β coefficients are reported. For gender 1 = male, 2 = female; Yin-Yang Leadership: Yin leadership behaviors × Yang leadership behaviors, Yin-Yang Leadership × Cosmopolitanism: Yin leadership behaviors × Cosmopolitanism. *p < 0.05; **p < 0.01; ***p < 0.001; ****p < 0.10

Table II. Multiple regression results for organizational commitment
our research hypotheses. We used hierarchical multiple regression analyses. In model 1 we entered the control variables, including gender, tenure, employee’s Japanese language proficiency, supervisor’s Chinese language proficiency, and job satisfaction. In model 2 we added our independent variables, Yin leadership behaviors, Yang leadership behaviors, and cosmopolitanism. In model 3 we added three two-way interaction terms, beginning with our main variable Yin-Yang leadership (Yin leadership behaviors × Yang leadership behaviors). We also included two other two-way interaction terms of Yin leadership behaviors × Cosmopolitanism and Yang leadership behaviors × Cosmopolitanism as it is necessary to include all possible combinations of two-way interaction terms that comprise the three-way interaction in model 4. Finally, in model 4 we added the three-way interaction term of Yin leadership behaviors × Yang leadership behaviors × Cosmopolitanism to test our H3, the interaction effect of Yin-Yang leadership and cosmopolitanism on employee commitment. All of the interaction terms were calculated based on the standardized values of each component. The β coefficients of the final model, model 4, are used to determine support for the research hypotheses.

Our main hypothesis states a positive effect of Yin-Yang leadership on employee commitment (H1c). Additionally, we tested the separate independent effects of Yin leadership behaviors (H1a) and Yang leadership behaviors (H1b) on employee commitment. As shown in Table II, Yin-Yang leadership shows a strong, positive relationship with employee commitment (β = 0.39, p < 0.01), thus supporting our hypothesis (H1c). Yin-Yang leadership, operationalized as a supervisor exhibiting high levels of both Yin and Yang leadership behaviors, captures Yin-Yang balancing or the dualities in leadership behaviors. Japanese supervisors who are perceived to exhibit high levels of both Yin and Yang leadership behaviors in a balanced manner are associated positively with Chinese employees’ commitment to their firm.

We plotted the two-way interaction of Yin leadership behaviors and Yang leadership behaviors in Figure 2. As shown, greater degrees of Yin and Yang leadership behaviors are associated with the highest point of employee commitment (slope 1 in Figure 2). This further supports our hypothesis (H1c). Results in Figure 2 also indicate that when one component of Yin-Yang leadership is low, a higher level of the other component does not appear to help heighten employee commitment.
In terms of the separate, independent effects of Yin and Yang leadership behaviors on employee commitment, Yang leadership behaviors (Uncertainty Management and Decisiveness) appear to heighten Chinese employees' commitment to the Japanese subsidiary very strongly ($\beta = 0.55, p < 0.001$), supporting our hypothesis ($H1b$). This suggests that Yang leadership behaviors contribute to employee commitment in addition to what is explained by Yin-Yang leadership, indicating that Yang leadership behaviors, on their own, positively contribute to Chinese employees' commitment to Japanese subsidiaries. By contrast, Yin leadership behaviors do not independently show a significant relationship with employee commitment ($\beta = 0.10, \text{ns}$), and thus $H1a$ is not supported. This indicates that Yin leadership behaviors only contribute to employee commitment if they are accompanied by Yang leadership behaviors (i.e., Yin-Yang leadership).

We interpret these results in two possible ways. First, Yang leadership behaviors may be more prominent reflecting the contemporary expectation of Chinese employees' for career advancement in the current labor market context of rapid and dramatic change. Alternatively, this may be due to the specifics of our sample in that the supervisors are all Japanese. Japanese are known to be indirect and high context (Hall, 1976) in their communication and management style (Lee et al., 2013), that is, low in Yang leadership behaviors. Thus, any exhibition of Yang leadership behaviors by Japanese supervisors will have a sharp, positive impact since the baseline of Yang leadership behaviors of Japanese supervisors can be considered to be relatively low.

Our second hypothesis ($H2$) states a positive effect of cosmopolitanism on employee commitment. Cosmopolitanism was found to be significantly and positively related to employee commitment ($\beta = 0.25, p < 0.05$), supporting $H2$. Chinese employees who are more capable of transcending their narrow cultural boundaries, and who are more open to foreign cultures, people, norms and practices, show higher levels of commitment to the Japanese subsidiary. In terms of the moderating effect of cosmopolitanism on the relationship between Yin-Yang leadership and employee commitment ($H3$), the results show a strong negative effect on employee commitment ($\beta = -0.49, p < 0.001$). To understand the exact nature of the moderating effect of cosmopolitanism, we present the three-way interaction plots in Figure 3.
The data in Figure 3 reveal, first of all, that cosmopolitanism improves employee commitment rather dramatically when low Yin/high Yang leadership behaviors are in place (slope 3 in Figure 3). It also shows that cosmopolitanism improves employee commitment when high Yin/low Yang leadership behaviors are in place (slope 2), although far less dramatically than in the former case. This indicates that cosmopolitanism compensates for the lack of either Yin or Yang leadership behaviors, when they are not both at high levels, in gaining employee commitment.

Figure 3 shows that cosmopolitanism does not change the slope of the high Yin/high Yang leadership profile (slope 1) or the low Yin/low Yang leadership profile (slope 4), whereas it pulls up the scores of employee commitment for the high Yin/Low Yang and low Yin/high Yang profiles of Yin-Yang leadership when cosmopolitanism is higher, compared to when it is lower. More specifically, when Japanese supervisors display a high level of Yang leadership behaviors but a low level of Yin leadership behaviors, Chinese employees with a lower level of cosmopolitanism show weak commitment to the firm, whereas Chinese employees who are higher on cosmopolitanism show strong commitment to the firm (note the steep positive slope depicted in slope 3). A similar tendency, albeit much weaker, is shown for the high Yin/low Yang profile (note the gradual positive slope depicted in slope 2).

Additionally, the figure confirms the following. First, high cosmopolitanism, compared with low cosmopolitanism is associated with higher employee commitment reported by Chinese employees in our sample, as per the cosmopolitanism main effect, \( H2 \). Second, the level of employee commitment is higher with Yang leadership behaviors (the score points associated with slopes 1 and 3), compared with Yin leadership behaviors (the score points associated with slopes 2 and 4), as per the Yang leadership behaviors main effect, \( H1b \). Third, Yin-Yang leadership (slope 1: high Yin and high Yang) shows the highest score points for employee commitment, as per the Yin-Yang leadership interaction effect, \( H1c \).

Discussion

Traditional bipolar cultural frameworks (e.g. Hofstede’s and the GLOBE’s) that allocate national cultures from low to high along a few measurable cultural dimensions have intellectual roots in Aristotelian dualism or Western formal logic. Western epistemological systems that facilitate mental separation of complex, interrelated phenomena into simplified opposites of “either/or,” and do not leave room for seeming opposites to coexist, have limitations particularly in the contemporary global business environment (Chen, 2008; Keller and Lewis, 2016; Lee, 2017; Li, 2016; Tung, 2008; Tung and Verbeke, 2010). The Eastern epistemology of the Yin-Yang principle, however, which embraces paradox and dynamism (Keller and Lewis, 2016; Li, 2016), offers a more robust approach to managing complexity. Drawing on the paradox perspective and the Yin-Yang principle (Faure and Fang, 2008; Li, 2012, 2014, 2016), we conceptualized “Yin-Yang leadership” as leader behaviors derived from a two-step process of translation and contextualization that embrace and respond to these opposites and “dualities” in Chinese culture, and proposed it as culturally relevant leadership in contemporary China. We demonstrated in our sample that leadership behaviors that respond simultaneously to the cultural needs of nurturing and building relationships while focusing on business development in a fast-paced, changing institutional environment contribute to employee commitment. We also demonstrated that Chinese employees’ cosmopolitanism, the follower side of paradox management, also contributes to employee commitment. Details of our contributions are outlined below.

First, we advance the cross-cultural leadership literature via a context-based approach to develop culturally relevant leadership, Yin-Yang leadership in the Chinese context. Our two-step, “translation-contextualization” approach to theorizing cross-cultural leadership, by focusing on the cultural characteristics of the operating context rather than on the differences between the host country culture and the MNE headquarters country culture,
allows researchers to delve deeper into the specificity of local culture. This includes combining the emic and etic approaches to Chinese culture, and incorporating Daoist thinking style and epistemology of Yin-Yang into the theorization of cross-cultural leadership. As noted by Fang (2012, p. 36), “the Yin Yang perspective of culture emphasizes the need to understand the intrinsic paradoxical nature of culture.” Yin and Yang are opposites, yet are complementary and coexist (Fang and Faure, 2011; Li, 2016). This is evident in our results which show that employee commitment is highest when foreign supervisors display high levels of both Yin and Yang leadership behaviors, indicating that the leaders’ ability to simultaneously exhibit seemingly opposite, paradoxical leadership behaviors is positively associated with employee commitment to local subsidiaries.

Further, our research revealed that Yang leadership behaviors appear to be more salient than Yin leadership behaviors, the traditional collectivist-oriented leadership behaviors, in gaining employee commitment. Yang Leadership behaviors were found to be a strong and independent predictor of employee commitment, suggesting that the Yang component of Yin-Yang leadership such as forecasting trends, anticipating problems, and making accurate decisions are highly important to gain commitment from Chinese employees, particularly in a rapidly changing economic and institutional environment. These results illustrate the dynamic nature of Yin-Yang balancing (Faure and Fang, 2008; Li, 2016) such that, while both Yin and Yang exist, at any point in time one may rise to the surface and be more salient. Fang (2012, p. 39) has proposed that in any given culture human beings will select the values that are most relevant for a particular situation, context or time, promoting some and suppressing others, to create a “unique value configuration.” Indeed, our results can be interpreted as “value trumping” (Osland and Bird, 2000) of the Yang component over the Yin component in contemporary China given the current economic and labor market climates that bring competition and career advancement to the fore.

The second contribution of our paper lies in highlighting the role of followership in cross-cultural leadership. The follower’s role and characteristics in the leadership process are increasingly recognized as critical but under-investigated (Kelley, 2008; Uhl-Bien et al., 2014). We identify and test cosmopolitan followership as an important factor in enhancing employee commitment to a foreign-owned company and, together with Yin-Yang leadership, managing paradox in complex operating environments. Cosmopolitanism, that is, a broadened identity horizon that transcends local cultural boundaries and embraces opposite values and practices, is on the rise in China. We reasoned that if an employee liked interacting with people of different cultures, and was open to considering that the values and norms of other cultures were as valid as, or perhaps even superior to, one’s own, there would be a good chance that such a person could find satisfaction in working for a foreign firm, and commit to a foreign firm. The results show that cosmopolitanism indeed has a direct and positive relationship with employee commitment as we hypothesized. This suggests that Yin-Yang leadership and cosmopolitan followership work together as a “two-way street” of cultural adaptability and openness that builds employee commitment. In addition to the direct positive impact, cosmopolitanism acts as a moderator to further strengthen the positive relationship between Yin-Yang leadership and employee commitment. More specifically, when there is an imbalance between Yin and Yang (high Yin/low Yang or low Yin/high Yang), cosmopolitanism appears to compensate for such imbalance vis-à-vis the effects on employee commitment. This implies that local employees’ cosmopolitanism can act as a game changer when foreign supervisors’ Yin and Yang are not in balance, underscoring the key role of followership in the cross-cultural leadership process.

Both of the above contributions advance our theorization of cross-cultural leadership and followership. We have used a more context-specific approach, Yin-Yang leadership and cosmopolitanism to delve more deeply into the cross-cultural leadership and employment
relations challenges experienced by Japanese companies in China. This has allowed a more nuanced approach to cross-cultural leadership that cannot be gleaned from the traditional bipolar cultural frameworks. The literature suggests that there are cultural similarities between China and Japan given their shared Confucian cultural heritage (e.g. Gupta et al., 2002; Javidan et al., 2006). While cultural distance (Kogut and Singh, 1988) is generally portrayed as an obstacle in the international business literature (e.g. Johnson et al., 2006), cultural closeness does not necessarily mean easy cultural adaptation (e.g. Selmer, 2007).

As discussed earlier, traditional measures of cultural distance use quantifiable and bipolar cultural values, and do not reflect other differences that may be substantial. China and Japan are similar in terms of a shared Confucian cultural heritage but differ in their economic and political history including phases of capitalism and institutional arrangements (Witt and Redding, 2013), which underscores the importance of a context-specific approach.

Practical implications
The message for expatriate managers is that a high level of both Yin and Yang leadership behaviors, or Yin-Yang leadership where there is a balance of Yin and Yang, fosters a high level of employee commitment. As noted earlier, both Yin and Yang coexist in contemporary China, and there is a shifting salience between the two depending on the time, situation and context. Our results reveal that a preference for Yang leadership behaviors is salient in contemporary China. Chinese employees prefer a leader that demonstrates strength, clarity, assertiveness, decisiveness, predictive accuracy, and accurate decision making, that is, Yang leadership behaviors. If a leader can show these qualities, local employees of the Chinese subsidiary are likely to be satisfied with the leadership approach and be committed to the organization. Employee commitment is associated with lower employee turnover. This is good news for foreign firms, since the Chinese labor market is fluid with frequent job changes, and there is competition for talent. Our results show that while the Yang component of Yin-Yang leadership has more salience than the Yin component, Yin leadership behaviors are still important. This is underscored in a notable expert observation in the Chinese labor market indicating that for Chinese employees money is a less important reason to change jobs than the potential to grow and have a close working relationship with an immediate boss (Hymowitz, 2005). Relationship development is critically important for Chinese employees, and the majority of Chinese workers seek job opportunities in which they can enhance their employability so as to realize self-fulfillment. This involves both Yin and Yang leadership behaviors.

Employee commitment is a way to capture talent over the long term. Our results suggest that those high-value employees with cosmopolitan values can be retained over the long term with a Yin-Yang leadership approach used by foreign expatriate managers. Such leadership approach addresses the need to placate risk and uncertainty, and to command confidence. A leader that can work well under uncertainty and be assertive in persuading employees with confidence shows his or her followers that they are “safe” with the company as well as moving forward in a positive manner. This may inspire such talent to remain with the firm. It should be noted that the Yin leadership behaviors of relationship building and benevolence may also be appreciated. The results are positive for employee commitment, though less so than managing uncertainty and decisiveness. Collectivistic, harmony-producing Yin leadership behaviors appear to be subsumed by Yang leadership behaviors that address the new economic and institutional order of rapid change and uncertainty. This might be explained by the observation that Chinese society acts as social system where people maintain social order through a harmony-within-hierarchy arrangement (Martinsons, 2006).

Cosmopolitanism appears to be a key to enhancing employee commitment in foreign firms, as well as to navigating the paradoxes inherent in Yin-Yang leadership.
Cosmopolitanism has a direct effect on employee commitment. This shows that the more open employees are to new cultures and ways of doing things, the greater the propensity to commit to a foreign firm. At the same time, cosmopolitanism enhances the positive effects of Yin-Yang leadership behaviors on employee commitment. These findings have important recruitment implications for leadership development given the high turnover particularly of top performing employees in China (Nie, 2015) and in many other high-growth Asian countries (Bruning and Tung, 2013).

Research limitations and future directions
The main limitation of the study is the relatively small sample size. Also, the respondents come from only three Japanese subsidiaries that are located in one region of China where the presence of foreign business activities is highest. Future studies should attempt to gain a larger sample, with more expatriate nationalities represented, and to collect data based also on the geographic segmentation criterion since there is some evidence that leadership preferences may differ across regions in China (Littrell et al., 2012). Geographic segmentation would also be useful to assess the generalizability of cosmopolitanism. Most foreign firms establish and run their branches in urbanized areas of China, so people in those areas might be more cosmopolitan, with differential results by region (Ong, 1999; Ralston et al., 1996).

We focused on a few possible predictors of employee commitment in Japanese subsidiaries in China. More work needs to be done to determine other possible factors that could positively influence the attitudes of Chinese employees. Despite these limitations, the study clarified Yin-Yang leadership behaviors that can be adopted by expatriate managers, and the potential role of cosmopolitanism of Chinese employees. The study adds to our knowledge of expatriates’ leadership challenges in China and has provided practical guidance.

Future research to test Yin-Yang leadership and cosmopolitanism in foreign firms other than those of Japanese origin is encouraged. Japan and China are often categorized into the same cultural cluster of Confucian Asia, East Asia, or Collectivist in various literatures, thus, arguably, the Yin and Yang dualities of Chinese culture might be better understood by Japanese compared with other foreign MNEs of different cultural clusters. Similarly, the cultural distance between China and Japan is frequently portrayed as small, thus the potential impact of cosmopolitanism in the context of Chinese-Japanese interaction might also be smaller than the context of Chinese and other more culturally distant countries of origin. It would be promising to test if Yin-Yang leadership and cosmopolitan followership lead to a similar positive effect on Chinese employee commitment to foreign firms in general.

Finally, as Yin-Yang leadership is conceptualized to embrace the dualities that pose challenges for foreign firms to operate effectively in the Chinese market, future research in this area will benefit by applying a more complex modeling of yin-yang balancing. In order to observe and test the changing nature of balancing, it is highly desirable to specify the contextual conditions that might require more yang leadership behaviors or yin leadership behaviors. We selected the best available existing leadership scales to tap our proposed Yin-Yang leadership concept, yet we welcome new research that further refines the Yin-Yang leadership concept and measures.

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The traditional Chinese philosophies in inter-cultural leadership

The case of Chinese expatriate managers in the Dutch context

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Abstract
Purpose – As the global presence of Chinese firms grows, increasing numbers of Chinese managers are working abroad as expatriates. However, little attention has been paid to such Chinese expatriate managers and their leadership challenges in an inter-cultural context, especially across a large cultural distance. To fill the gap in the literature concerning the leadership challenges for expatriate managers in an inter-cultural context, the purpose of this paper is to elucidate the leadership styles of Chinese expatriate managers from the perspectives of three traditional Chinese philosophies (i.e. Confucianism, Taoism, and Legalism) in the inter-cultural context of the Netherlands.

Design/methodology/approach – The data for this qualitative study were collected via semi-structured, open-ended, narrative interviews with 30 Chinese expatriate managers in the Netherlands.

Findings – The results clearly show that the leadership style of Chinese expatriate managers is deeply rooted in the three traditional Chinese philosophies of Confucianism, Taoism, and Legalism, even in an inter-cultural context. Specifically, the study reveals two salient aspects of how Chinese expatriate managers frame and interact with a foreign cultural context from the perspectives of traditional Chinese philosophies. First, the Chinese expatriate managers reported an initial cultural shock related to frictions between the foreign cultural context and Confucianism or Taoism, but less so in the case of Legalism. Second, the Chinese expatriate managers also reported that their interactions with the Dutch culture are best described as a balance between partial conflict and partial complementarity (thus, a duality). In this sense, the leadership style of Chinese expatriate managers is influenced jointly by the three traditional Chinese philosophies and certain elements of the foreign cultural context. This is consistent with the Chinese perspective of yin-yang balancing.

Originality/value – This study is among the first to offer a more nuanced and highly contextualized understanding of leadership in the unique case of expatriate managers from an emerging market (e.g. China) in an advanced economy (e.g. the Netherlands). The authors call for more research to apply the unique...
perspective of yin-yang balancing in an inter-cultural context. The authors posit that this approach represents
the most salient implication of this study. For practical implications, the authors argue that expatriate leaders
should carefully manage the interplay between their deep-rooted home-country philosophies and their salient
host-country culture. Reflecting on traditional philosophies in another culture can facilitate inter-cultural
leadership training for Chinese expatriates.

Keywords China, Legalism, Confucianism, Dutch, Daoism, Expatriate leadership

Paper type Research paper

Introduction

In recent decades, China’s global presence has continued to expand, and an increasing number
of Chinese managers are working abroad and collaborating with local employees. According to
a report in The Financial Times, China will be one of or even the largest cross-border investor
by 2020 (Anderlini, 2015). When people with different work styles, attitudes and cultural values
interact, challenges arise (Choo et al., 2009). As the economic relationships between China and
the western world deepen, more Chinese managers are working in developed countries
(Leung, 2014), which raises the question of whether Chinese managers are prepared for
inter-cultural leadership. Because global capital flows have been dominated by early foreign
direct investment flows from North American and Western European companies, much of the
literature has concentrated on cultural differences as a critical challenge to the effectiveness
of western expatriate managers working in emerging economies, especially in Asian emerging
markets. However, less attention has been paid to expatriate managers from emerging
economies who work in developed western countries (Wright et al., 2005).

One may argue that in terms of Hofstede’s notion, the emergence of leaders from the
east in western companies is simply the reverse, which implies that the inter-cultural
frictions may stay more or less the same. For example, the inter-cultural frictions between
western leaders and Asian followers are well documented and often relate to perceptions
of formal and informal relationships, communication, and culturally dominant leadership
styles. Focusing on China, one widely documented phenomenon concerns western leaders
failing to appreciate and manage the many informal relationships among their
subordinates and with people outside the firm, known in China as guanxi (Liu et al., 2010).
With respect to communication, western managers often complain about Chinese workers’
lack of input in formal meetings (Littrell, 2002). On the other hand, Chinese workers often
complain that their western leaders do not respect hierarchy and often break the Chinese
cultural norm of initial silence as respectful courtesy before answering a question
(Huang et al., 2005). With respect to leadership styles, it is argued that workers in
east Asia prefer paternalistic management that stresses strong authority and obedience
(Pellegrini and Scandura, 2008).

However, even if hierarchy is critical, the leader-follower relationship in different cultures
is likely to play out in distinctive ways due to the diverse types of friction or conflict in the
workplace. This emphasis on hierarchy that characterizes the Chinese style of leadership
primarily originates from the Confucian tradition (Watson, 2007), which is one of the core
traditional Chinese philosophies. Other foundations, including Taoism, Legalism
(Cheung and Chan, 2005), and Buddhism (Luo and Zheng, 2016), certainly also have
notable influences on modern Chinese leadership (Pan et al., 2012). These complex
philosophies shape the leadership of Chinese managers not only in China but also overseas.
For example, Fang (1999) developed a model of Chinese business culture with Confucianism
and Taoism as the core cultural forces shaping the Chinese business mindset. It is worth
noting that the Taoist perspective of yin-yang balancing is highly relevant to an
inter-cultural study in the sense that it can be framed as a paradox in terms of integrating
two opposite elements (e.g. cultural differences) in a holistic and dynamic balance as
partially conflicting and partially complementary to a duality in the sense that diverse
cultures are not only conflicting but also complementary (Li, 2016; also see Fang, 2012).
Further, the traditional Chinese philosophies differ markedly from those of most western cultures (Hofstede, 1993). Western firms report difficulties negotiating with Chinese managers in terms of philosophical differences (Ghauri and Fang, 2011). Such traditional philosophies impact Chinese communication characteristics (Fang and Faure, 2001) and potentially challenge Chinese expatriate managers (Choo et al., 2009). This challenge could in turn cause an expatriate assignment to a developed country to become a very frustrating experience for a Chinese manager. Inter-cultural training may facilitate leadership adjustment, but excessive reliance on training based on western-developed theories is not desirable. Traditional Chinese philosophies shape an individual’s thought patterns and behaviors (Barkema et al., 2015; Ma and Tsui, 2015), which may lead to a misinterpretation of western management theories (Barkema et al., 2015). In an inter-cultural context, emphasis should be placed on how expatriate managers view aspects of the local culture from their traditional perspectives. Leadership adjustments and behaviors should reflect traditional Chinese philosophical doctrines and incorporate elements from local cultures when necessary.

Finally, there is a serious paucity of true cross-cultural research concerning inter-cultural interaction, especially regarding expatriates with overseas assignments, above and beyond the typical comparative studies that are the primary focus of mainstream inter-cultural research (see Gelfand et al., 2007; Li, 2013; Taras et al., 2009 for critical reviews). It is worth noting that international business urgently requires a new research stream on the behaviors of expatriate managers with regard to their inter-cultural interactions with local employees overseas. Despite the repeated calls to close this gap, “far less attention has been paid to the dynamics of culture in inter-cultural encounters, or what we would refer to as the ‘cross-cultural interface’ ” (Gelfand et al., 2007, p. 497). For that reason, we choose the term “inter-cultural” to differentiate our approach from the mainstream “cross-cultural” research (e.g. Li, 2013).

To close the research gaps described above, the purpose of this study is to explore inter-cultural interaction in the overseas experiences of Chinese expatriates by referring to traditional Chinese philosophies, namely, Confucianism, Taoism, and Legalism. This research contributes to theory and practice in the following ways. First, the study responds to the call to focus on inter-cultural interaction (Gelfand et al., 2007; Li, 2013) to document how expatriates balance their global and local identities and how the activation of such identities affects organizational behaviors in the process of managing inter-cultural interaction. Expatriate leadership behaviors are likely to reflect a unique mix of diverse cultural identities (Jacob, 2005). The phenomenon of Chinese expatriates provides an opportunity to study how people from an Asian culture manage cultural differences and inter-cultural interaction in ways that increase positive outcomes for individuals and organizations overseas. Further, the study aspires to illustrate the usefulness of traditional Chinese philosophies in the achievement of effective leadership by Chinese expatriate managers. The findings can serve as a basis for sharing effective leadership behaviors internationally, thus facilitating cross-fertilization in international leadership research. Practically, the findings enhance the mutual understanding between Chinese (and more broadly, Asian) managers and western managers. This study is based on the Dutch context and primarily focuses on the Dutch culture, which is generally characterized by the notions of “tolerance,” “freedom” (Fokkema and Grijzenhout, 2004), and “planning” (Faludi, 2005). This study can inform Chinese expatriate managers about inter-cultural interaction from the perspective of traditional Chinese philosophies in the western context. In so doing, managers can reflect on their own culture and proactively balance their traditional philosophies with modern leadership theories to develop a holistic and dynamic understanding of leadership in an inter-cultural context. For western readers, this study offers a novel perspective for understanding traditional Chinese philosophies in the special context of applying them in the west.
The paper is organized as follows. First, an overview is provided of the three traditional Chinese philosophies and their potential links with modern leadership theories, in addition to an examination of the Dutch cultural context. We expect that cultural differences lead to leadership conflicts in the Dutch-Chinese working context. Next, the research methodology, including data collection and analysis, is described. Drawing on the 30 interviews, participants’ leadership experiences and behaviors are classified according to the core concepts of the three philosophical schools. Third, based on the extant literature and analyses of the interviews, the study outlines a set of propositions about the inter-cultural interaction between traditional Chinese philosophies and the Dutch cultural context. Such propositions constitute the basis for further theoretical development, with both theoretical and managerial implications. Finally, we conclude with both a short summary and a brief reflection.

Research background
Several pioneering studies of unique cultural idiosyncrasies (e.g. Ma and Tsui, 2015; Hackett and Wang, 2012) have invoked deep contemplation of the traditional Chinese philosophies embedded in Chinese expatriate leaders as well as how that embeddedness affects the leadership experience. Studies of Chinese philosophies in management have been limited to Confucian dynamism, preventing researchers from capturing a complete picture of the complex reality (Lin et al., 2013). Taoist, Legalist, and Buddhist philosophies are also salient in contemporary Chinese leadership (Barkema et al., 2015; Cheung and Chan, 2005; Pan et al., 2012). The applications of Taoism are particularly salient in the modern business context to simultaneously and dynamically meet complex, and often competing, needs (Li, 2016; Fang, 2012). The central notion of Taoism, known as yin-yang, provides an insightful view of paradox management (Luo and Zheng, 2016). The yin-yang model manifests a pattern of contradictions within modern Chinese business culture (Faure and Fang, 2008). Buddhism also forms part of the Chinese tradition (Zürcher, 2007). Buddhism is found in diverse streams of tradition, including Mahayana and Tibetan Buddhism (China), Zen Buddhism (Japan), Theravada Buddhism (Thailand and other Southeast Asian countries), and Buddhist influences in India (known as Hinduism). However, an empirical study shows that Chinese citizens cognitively combine Taoism and Buddhism because of the high level of similarity between their basic tenets (Pan et al., 2012). Further considering the originality of Taoism in Chinese history, we focus on Taoism, rather than Buddhism, as one of traditional Chinese philosophies in this study.

Legalism differs from Confucianism and Taoism in its assumption that all people are selfish by nature. It promotes the tactics of reward and severe punishment (Pan and Yu, 2001). Legalism lays the “intellectual and ideological foundations of the traditional Chinese bureaucratic empire” (Herrlee, 1974, p. 120) and remains influential in policy and business practice. Historians argue that China was the first highly centralized bureaucratic state because of its early application of Legalism (Hui, 2005). Furthermore, the influence of Confucianism and Legalism is Janus-faced: Confucian on the outside, Legalist within (Hucker, 1959; Ma and Tsui, 2015). In other words, leaders adopt Confucianism so that people will obey their authority. In reality, leaders enforce rules and regulations to maintain their power.

A brief overview of the traditional Chinese philosophies that are relevant to modern leadership models
Confucianism and modern leadership models. Confucianism advocates virtuous practices, including loyalty, benevolence, humility, respect, and learning (Liu et al., 2010; Chan, 2008). These values emphasize the ideology of scholars, gentlemen, or ritual managers and are crucial for the successful management and governance of an organization. Gentlemen and scholars differentiate themselves from uncultivated people through learning (Cheung and Chan, 2005).
A leader can “[g]uide them [the people] with virtue and regulate them with ritual, and they will have a sense of shame and become upright” (Watson, 2007, p. 20). Thus, power should be exercised only by people who are in the appropriate positions and have been comprehensively educated to do so (Verburg et al., 1999). To maintain authority, every person must have a proper name, title, or role that prescribes their behavior (Liu et al., 2010). These principles imply an emphasis on hierarchy: “the higher ups govern, the lower ranks obey” (Beamer, 1998, p. 54).

In addition to authority power, Confucius emphasized the importance of relationalism (guanxi). A leader influenced by Confucianism “demonstrates individualized, holistic concern for subordinates’ personal and familial well-being” in exchange for loyalty and compliance (Pellegrini and Scandura, 2008; Farh and Cheng, 2000). Underlying relationalism is the pursuit of harmony. Confucius believed that in a management situation, if leaders exhibit genuine care for their subordinates and support them in all areas, the subordinates’ feelings of gratitude will ensure a continuous give-and-take in the relationship (Pellegrini and Scandura, 2008). Such relationships offer a feeling of socioemotional exchange that encourages people to go beyond the call of duty (Chen et al., 2014).

The deep-rooted Confucian values of hierarchy and relationalism have led to the newly developed leadership model of paternalistic leadership (Cheng et al., 2003). Theoretically, paternalistic leadership is defined as “a style that combines strong discipline and authority with fatherly benevolence” (Farh and Cheng, 2000, p. 91). The concept places special emphasis on hierarchical roles and order, suggesting that subordinates must obey senior authorities; in turn, leaders must exhibit kindness and tolerance toward employees and show concern for employees’ personal and job-related activities. Empirically, a GLOBE study found that paternalism is strongly embedded in Confucian contexts (such as China, Hong Kong, and Japan). The concept of “face-saving” (an indirect manner of communicating to maintain harmony) captures the harmony principle of Confucian philosophy. Although studies in China suggest a positive relationship between paternalistic leadership and work outcomes (Cheng et al., 2003), Chen and Kao (2009) showed that paternalistic leadership contributed negatively to psychological health among non-Chinese subordinates. Additionally, the Confucian values of educating, developing, and facilitating people to achieve perfection are consistent with modern-day mainstream theories of leadership, i.e., transformational leadership. Individuals’ traditional values play an important role in how they react to transformational leadership. Kirkman et al. (2009) found that the positive relationship between transformational leadership and procedural justice is stronger among employees with a lower power distance orientation.

Taoism and modern leadership models. Taoism shares the Confucian premise that people are naturally good. However, the central tenet of Taoism is quite distinct from that of Confucianism. Chinese scholars (e.g. Cheung and Chan, 2005; Faure and Fang, 2008) argue that leaders with dominant Confucian values exhibit dramatically different leadership behavior from those with dominant Taoism values. Specifically, Taoism argues for the creation of a social equilibrium by ruling through “no action,” i.e., a light hand (Ren and Zhu, 2015). Taoism contends that leaders should lead with simplicity (Xing and Sims, 2011) and that action-free leadership is more effective (Ma and Tsui, 2015). Taoism maintains that when leaders establish numerous rules to regulate behavior, people will always find ways to violate those rules. In a complex and ambiguous inter-cultural environment, Taoist leadership focuses on being attuned to the nuances of local circumstances (Prince, 2005). Taoism uses the water metaphor to describe a seemingly invisible or soft leadership that has the strength and power to influence its surroundings. Water is altruistic, helpful, and beneficial to all things. Taoism recognizes that the ultimate goal of leaders is to serve their people and not to obtain personal benefits. Water is adaptable and flexible and can be held in a container of any shape. The best option for a leader is to maintain flexibility and adapt
to the dynamics of change. Although water is soft, it is persistent and powerful. Similar to water, an effective leader should be transparent and honest. In addition, Taoism encourages leaders to be humble and modest, just as water always flows to the lowest level (Lee et al., 2013). Based on its beliefs regarding humanity and nature, Taoism anticipates and advocates people’s conformity to nature (Cheung and Chan, 2008).

Taoism opposes a hierarchical society (Xing and Sims, 2011), and a leader is not expected to interfere in society’s natural functions. The core philosophy of Taoism emphasizes a holistic perspective that includes both macro and micro approaches to the dialectical explanation of one’s surroundings (Bai and Morris, 2014). In practice, effective leaders are those who can maintain a balance between opposites, for example, by finding a balance between giving orders and not interfering with subordinates or achieving a balance between placing equal emphasis on different goals and empowering groups equally (Ma and Tsui, 2015). Despite the need for balance, a Taoist leader achieves desirable outcomes by convincing his followers to accept his vision.

Several current western leadership models echo Taoist leadership guidelines. Taoist leadership is usually understood primarily as “no action.” This basic idea fits with laissez-faire leadership (Ma and Tsui, 2015). Laissez-faire leaders are characterized by frequent absences and a lack of involvement in critical circumstances (Engly et al., 2003). However, a lack of adequate leadership can create confusion and stress within a work group (Skogstad et al., 2007). This type of leadership has been proven ineffective in contemporary western settings (Jung and Avolio, 2000). Taoist principles of encouraging employee autonomy, promoting equality, and giving to and serving others appear to be similar to many of the latest trends in the literature: collaboration, teamwork, empowerment leadership, and servant leadership (Chan, 2008). Empowerment leadership describes leaders who provide substantial decision-making autonomy to subordinates based on their confidence that subordinates will make the right decisions (Zhang and Bartol, 2010). Similarly, Taoism suggests that leaders abandon micro-management and instead leave decisions to employees. In their case study, Han et al. (2010) justified the close relationship between Taoist ideology and servant leadership.

Legalism and modern leadership models. In contrast to the Confucian and Taoist views on human nature, Legalism asserts that not all human beings are naturally good and that some people are born bad and greedy (Watson, 1964; Ren and Zhu, 2015). The concepts of control and political manipulation are highly valued in Legalism (Cheng et al., 2003). To guard against problems caused by self-interest, leaders must be able to control themselves and monitor their employees effectively. Legalistic leadership involves the establishment and maintenance of law and order to create a self-governing system (Witzel, 2012) that functions under strict rules. Those in leadership positions must establish a regulated institution that clarifies rewards and punishments as a means to control employees. Once the self-governing institution is established, leaders cease playing active or interfering roles in organizational operations. In sharp contrast to a Confucian leader who seeks relationalism (harmony) by practicing benevolence, a Legalistic leader strives for complete adherence to rules.

According to the principle of control, prescribed rules and laws are considered essential for leaders to successfully exercise command. Under Legalism, leaders must effectively monitor their employees. Additionally, leaders must be fair in implementing laws and regulations. Legalism draws on the Confucian principle of identifying each person’s duties with a title to avoid confusion. Notably, Legalism values hierarchy differently than Confucianism. Confucianism employs hierarchy to ensure that subordinates obey a leader’s decisions. In Legalism, the natural order is not entirely sufficient. Rather, Legalism contends that a leader must exercise judgment in the choice of subordinates. The leader must evaluate

...
employees according to their worth, place them in the appropriate positions, and provide opportunities to exploit their talents. Legalism recognizes the importance of establishing clear boundaries to delineate responsibilities and appointing the most appropriate people to available positions (Ma and Tsui, 2015). Even those who have close relationships with the leaders are rewarded or punished in the same way as others. Seeking harmony is not part of the Legalist philosophy. The relationship between leaders and subordinates is presumed to be based solely on rules, and personal feelings must be ruthlessly eradicated (Witzel, 2012). To ensure that policies are fully implemented, leaders are expected to maintain professional work relationships with their employees.

Transactional leadership appeals to subordinates’ self-interest and establishes exchange relationships between leaders and subordinates (Eagly et al., 2003). Transactional leaders promote and capitalize on people’s calculations and their dependence on the leader (Cheung and Chan, 2008). These leaders make no concerted effort to develop a deep sense of trust or to foster interpersonal relationships. Transactional leadership theory argues that rewards are contingent on employees’ performance and effort. To manage expectations, the leader and subordinates must agree on what followers must do to obtain rewards or avoid punishment (Jung and Avolio, 2000). The core idea of contingent rewards and punishments is perfectly aligned with Legalist principles (Ma and Tsui, 2015).

The Netherlands was selected as the study site for several reasons. First, because of the constraints of the research period, it was necessary to choose a country that plays a key cultural and economic role in Europe. The Netherlands is considered a model of Western European managerial values and practices (Ozorovskaja et al., 2007). From a cultural comparative perspective, the Netherlands is one of the countries that differs the most from China (House et al., 2004). The cultural distance between the Netherlands and China is expected to be greater than that between India and China (House et al., 2004), and therefore the Netherlands offers more avenues for inter-cultural research in the leadership domain.

**Foreign context: freedom, tolerance, and planning in the Netherlands**

Historians have long recognized 1568 as the beginning of Dutch history (Frijhoff and Spies, 2004), when the revolt against Spain succeeded. Seven northern provinces gained their independence and established a Protestant republic: the Dutch Republic. Since then, the Netherlands has evolved into a prosperous welfare state (Faludi, 2005). In the work of Max Weber (1965) and several other empirical papers (e.g. Blum and Dudley, 2001; Guiso et al., 2003), the emergence of the spirit of capitalism in the Netherlands is related to its “Protestant ethic.” At work, “[…] moral conduct of the average man was […] deprived of its planless and unsystematic character and subject to a consistent method for conduct as a whole” (Weber, 1965, p. 117). Blum and Dudley (2001) further refined Weber’s thesis by arguing that Protestantism improves the level of mutual trust and cooperation. In an inter-cultural context, Gupta et al. (2004) argued that societies in Protestant clusters, which include the Netherlands, score higher in GLOBE on building common understanding and agreement than those from other cultural clusters. Notably, Protestantism fundamentally shapes people’s attitudes toward politics, the market, and society. Since the establishment of the Dutch Republic, the political culture of the Netherlands has been characterized in terms of consultation, accommodation, and compromise, and seeking agreement is more highly valued than forcing decisions. The “polder model” accurately describes the Dutch culture, which is based on the desire to set aside individual differences in order to address common problems. Specifically, the “polder model” project is a successful example of an all-encompassing consultative culture (Fokkema and Grijzenhout, 2004, p. 41). Two-thirds of Dutch territory is below sea level; thus, flood control is an important issue for the Netherlands. The Dutch combine polders, which are wind-driven pumping stations, along
the dykes to protect the land from water disaster. The Netherlands spent centuries achieving consensus and sharing responsibilities among people from all regions to maintain the dykes and polders with the aim of protecting the below-sea-level country from flooding. Thus, pragmatic arguments for cooperation increased in relative importance. Dutch society is, therefore, characterized by a preference for cooperation and unflagging efforts to achieve consensus.

Scholars such as Erasmus of Rotterdam and Hugo Grotius have hailed “freedom” and “tolerance” as basic, centuries-old Dutch values. Consistent with the Protestant aim, tolerance is necessary for the coexistence of different opinions and religions (Guiso et al., 2003; Van Der Burg, 1998). In the sixteenth and seventeenth centuries, the concept of tolerance focused mainly on freedom of religion. People learned to tolerate one another because they realized that the cost of violence and hostility was too high. Later, in the eighteenth and nineteenth centuries, the concept of tolerance was more generally associated with freedom of expression. Rather than fighting with weapons, people engage in open dialogues with those who hold conflicting views; they respect the opinions of others and endeavor to persuade others to change their perspective or to adopt a different way of life. Although Dutch society tolerates diverse opinions, the Netherlands is an organized and businesslike environment. As Goudsblom (1967, p. 151) commented, every society “[…] requires a balance between continuity and change, between unity and diversity. In the Netherlands, this balance is maintained in a markedly ordered way.”

A standard argument for tolerance is associated with the ideology of freedom (Van Der Burg, 1998). The concept of freedom represents more than a nation’s independence and sovereignty. In the Netherlands, freedom implies freedom of conscience. Individuals are free to choose their own conception of the good life, and society must tolerate their choices. Although freedom of conscience does not always entail the right to free worship, it recognizes the right to free discussion (Frijhoff and Spies, 2004, p. 220) and the benefits of diverse opinions. Dutch citizens favor a high degree of individual autonomy; thus, the notion of “directives from above” is not well aligned with their preference for autonomy. The Dutch prefer to follow rules that they consider to be worthwhile and “relevant” to their personal situation and to engage in discussion and deliberation to better negotiate personal and group interests (Chhokar et al., 2013). At the day-to-day level in business, the degree to which employees are open to participatory concepts reflects the openness of their culture (Szabo et al., 2002). The Dutch perceive themselves as employing bluntness and directness for a pragmatic purpose. Hollanders’ lack of subtlety is noted as their most distinctive feature both by outsiders and by Hollanders themselves (Frijhoff and Spies, 2004, p. 37). An attitude of directness in workplace practices is evident in their particular recognition of freedom and tolerance. As noted in the book Dutch Culture from a European Perspective, one of the central elements of the freedom culture at the day-to-day level is frequent meetings. Holding meetings is a manifestation of a horizontal decision-making system based not on hierarchy and command but rather on negotiation and consensus. Participation in decision making is a typical aspect of such systems. Dutch citizens advocate leadership that is oriented toward the integration of different viewpoints (House et al., 2004). The GLOBE Project’s findings clearly demonstrate the general preference for participative leadership in the Netherlands. The principles of “tolerance” and “freedom” require that a leader respect the opinions of each team member and consider their opinions when making decisions. In the Netherlands, individuals in leadership positions are expected to reduce their authority power and to tolerate diverse voices. Within an organization, leaders who take time to consult with employees before implementing plans are preferred. When a team reaches consensus on rules and goals, leaders play a strong role in safeguarding and acting in accordance with those regulations (Faludi and Van der Valk, 2013).
The purpose of freely expressing one's opinions and tolerating others' opinions is to achieve consensus. What follows is a systematic plan before taking action. “In Dutch society, ‘planning’ is one of the central cultural institutions” (Shetter, 1986, p. 97). The planning culture is “the collective ethos and dominant attitudes […] among the citizens, the state, the market, and the community in the Netherlands” (Faludi, 2005, p. 286). The “Green Heart” is the most pronounced of the Dutch planning concepts (Van der Valk and Faludi, 1997). Referring back to Weber’s theory, the endorsement of Protestant ethical values is associated with planning concepts in the Netherlands. The rationale is that a good plan helps create an effective working environment. Planning is especially noticeable during the decision-making process, which can be lengthy. Once people agree on the plan, the work can steadily progress. The Dutch preference for planning and orderliness led Faludi and van der Valk (2013) to write a book on the Dutch planning doctrine, “Rule and Order.” The GLOBE Project also reported that Dutch society is “characterized by rules and orderliness, [and] planning ahead […]” (Chhokar et al., 2013, p. 229). In practice, the power of authority is applied in a subdued manner. A leader’s actions are typically oriented toward fairness, thus creating legitimate conditions for influencing group members (Chhokar et al., 2013).

Methodology

Research design

The inter-cultural leadership experiences of Chinese managers in the Netherlands provide a particularly information-rich context for the specific purpose of the current study. We have adopted the case-study approach for theory-building (Eisenhardt, 1989), with each individual expatriate manager as a case. The data were obtained through in-depth interviews with 30 Chinese managers, with each interview lasting approximately one hour. Contact was made with the Chinese managers through the professional and personal relationships of the author and via LinkedIn invitations, and contacts were expanded using the snowball technique (Fink, 2003). The interviews (except for three Skype interviews) were conducted face-to-face in informal settings such as conference rooms and private offices. All interviews were conducted in Chinese. Our data collection spanned six months (from November 2014 to April 2015) because of the interviewees’ various locations. The semi-structured, open-ended interview method (Bachiochi and Weiner, 2002) was chosen because it allows respondents to discuss selected topics without limiting their freedom to raise new issues. This method has been widely applied to collect data in inter-cultural studies (Xing et al., 2016; Cramton and Hinds, 2014). The interviewees consented to have their interviews videotaped, transcribed, analyzed, and extracted in an anonymous manner for the study.

The open-ended interviews in informal settings allowed the respondents to reflect and provide their thoughts in full regarding the following areas: cultural differences in the working environment and effective leadership behaviors to address these differences. Instead of asking pointedly about perceived cultural differences or traditional philosophies, we used a set of open-ended questions that allowed opinions about the two areas to emerge. The outline of questions consists of three parts: warming-up questions, leadership experience questions, and consolidation questions. First, the participants were asked to briefly describe the nature of their company’s business and the nature of their job responsibilities and teams. Sample questions included, “What are your job duties?” and “Who are the people you interact with in your daily work?” This information helped the respondents ease into the interview and helped the interviewer understand the nature of the leader’s work.

The second set of questions concerned the respondents’ leadership experience and practices. Importantly, the interviewers employed probing questions to solicit concrete examples to substantiate the respondents’ answers. Sample questions included, “What struck
you the most when you took a management position in the Netherlands? How did you deal with it at the beginning and how do you deal with it now?” and “Which incident prompted you to think about effective leadership? How did you feel?” These questions provided insight into the focal areas of this research.

Finally, the researcher asked the interviewees to consolidate their opinions. Sample questions included, “What does cross-cultural leadership means to you in your experience” and “Which aspect of leadership experience in the Netherlands is most different from leadership in China?” The interviewees summarized and conceptualized the cultural differences and their leadership perceptions. This final set of questions gave the respondents an opportunity to strengthen or even expand upon their early opinions.

Sample
The interviewees ranged in age from 26 to 54 years old (average = 34.5 years, SD = 6.70). With respect to their educational backgrounds, nine expatriate managers had undergraduate college degrees and 21 had graduate degrees (masters or PhD). The sample in this study comprised three groups of informants: 12 managers working for a Dutch subsidiary of a Chinese MNC, 15 managers working for non-Chinese MNCs, and 3 managers working for Chinese entrepreneurial firms in the Netherlands. The participants worked in a wide variety of industries in the Netherlands, including telecommunications, banking, trading, and agriculture. The sample covered a variety of management levels, including senior, middle, and lower-level managers. The participants held professional positions, such as vice president, HR director, project manager, sales director, research manager, and team supervisor, among others. The study database is, therefore, uniquely valuable for illustrating Chinese management behaviors in the Netherlands. Details about the sample are presented in Table I, which provides a role matrix by manager position and nature of the firm. Key aspects about each interviewee are presented in Table III, including age, years in a management position in the Netherlands, managerial level, nature of the firm, and industry.

Data analysis
The analysis of the data involved a process of open and selective coding (Strauss and Corbin, 1998). Nvivo 11 software was used to support the coding of the data. One doctoral student and one master’s student coded the interview transcripts independently. Both coders are Chinese and were studying in the Netherlands at the time of the study. In addition, the coders possess a deep understanding of the three philosophical schools. The first step in the open coding was to identify the key concepts in the interview transcripts. The comparative coding method of Strauss and Corbin (1998) was applied to analyze the narrative data. The coders extracted statements representing the two primary content areas: experience with cultural differences and opinions about effective leadership behaviors. The coders were told that it was possible that a leader might not mention experiences with cultural differences and might exhibit attitudes and behaviors that

<table>
<thead>
<tr>
<th>Participants from Chinese MNC</th>
<th>Participants from non-Chinese MNC</th>
<th>Participants from Chinese entrepreneurial firms in NL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower level&lt;sup&gt;a&lt;/sup&gt;</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Middle level&lt;sup&gt;b&lt;/sup&gt;</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>High level&lt;sup&gt;c&lt;/sup&gt;</td>
<td>9</td>
<td>5</td>
</tr>
</tbody>
</table>

**Table I.**
Sample of participants

**Notes:**
<sup>a</sup>Includes project supervisor, first-line manager, office manager;
<sup>b</sup>includes project manager, sales director, research manager;
<sup>c</sup>includes GM, local chief representative, CEO
reflect none, one, two, or three of the philosophies. The first step also involved a series of discussions to finalize the codes in the codebook. The second step involved classifying the key concepts into core categories. The authors explained the concepts of the three traditional Chinese philosophies and the Dutch cultural context to the coders. Based on that knowledge, the coders classified the codes for cultural differences and leadership behaviors that reflected the three philosophical schools. The coders carefully reviewed the transcripts and identified expressions that represented any of the three philosophies. Table II presents the coding results for expatriates’ effective leadership behaviors; Table III displays the respondents’ positive or negative experiences with cultural differences that involve the traditional philosophies; and Table IV presents the background and detailed codes for each participant.

**Results of the case analysis**

Two focal issues were extracted from the 30 interviews. The first related to the Chinese expatriates’ leadership behaviors that reflect the traditional philosophies. Most of the interview reports on leadership behaviors suggested more than one traditional philosophy. Only one leader emphasized leadership behaviors that were exclusively Confucian in nature. Specifically, 28 leaders (93 percent) revealed behaviors aligned with Confucianism, 21 leaders (70 percent) exhibited behaviors consistent with Taoism, and 28 leaders (93 percent) described leadership behaviors that were consistent with Legalism. The findings indicate that Chinese expatriates’ leadership styles are simultaneously influenced by multiple traditional philosophies. This result is consistent with the theoretical argument that many Chinese, both historically and in modern times, tend to have a mix of multiple philosophical perspectives rather than being a believer in only a single philosophy. There are two key reasons for this mix of philosophical perspectives. First, over their long history, the traditional Chinese philosophies are distinctive yet complementary and are thus largely mutually inclusive rather than mutually exclusive (Li, 1998, 2012). Second, the Chinese are generally open-minded toward holistic, dynamic, and duality-based perspectives, including the traditional philosophies (Pan et al., 2012).

The second issue involved aspects that were inconsistent with the three traditional philosophies. Specifically, 19 leaders discussed their initial cultural shock related to conflicts with Confucianism, including Dutch employees’ direct opposition to authority, limited willingness to work beyond their job responsibilities and unwillingness to develop personal relationships in the workplace. Nine leaders perceived the local employees to be unsupportive of flexibility after a plan is selected. In addition, 19 leaders revealed positive opinions about aspects of the local culture, including the directness of Dutch employees and their attitude toward open discussion. None of the 30 leaders reported a negative experience stemming from contradictions with the Legalist philosophy.

*Expatriate leadership behaviors reflecting the traditional philosophies*

**Confucianism-based leadership behaviors.** As mentioned above, the value of hierarchy is emphasized less in the Netherlands than in China. To maintain a positive image of leadership authority, the Chinese expatriates resorted to another Confucian theme – acting as role models – to maintain a positive leadership image. They demonstrated the values of self-perfection through learning, self-discipline, and self-reflection. Notably, although the Chinese leaders suggested lower expectations for hard work among the Dutch employees, they praised the ethic of hard work for themselves. They believed that leaders must work hard, be selfless, and pursue collective well-being to set a good example for team members. Leaders with intense traditional Confucian values expressed their work values in terms of
A leader should set a good example for the company, such as his hard-working attitude. Other important details are to be a role model, for example, cleaning the coffee mug. (Leader 29)

Leaders set an example by standing up and showing Asian employees how to work with the Dutch. (Leader 30)

A leader needs to walk out of his comfort zone and keep challenging himself and learning from the environment. (Leader 4) I learn not only what I need to know in my position but also try to know more about what other people are doing to get a complete picture. (Leader 14)

Some employees may be frustrated by failure. As a leader, I help him/her to get past difficult times. I try to be a mentor for my employees. (Leader 1)

You have to show your sympathy for their situation. For example, one employee’s house got into trouble and he needs to fix it by himself. In China, this is a small and irrelevant issue at work. In the Netherlands, taking care of one’s house is important. So, I allow him to take a leave for this small issue. (Leader 25)

As a leader in a cross-cultural context, he needs to put himself in the Dutch employee’s shoes. Assume that you are a Dutch, would you do the same thing? Then you will understand your Dutch employees and persuade them in a better way. (Leader 11)

The Netherlands have a wage policy that diminishes opportunities for motivating employees with higher salaries. So, a leader needs to adopt other ways to encourage employees, such as involving them in important meetings, public exposure, the chance for personal development, etc. (Leader 25) I will help employees to grow based on their interests and abilities. I constantly have one-on-one conversations with employees to find their potential, based on which I can provide them with training opportunities. (Leader 10)

We have team-building activities, such as dinners or buffets. I will create opportunities for both Dutch and Chinese employees to communicate. (Leader 20)

You have to be patient to explain job details to Dutch employees. They need to know the reason behind a change so that the next time the same issue appears, they will know how to deal with it. (Leader 6) The Dutch like to express their opinions. Chinese managers sometimes lack patience for listening. Even if the manager doesn’t agree with their solutions, he needs to sincerely listen to what they want to say. It matters for the Dutch to feel included on the team. (Leader 21)

### Table II.
Coding results about expatriates’ effective leadership behaviors

<table>
<thead>
<tr>
<th>Philosophy</th>
<th>Doctrine</th>
<th>Expatriates’ leadership practice</th>
<th>Selected empirical evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confucianism</td>
<td>Self-perfection</td>
<td>Be a role model Praise the ethic of hard work</td>
<td>A leader should set a good example for the company, such as his hard-working attitude. Other important details are to be a role model, for example, cleaning the coffee mug. (Leader 29) Leaders set an example by standing up and showing Asian employees how to work with the Dutch. (Leader 30)</td>
</tr>
<tr>
<td>Learning orientation</td>
<td></td>
<td></td>
<td>A leader needs to walk out of his comfort zone and keep challenging himself and learning from the environment. (Leader 4) I learn not only what I need to know in my position but also try to know more about what other people are doing to get a complete picture. (Leader 14)</td>
</tr>
<tr>
<td>Benevolence</td>
<td>Sympathy</td>
<td></td>
<td>Some employees may be frustrated by failure. As a leader, I help him/her to get past difficult times. I try to be a mentor for my employees. (Leader 1) You have to show your sympathy for their situation. For example, one employee’s house got into trouble and he needs to fix it by himself. In China, this is a small and irrelevant issue at work. In the Netherlands, taking care of one’s house is important. So, I allow him to take a leave for this small issue. (Leader 25)</td>
</tr>
<tr>
<td>Put self in other’s shoes</td>
<td></td>
<td></td>
<td>As a leader in a cross-cultural context, he needs to put himself in the Dutch employee’s shoes. Assume that you are a Dutch, would you do the same thing? Then you will understand your Dutch employees and persuade them in a better way. (Leader 11)</td>
</tr>
<tr>
<td>Encourage people to grow based on their merits Developing subordinates (coaching)</td>
<td></td>
<td></td>
<td>The Netherlands have a wage policy that diminishes opportunities for motivating employees with higher salaries. So, a leader needs to adopt other ways to encourage employees, such as involving them in important meetings, public exposure, the chance for personal development, etc. (Leader 25) I will help employees to grow based on their interests and abilities. I constantly have one-on-one conversations with employees to find their potential, based on which I can provide them with training opportunities. (Leader 10)</td>
</tr>
<tr>
<td>Friendly work environment</td>
<td></td>
<td></td>
<td>We have team-building activities, such as dinners or buffets. I will create opportunities for both Dutch and Chinese employees to communicate. (Leader 20)</td>
</tr>
<tr>
<td>Humility</td>
<td>Patience</td>
<td></td>
<td>You have to be patient to explain job details to Dutch employees. They need to know the reason behind a change so that the next time the same issue appears, they will know how to deal with it. (Leader 6) The Dutch like to express their opinions. Chinese managers sometimes lack patience for listening. Even if the manager doesn’t agree with their solutions, he needs to sincerely listen to what they want to say. It matters for the Dutch to feel included on the team. (Leader 21)</td>
</tr>
<tr>
<td>Philosophy</td>
<td>Doctrine</td>
<td>Expatriates’ leadership practice</td>
<td>Selected empirical evidence</td>
</tr>
<tr>
<td>------------</td>
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<tr>
<td>Trust and respect subordinates</td>
<td>Trust is the basis for business. You have no choice but to trust the local employees at the beginning because the information is limited. (Leader 8)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Be modest</td>
<td>Compared to most Chinese, I’m not very modest. But compared to Dutch managers, I am modest and easier to approach. (Leader 26)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Righteousness</td>
<td>Company has high ethical standards (social responsibility)</td>
<td>Other than personal goals, a leader is responsible for the organization as well as the society and for conveying ethical values to the employees. (Leader 21)</td>
<td></td>
</tr>
<tr>
<td>Taoism</td>
<td>Contingency approach</td>
<td>We can’t say which leadership style is better than the other. A successful leader should be flexible and able to adjust themselves based on different situations. (Leader 4)</td>
<td></td>
</tr>
<tr>
<td>Flexibility</td>
<td>Flexibility to adjust organizational structures</td>
<td>It’s important to keep a balance when dealing with Dutch and Chinese employees. They have different communication behaviors. My major task is to be a coordinator between the two cultures, creating a positive team climate and encouraging mutual communication. (Leader 20)</td>
<td></td>
</tr>
<tr>
<td>Balance</td>
<td>Coordinator</td>
<td>I act as a bridge between headquarters and the local office. I keep local employees informed about what is happening in Beijing headquarters so that they will feel like part of the bigger system. (Leader 8)</td>
<td></td>
</tr>
<tr>
<td>Balance headquarters and local</td>
<td></td>
<td>Chinese need to be more outspoken in the Netherlands. We were educated to think over and over before action. But when you figure all the things out, the meeting is over. However, speaking all the time can make people feel dominated. A leader needs to find a good communication balance between being modest and dominant. (Leader 13)</td>
<td></td>
</tr>
<tr>
<td>Balance dominance and modesty</td>
<td></td>
<td>As a leader, you need to observe by yourself rather than listen to gossip. People are different in personalities and working abilities. (Leader 26)</td>
<td></td>
</tr>
<tr>
<td>Altruism</td>
<td>Be an observer</td>
<td>I believe that all my colleagues are good people. After some time, team members learn how to deal with conflicts by themselves. It’s useless for a boss to push things every day. (Leader 29) My job is to think and guide the team to a direction rather than trap myself into technical daily management. (Leader 30) Local employees favor a high degree of autonomy. The leader’s job is to inspire employees instead of micro-managing every step. You need to leave the Dutch enough autonomy to work on their own. (Leader 18)</td>
<td></td>
</tr>
<tr>
<td>No action</td>
<td>Do less but drive others to perform</td>
<td>Empowering</td>
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</tr>
<tr>
<td>Legalism</td>
<td>Objective</td>
<td>Fair and ensure transparency</td>
<td>The Dutch like to do things based on a clear procedure. For example, they keep daily meetings in an archive. It’s their way of thinking about fairness. They can’t trust a manager who holds all information and resources. They worry about what may happen if the manager leaves. (Leader 21)</td>
</tr>
</tbody>
</table>

(continued)
disciplining their own work behaviors. The CEO of a Chinese MNC (Leader 9) stated his understanding of being a role model as follows:

Before asking employees to perform, leaders must discipline themselves. Setting a good example is a process of building trust with subordinates. For example, I have never disappeared without notifying my employees. In a cross-cultural situation, it is important to keep the working schedule transparent for employees. This provides my subordinates with a sense of security.

In addition, the interviewees described benevolent leadership behaviors that reflected the philosophy of Confucianism. These leaders demonstrated individualized and holistic concern for their employees’ well-being through behaviors that included showing sympathy, putting themselves in the shoes of the local employees, providing coaching and mentoring, and cultivating a friendly work environment. For example, one leader (Leader 1) explicitly displayed a form of individualized care by describing himself as a mentor: “Some employees may be frustrated by failure. As a leader, I help him/her get past difficult times. I try to be a mentor for my employees.” The Netherlands is known for its strongly regulated national wage policy, which reduces opportunities for performance-related pay (Verburg et al., 1999). As noted by one leader (Leader 5), “In China, managers like to motivate employees with

<table>
<thead>
<tr>
<th>Philosophy</th>
<th>Doctrine</th>
<th>Expatriates’ leadership practice</th>
<th>Selected empirical evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Universal application of organizational rules</td>
<td>Adopt different incentive system. (Leader 6)</td>
<td>Establish rigorous rules and implement them. (Leader 8) Promote managers by their ability to develop people. (Leader 15)</td>
<td>Put the right person in the right position. (Leader 19) Have accountable performance. (Leader 2)</td>
</tr>
<tr>
<td>Encourage employees to work for their own benefit</td>
<td>The Netherlands is a mercantilism country. You have to provide them with clear benefits, including money, career, and work atmosphere. (Leader 25)</td>
<td>It’s a family business. My parents are Chinese; they are quite soft on local employees. I have to stand up once in a while and act tough; if the person is inappropriate for the position, I’ll just fire him or her. (Leader 5)</td>
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<tr>
<td>Fire an unqualified person</td>
<td>Control meeting</td>
<td>We have a lot of meetings in the Netherlands. As a leader, I am responsible for controlling the meeting and meeting the target. I have to be a bit pushy or even autocratic during the meetings, otherwise the meetings are endless. (Leader 10)</td>
<td></td>
</tr>
<tr>
<td>Stick to core principles</td>
<td>The local employees like to express their opinions. It’s important that a leader has his own evaluation system to judge what is right and what is wrong and that he explains it to employees clearly. (Leader 8)</td>
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</tr>
<tr>
<td>Professionalism</td>
<td>Professionalism in supervisor-employee relationship</td>
<td>Compared to Chinese employees, the Dutch have less emotional attachment to their work. They tend to set clear boundaries between work and life. It’s more important to describe job duties clearly to them. (Leader 7)</td>
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</tr>
<tr>
<td>Professional guidance</td>
<td>The best way to earn local employees’ respect is to make them feel that you are knowledgeable, especially for a young leader. With professional knowledge, I can confidently persuade my employees. (Leader 29)</td>
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</tbody>
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Table II.
<table>
<thead>
<tr>
<th>Philosophy</th>
<th>Doctrine</th>
<th>Leadership experience in the Netherlands (Positive +/Negative −)</th>
<th>Selected empirical evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Confucianism</strong></td>
<td>Authority/hierarchy</td>
<td>Public objection to authority (−)</td>
<td>When I first joined the company, I could strongly feel their concern about my leadership ability. I believed it’s normal because I’m not a local and they felt that they knew more. They would question my decisions in public. At the very moment, I hesitated and became less decisive. And they sensed my hesitation. It’s a vicious circle. (Leader 22)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Flat organizational structure (−)</td>
<td>I was invited to the Netherlands as a specialist. I thought I could start working the very first day. But the company didn’t even prepare my entrance card well. I didn’t feel cared for. After working, I learned that the biggest difference between the leader and the employees is the salary is different. As the old Dutch saying goes, only dogs need an owner. (Leader 25) Local employees will call you by your name without adding any title, it doesn’t mean disrespect. (Leader 6)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Execution efficiency (−)</td>
<td>We hold a lot of meetings with local employees. Everyone has the right to speak. It was frustrating at the beginning because in China, a meeting is held to inform employees about an order. But in the Netherlands, meetings are aimed at reaching an agreement. Sometimes after a month, we still don’t have a settled solution to execute. (Leader 5)</td>
</tr>
<tr>
<td><strong>Relationalism</strong></td>
<td>Simplified socialization (+/−)</td>
<td>I tended to avoid conflict, using indirect communication skills and hoping they would understand. However, if a leader can’t argue with the employees, the employees will consider the leader to be a weak person. Conflicts are normal here. (Leader 26) A leader shouldn’t take local employees’ behaviors too personally. People are good by nature. There’s no need to read between the lines when communicating with Dutch employees. (Leader 6)</td>
<td></td>
</tr>
<tr>
<td><strong>Loyalty</strong></td>
<td>Unwilling to work beyond job responsibility (−)</td>
<td>You can’t expect local employees to work overtime. If you sent them an e-mail after 5 p.m., never expect them to respond at 9 p.m. (Leader 2) They have an attitude of “it’s not my business”. (Leader 9) The company opens at 10 a.m. Chinese employees may come early to the office at 9:45 and help colleagues set up. Dutch employees, however, they only prepare materials for themselves. (Leader 21)</td>
<td></td>
</tr>
<tr>
<td><strong>Taoism</strong></td>
<td>Reversion</td>
<td>Recognize directness as a virtue (+)</td>
<td>Dutch employees are direct. If they disagree with you, they will say it immediately. Once they are persuaded, they will put all their effort into completing the task. This is good. (Leader 16) In a Dutch business context, open and direct communication is an effective way to get things done. (Leader 11)</td>
</tr>
<tr>
<td><strong>Flexibility</strong></td>
<td>Adhere to planning (−)</td>
<td>Leaders in China tend to give an ambiguous goal rather than having a detailed plan. Dutch employees like to plan things ahead and implement them. In general, Chinese take action before considering the outcome, and Dutch consider outcomes before executing. (Leader 25)</td>
<td></td>
</tr>
</tbody>
</table>

Table III. Expatriates’ experiences of cultural differences that reflect traditional philosophies
<table>
<thead>
<tr>
<th>Leader age, overseas experience, firm type, managerial level, industry</th>
<th>Expatriates’ leadership practices reflecting the Chinese philosophies</th>
<th>Negative experience attributing to the difference of Dutch and Chinese culture (+)</th>
<th>Positive to Dutch culture (+)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 34</td>
<td>Middle level Non-Chinese MNC Health Care</td>
<td>Be a role model Encourage people to grow based on their merits Sympathy Company has high ethical standard Developing subordinates (coaching) Manage different expectations</td>
<td>Be an observer Do less but drive others to perform Control meeting direction Target-driven Have accountable performance Deliver on promises Encourage employees to work for their own benefit Professional guidance</td>
</tr>
<tr>
<td>2 31</td>
<td>Middle level Chinese MNC Telecommunications</td>
<td>Trust and respect subordinates Put oneself in one’s shoes</td>
<td>Forbearance Contingency approach</td>
</tr>
<tr>
<td>3 37</td>
<td>High level Chinese MNC Telecommunications</td>
<td>Developing subordinates (coaching) Learning-orientation Encourage people to grow based on their merits Trust and respect subordinates</td>
<td>Respect business and people for their true nature Empowering Contingency approach Balance the headquarter and local</td>
</tr>
<tr>
<td>4 31</td>
<td>Middle level Chinese MNC Telecommunications</td>
<td>Be a role model Empower employees to grow based on their merits Trust and respect Manage expectations Common goal and share the honor</td>
<td>Be an observer Empowering Flexibility Encourage employees to work for their own benefits Put the right person in the right position Set targets before meeting Target-driven</td>
</tr>
<tr>
<td>5 39</td>
<td>High level Non-Chinese MNC Education</td>
<td>Be patient to explain details Company has high ethical standards Familiar work environment Encourage employees to grow based on their own merits</td>
<td>Empowering Flexibility Establish rules and responsibilities Fair and ensure transparency Have accountable performance Deliver on promises Encourage employees to work for their own benefit Professional guidance</td>
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</tbody>
</table>

Table IV.
Detailed coding of each participant (continued)
### Table IV. Chinese philosophies in inter-cultural leadership

<table>
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<tr>
<th>Leader age, overseas experience, firm type, managerial level, industry</th>
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<th>Positive to Dutch culture (+)</th>
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</thead>
<tbody>
<tr>
<td>6 49 2 Middle level Non-Chinese MNC Service</td>
<td>Friendliness  Put oneself in one’s shoes  Be modest  Be patient to explain details</td>
<td>Be an observer  Establish platform for open discussion  Fair and ensure transparency  Stick to core values  Professionalism in guidance</td>
<td>Hierarchy  Relationalism  Inflexibility</td>
</tr>
<tr>
<td>7 34 6 High level Chinese MNC Electronic</td>
<td>Be patient to explain details</td>
<td>Flexible to adjust organizational structures  Establish different incentive system</td>
<td>Execution efficiency  Inflexibility</td>
</tr>
<tr>
<td>8 40 14 High level Non-Chinese MNC Chemicals</td>
<td>Be a role model  Encourage employees to grow based on their merits  Manage expectations  Self-improvement  Learning orientation</td>
<td>Be an observer  Respect business and people for their true nature  Control meeting  Fair and ensure transparency</td>
<td>Tend to avoid public conflicts (harmony)  Less authority power</td>
</tr>
<tr>
<td>9 47 9 High level Chinese MNC Biotechnology</td>
<td>Be a role model  Put oneself in one’s shoes  Self-evaluation  Be patient to listen</td>
<td>Be an observer  Respect business and people for their true nature  Forbearance  No-action Coordinator</td>
<td>Have accountable performance  Unwilling to work beyond job responsibility</td>
</tr>
<tr>
<td>10 33 3 High level Chinese MNC Hospitality</td>
<td>Be a role model  Familiar work environment  Face-savor  Put oneself in one’s shoes</td>
<td>Be a role model  No-action Coordinator  Forbearance  No-action Coordinator</td>
<td>Have accountable performance  Unwilling to work beyond job responsibility</td>
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<tr>
<td>11 33 2 Middle level Non-Chinese MNC Food</td>
<td>Be a role model  Friendliness  Be patient to listen  Put oneself in one’s shoes</td>
<td>Be a role model  Cooperator  Forbearance  No-action Coordinator</td>
<td>Hierarchy  Relationalism (Indirect communication)  Execution efficiency</td>
</tr>
<tr>
<td>12 32 3 High level Chinese MNC Telecommunications</td>
<td>Sympathy  Developing employees expectations  A leader should take more responsibilities for failure</td>
<td>Sympathy  Developing employees expectations  A leader should take more responsibilities for failure  Empowering  Respect business and people for their true nature  Coordinator</td>
<td>Hierarchy  Relationalism  Unwilling to work beyond job responsibility</td>
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(continued)
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<table>
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<th>Common goal and share the honor</th>
<th>Be an observer</th>
<th>Encourage employees to work for their own benefits</th>
<th>Agree on common principles</th>
<th>Establish rules and responsibilities</th>
<th>Professionalism in supervisor-member</th>
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<th>Establish platform for open discussion</th>
<th>Put the right person in the right position</th>
<th>Fair and ensure transparency</th>
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<th>Fire the unqualified person</th>
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<th>Stick to core principles</th>
<th>Assertive</th>
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Table IV.
better salaries, but in the Netherlands, people focus more on the opportunity for personal development.” Accordingly, a number of interviewees (12/30) reported a strong commitment to employee development. Confucianism advocates the notion of encouraging people to grow based on their merits. The attitudes and behaviors described above reveal a benevolent concern rooted in Confucianism (Farh and Cheng, 2000), suggesting that Confucian philosophy is prevalent among Chinese expatriates. As one leader (Leader 8) explained:

I help employees to grow based on their interests and abilities. I constantly have one-on-one conversations with employees to find their potential, based on which I can provide them with training opportunities. For example, one young employee was lost about his future. I had small talks with him during lunch time. He found himself better at analyzing than marketing. So, I asked him to analyze the purchasing data. He did well, so I recommended him to the supply department.

Taoism-based leadership behaviors. Leadership flexibility entails accurately diagnosing a situation and adjusting leadership behavior accordingly (Yukl and Mahisud, 2010; Kaiser and Overfield, 2010). As mentioned in the previous section, flexible leadership was considered a double-edged sword. Some leaders doubted the positive outcomes of flexible leadership, whereas others believed in its positive attributes. One regional leader (Leader 7) proudly stated his understanding of flexibility as follows: “Based on different situations in the local market, we adjust our organizational structure every year. We identified the weaknesses in our early structure and are constantly changing. One of the most effective leadership behaviors is adjustment.” The ideal Taoist leader believes in the good nature of human beings and therefore maintains a low profile and allows followers to take ownership (Wang et al., 2012). Several leaders exhibited elements of Taoism in their tendency to delegate authority to employees. They respected the autonomy and freedom of Dutch society, recognizing the importance of work-related autonomy to the local employees. Leader 4, supply director of a large Chinese telecommunications company in the Netherlands, said:

Local employees favor a high degree of autonomy. In the Netherlands, the leader’s job is to inspire employees instead of micro-managing every step. You need to give the Dutch enough autonomy to work on their own. If you give guidance to Dutch employees in every small step, they will not feel grateful and will instead feel dissatisfaction with their self-development. He/she may be confused about who is the actual decision-maker in this job.

The concept of balance was also frequently mentioned by the interviewees. The Chinese expatriates recognized the absolute inevitability of various types of conflict: conflicts among employees with different cultural backgrounds; gaps between targets set by headquarters and the abilities of local offices; and the internal tension of leaders regarding self-consistency. In terms of balancing conflicts among employees with different backgrounds, several interviewees mentioned their leadership role as coordinators. As one leader (Leader 10) said, “It’s important to keep a balance when dealing with Dutch and Chinese employees. They have different communication behaviors. My major task is to be a coordinator between the two cultures, creating a positive team climate and encouraging mutual communication.” For expatriates who worked for Chinese MNCs, the role involved more than “simple” cultural translations. Taoism emphasizes the role of power and position in leadership when facilitating communication and relations. Specifically, those leaders found themselves continually serving as “bridge builders” between headquarters and the local offices. The important task for bridge builders in business is to bridge national differences to enable effective headquarters-to-local office communication. Leader 15 shared the following thought:

Most of the time, the local employees respect the demands from headquarters. But sometimes, they have different opinions about the demands. I have my own evaluation system. If the headquarters
is correct, I will clearly explain it to the local employees. If the headquarters is indeed wrong, I will state so myself and speak up for my Dutch colleagues. Here, I act as a bridge between the headquarters and my local team.

Furthermore, Chinese leaders in the Netherlands experience internal conflicts regarding self-value. Specifically, Leader 23, a Chinese entrepreneur in the Netherlands, said:

The Chinese need to be more outspoken in the Netherlands. We were educated to think through everything before taking action. But by the time you figure everything out, the meeting is over. However, speaking all the time can make people feel dominated. A leader needs to find a good communication balance between modesty and dominance in the Netherlands.

Finally, a successful balancing of the contradictions requires dialectic thinking based on an accurate diagnosis of the inter-cultural situation (Luo and Zheng, 2016). Accordingly, these managers suggested that the ability of a leader to balance competing cultural values depends on his/her capacity for observation in a dynamic situation. The interviewed leaders (9/30) frequently mentioned that leaders should possess observational abilities to reach accurate conclusions. Specifically, one leader noted that “I need to observe whether their direct arguments are nonsense or make a valid point.” The idea of decoding Dutch directness was reinforced by another leader (Leader 13, Director of an education institution):

We generally believe that the Chinese are indirect because as a Chinese person, I can decode my own communication behaviors. The Dutch are known for their directness. However, the Dutch have an indirectness behind their direct behaviors. The challenge for Chinese managers to work with Dutch colleagues is to decode the Dutch directness.

Legalism-based leadership behaviors. Many of the leaders had learned of evidence-based practices based on western management theories and attempted to promote a professional work climate (Ma and Tsui, 2015). In total, 28 of the leaders emphasized the establishment of policies with reasonable clarity and concreteness to document workflows and shape employee behavior. Although none of the leaders specifically presumed that human nature is evil, they led their employees by implementing universal organizational rules to regulate potential misbehavior. This statement by Leader 10 reflects an obvious Legalistic approach to the universal application of organizational policies:

The leader holds a critical position in establishing the team climate, regardless of the employees’ nationality. The leader should establish a punishment and reward system and rigorously implement it. Those who perform their duties well should be rewarded. Those who break the rules should be punished. This is how a leader ensures transparency and justice.

Regarding the work-life attitude of the local employees, one leader described his experience as follows: “Compared to Chinese employees, the Dutch have less emotional attachment to their work. They tend to set clear boundaries between work and life. It’s more important to describe their job duties clearly to them” (Leader 13). In general, Dutch employees do not welcome their leaders’ intervention in their personal lives, which leads to an emphasis on leadership professionalism. One leader (Leader 20) shared his opinion: “People have different personalities, and we allow these differences. The point is to create a professional environment and to act professionally.” The concept of professionalism also applies to the supervisor-employee relationship. For example, one leader (Leader 27) said, “A leader just needs to keep a polite and professional relationship with Dutch employees.” Consequently, it is of the utmost importance for inter-cultural leaders to be cautious about the closeness of the supervisor-employee relationship.
Inter-cultural frictions

Confucianism frictions in the Dutch context. During the interviews, several Chinese leaders recalled the awkward feeling when a Dutch employee directly and publicly challenged their authority. Unlike Chinese employees, “who are to some extent afraid of the boss” (Leader 12), “the Dutch advocate freedom of expression” (Leader 26). As one leader (Leader 5) clarified:

The Dutch value equality and freedom of expression. It is different from the hierarchical value in China. At the beginning, those endless meetings were frustrating. The point of endless meetings is to explain an order in detail and reach an agreement.

In addition, the interviewees complained that working in a society that respects and tolerates everyone’s voice greatly affects execution efficiency when enforcing orders from above. Several leaders admitted that working with Dutch employees required patience. Leader 16, who manages a financial team at a non-Chinese MNC, shared her experience:

My team is composed of different nationalities. Indians are like Chinese people, they are easier to lead. You just set the goal and in the meantime provide some guidance. But it takes more energy to deal with Dutch employees. They tend to argue a lot. I have to be patient when explaining things to them and discussing things with them.

In terms of relationalism, Confucianism encourages leaders to bond with their employees, to build a “family culture” in an organization and to support employees in all aspects of their lives, both at work and in life. However, it appears to be far more difficult to bond with Dutch employees outside of work. One leader from a Chinese MNC (Leader 12) explicitly described the different interpersonal relationships between leaders and their Dutch and Chinese employees:

I tend to form family-like relationships and emotional bonds with my Chinese employees so that they view the company as their family business, whereas the relationship with Dutch employees is based on equality and respect rather than the creation of family ties.

In addition, Confucianism advises people to be polite and modest when communicating with others. Maintaining harmony is a critical value that is rooted in Chinese culture. Chinese leaders tend to avoid publicly embarrassing subordinates, and public criticism is often delicately disguised as suggestions for improvement. In practice, however, several expatriates suggested that the emphasis on harmony should be set aside in favor of more direct communications with Dutch employees. One leader at a Dutch MNC described his experience as follows: “I used to communicate in an indirect way, using hints in order to maintain a supervisor-employee relationship, but being indirect is inappropriate in this Dutch company. It is a big change for me” (Leader 11).

Moreover, several managers mentioned that during the period of their initial culture shock, they witnessed low commitment among their subordinates and perceived it as originating from a work ethic rooted in western culture. One leader (Leader 23) reported, “My Dutch employees rarely work overtime. They won’t even check e-mail after work. I have to adjust myself to their general work routine. I have no right to ask my assistant to work on the weekends. They tend to enjoy life instead of tirelessly accumulating more wealth.” Thus, Chinese managers should consider the relevance of Confucian philosophy, especially relationalism and hierarchical values, when working in a western environment.

Taoism frictions in the Dutch context. Dutch culture encourages individuals to freely, openly, and honestly express their opinions. Six leaders mentioned that in a multicultural environment, respecting the true nature of the business and of the people is the starting point for avoiding unnecessary conflicts. As one leader (Leader 8) stated, “Essentially, leadership is
about communications between humans. It is important not to judge based on your first impression.” Furthermore, by interacting frequently with their Dutch employees, the Chinese managers recognized the positive outcomes of direct and open discussions. Several managers perceived Dutch employees’ directness positively. Some leaders even encouraged their Chinese peers to join the discussions, with the aim of creating an environment of open communication. One leader (Leader 14) described his opinion as follows:

Chinese bosses are used to lecturing their subordinates. In a meeting, the boss has the loudest voice. This is very unacceptable in the Netherlands. In the long term, fewer employees are willing to have open discussions with the boss. Directness is an advantage of Dutch employees. If the leader does not accept this characteristic, over the long term, Dutch employees may become as silent as the Chinese. Then, this advantage would be turned into a disadvantage for organizational development. Chinese leaders in the Netherlands should also encourage Chinese employees to join the discussion.

In addition, the investigation found negative opinions about one of the core themes of Taoism: flexibility. Flexibility largely entails a leader’s ability to adapt to the dynamics of change. Relevant practices revolve around the notions of non-absolutism and opportunity, the use of game-playing strategies, and the availability of alternatives. The central premise of flexibility is that environments are complex and mutable; thus, leaders should vary their behaviors accordingly (Cheung and Chan, 2005). In the current study, however, 9 of the 30 Chinese managers specifically expressed concern about exercising flexibility in the Dutch workplace. For example, one leader (Leader 14) said, “The Dutch are not flexible about changing their opinions or plans.” The following narrative illuminates this concern (Leader 13): “In the Netherlands, it’s important to set a specific goal. Rather than a goal of ‘aiming for a bigger market,’ we have to be specific about which market to target. [For example,] if Beijing is the target market, they won’t consider opportunities in Shanghai and Guangzhou. My Dutch team can’t understand the idea of a ‘moving target.’” In Taoism, the water metaphor describes an extreme case in which water immediately changes direction when it encounters an obstacle. In discussing international leadership, the Chinese leaders acknowledged that flexible leadership or practices in business might lead to a perception of unprofessionalism by employees. Leader 7, as a district director at a Chinese MNC, shared the following insight:

In general, I agree that Chinese companies are sometimes aggressive and impatient. In the beginning, we were a team of eight people. We worked like entrepreneurs. The headquarters did not even give us job descriptions. We grew to understand local market by going through constant trials and tests. Within four years, the team expanded to 120 employees. However, the leader must be aware that flexibility is both a strength and a weakness. On the one hand, a flexible leader responds quickly to the environment and makes adjustments. On the other hand, flexibility gives people an impression of unprofessionalism. The result of the constant adjustments was a high level of turnover at the beginning.

Legalism frictions in the Dutch context. Partially expected but also partially surprising, there was little evidence of possible frictions between Legalistic behaviors and the Dutch cultural context. The lack of inter-cultural friction in this domain reveals that distinctive cultures do share something in common, so friction or conflict does not provide the whole picture of inter-cultural interaction. This interesting finding reminds us of the unique Chinese perspective of yin-yang balancing as a duality in the sense that diverse cultures are not only conflicting in all aspects, but also complementary in some respects. In other words, distinctive cultures are not fully in conflict (nor fully complementary) but are only partially in conflict (and also only partially complementary). In the next section, we will explore the key reasons for inter-cultural interaction as a balance between diverse cultures as partially in conflict and partially complementary.
Discussion

Proposition development concerning inter-cultural balance

The balanced dimensions of Confucianism in the Dutch context. In China, managers expect their employees to follow orders without question or disagreement. The above analysis and early research indicate that the Confucius perspective of hierarchy contrasts with the Dutch principle of freedom of expression and the norm of questioning authority. The Dutch attach more importance to autonomy. Referring to Weber’s (1965) thesis, the Protestant ethic emphasizes “the sinfulness of the belief in authority, which is only permissible in the form of an impersonal authority” (p. 224). A leader consults with the employees and ensures that the employees have the autonomy to adopt their own approach to a job (Hofstede, 1993). The findings of Den Hartog et al. (1999) confirm that there is a strong preference in the Netherlands for leaders who involve subordinates in decision making instead of relying on a hierarchical order. Similarly, De Waal et al. (2012) showed that managers who encourage their employees to take the initiative are highly valued. Rather than accepting an order without question, Dutch employees tend to express their views and opinions. Hence, Chinese leaders who strongly believe in exerts the power of their position may experience friction when attempting to enforce an order. In addition, the Confucian emphasis on developing interpersonal relationships beyond the work relationship (guanxi) contrasts with the Dutch culture. As shown above, the Dutch value superior-subordinate relationships that foster independence and that allow the subordinates to experience autonomy. Openness is generally accepted and preferred as a result of egalitarian norms (Hofstede, 1993; House et al., 2004). Tolerance of individual autonomy is a basic principle (Van Der Burg, 1998), and individuals are free to choose their own lifestyle. Unlike Chinese employees, Dutch employees are unlikely to be grateful for a leader’s intervention in their personal lives. In the business context, the Dutch may complain about a lack of professionalism among Chinese managers who tend to intervene in both work and personal settings. Hence, Chinese leaders who possess strong beliefs about maintaining close relationships outside of work are likely to experience friction when interacting with Dutch employees.

However, within the work domain, the Confucian values of personalized caring and holistic concern for employees are appreciated in the Dutch cultural context. Confucius advises leaders to undertake genuine actions at work that benefit the people around them for the common good (Farh and Cheng, 2000). It is the leader’s obligation to act kindly and charitably toward all employees. The leader can also demonstrate a form of individualized care, including providing mentoring and coaching, showing concern for followers’ career development, and allowing opportunities to correct mistakes (Wang and Cheng, 2010). These behaviors make the employees feel that the leader acts in their interests. Accordingly, employees react positively to the leader. Research in the Dutch context shows that Dutch employees perceive benevolent leaders as charismatic (van Dijke and De Cremer, 2010):

P1. The more a Chinese expatriate is influenced by Confucianism, the more likely it is that he or she will experience greater friction with the Dutch cultural value of free expression due to the leader’s diminished power and interpersonal ties with Dutch followers; although the Confucian values of personalized caring and holistic concern will be appreciated in the Dutch cultural context.

The balanced dimensions of Taoism in the Dutch context. Taoism advocates that instead of becoming actively involved in solving problems by forcing the situation or even going against the flow of nature, leaders should embrace the natural self and thereby gain a deeper capacity to obtain success without effort (Xing and Sims, 2011). In practice, Taoism suggests that effective leaders are those who can utilize the strengths of others. This way of thinking is consistent with Dutch employees’ preference for managers who trust and
empower them to do a good job (De Waal et al., 2012). Taoist leaders respect the nature of
everyone in society and believe that harmony comes not from repression but from allowing
expression by every member (Lin et al., 2013). This particular idea of nature is consistent
with the Dutch custom of free expression. We believe that Chinese expatriates following the
Taoist doctrine will proactively embrace the natural characteristics of local cultures, such as
Dutch employees’ direct confrontation of authority and their preference for autonomy.
Taoism also emphasizes flexibility, which ideologically reflects flowing water.
The central premise of flexibility is that conditions are protean, and thus the leader
must be able to adapt to and cope with changing conditions. Taoism asserts that all
things – including leaders and other people – are changing and unpredictable. There are such
diverse alternatives and opportunities that things are never absolute (Cheung and Chan, 2005).
In the Netherlands, the purpose of reaching consensus is to set aside differences and agree on
detailed procedures to achieve a common goal. Diverse and changing opinions are encouraged
and taken into consideration. A business plan requires a certain mindset and an openness to
adventurous ideas, which also requires flexibility. In general, flexibility is needed during the
decision-making process. Once an agreement is achieved, Dutch employees are unlikely to
deviate from the goal and the agreed-upon procedures. A change in the agreement will cause
ambiguity and require extra effort to discuss a new plan, and the development of the new plan
can be as lengthy as the process for the old plan. Hence, the flexible idea of Taoist leadership
contrasts with the Dutch planning culture, that is, the custom of adhering to an agreement:

\[ P2. \] The more a Chinese expatriate is influenced by Taoism, the more likely it will be that
he or she will accept the Dutch cultural values of freedom and tolerance due to the
core Taoist principles of embracing one’s self-nature and maintaining dynamics,
although the Chinese expatriate will also experience friction with the Dutch cultural
value of inflexibility after reaching consensus.

The balanced dimensions of Legalism in the Dutch context. Similar to the transactional
leadership model, Legalist leaders emphasize the leader’s power to reinforce followers’ goal
attainment using “carrot and stick” instruments (Wang et al., 2012). This philosophy assumes
the self-interest of human nature and, thus, maintains that the best way to regulate behaviors is
through contingent reward and punishment rather than moral values. Total obedience to the
law and punishment are essential for establishing a self-governing system. However, heavy
reliance on rewards and penalty policies is ineffective in the long term (Bass, 1990). Regarding
the leadership role, Legalism does not regard leaders as active or interfering players in
organizational activities but rather as establishers and maintainers of order. Dutch people have
a custom of spending hours in meetings. Employees have preferences to be heard by their
leader; therefore, decision-making processes are complex. However, once a compromise is
reached and the entire team agrees, the work can progress without interruption. With all this
planning and structure, little room is left for the unexpected (Faludi, 2005), and the flexibility to
change an agreement is limited. After agreement is reached, employees expect their leaders to
maintain “rule and order” (Faludi and Van der Valk, 2013), which is aligned with the core
concepts of Legalism. In addition, the Dutch set clear boundaries between work and personal
life, so they prefer to maintain a professional work relationship with their leader. Legalistic
leaders initiate structures with clear rules, role specifications, and power limits. Hence, in this
respect, the notions of Legalism are highly consistent with the Dutch preference for a rational
model of leadership:

\[ P3. \] The more a Chinese expatriate is influenced by Legalism, the more likely it
will be that he or she will embrace the Dutch cultural value of rational planning,
although Legalist transactional values may encounter certain challenges in the
Dutch cultural context.
Further elaboration

As Chen (2009, p. 402) argued, “most researchers blindly treat Chinese as being collectivistic and US Americans as being individualistic without considering the internal variations of a culture. This tendency is problematic and can be dangerous, because it may misinform the results of research.” Since the 1980s, a group of researchers has endeavored to introduce the world to traditional Chinese philosophies in business applications (e.g., Fang, 1999). Although life in contemporary China has undergone significant cultural changes, China does not seem to have abandoned its historical philosophies (Faure and Fang, 2008). Our analysis of the interviews with 30 Chinese expatriate leaders in the Netherlands indicates the simultaneous influence of three traditional Chinese philosophies. These leaders recognized the dominant influence of Dutch culture in the workplace and adjusted their leadership attitudes and behaviors accordingly. Instead of fully accepting or rejecting Dutch culture, the interviewees exhibited leadership behaviors that were partially consistent with Confucianism, Taoism, and Legalism. Consistent with early findings (Cheung and Chan, 2008; Ma and Tsui, 2015), our results indicate that the Chinese people tend to practice a holistic mix of Confucianism, Taoism, and Legalism. They are simultaneously influenced by multiple distinctive philosophies, both traditionally and in modern times. Previous studies have examined the paradoxical nature of yin-yang values in influencing Chinese communication characteristics (e.g., Chan, 2008; Fang and Faure, 2011). In this study, the influence of traditional philosophies as the cultural roots and their special impact on inter-cultural differences, tensions, and conflicts are justified to the extent that we must pay more attention to the traditional roots at home rather than the effect of modern business contexts.

Most of the respondents displayed a leadership foundation that was deeply ingrained in Confucianism. The values of “relationalism” and “hierarchy” heavily influenced their cognitive experiences in inter-cultural circumstances. They were aware that Dutch culture does not share these two values. As noted, the Netherlands has been reported to favor leaders who support autonomy and give employees a voice in the decision-making process (Chhokar et al., 2013). During their daily supervision of employees, the Chinese leaders noticed typical Dutch behaviors, such as expressing opinions freely and questioning an order in public. Rather than seeking harmony with the local employees, the Chinese expatriates attempted to adjust their behavior by communicating more directly. Cognitively, the managers understood their own adaptive behavior. However, underlying their direct style of communication was an internal cognitive conflict with the deeply rooted value of “relationalism.” Notably, such internal contradictions can lead to negative leadership experiences for Chinese expatriates. In addition, the strong desire to develop a positive leadership image indicates the prevalence of Confucianism overseas. Most of the interviewees learned that position power matters less in the Netherlands than in China. By identifying themselves as role models, these leaders chose to set a personal example as a positive alternative strategy for maintaining leadership authority overseas.

Although Taoism has existed longer than Confucianism (Chan, 2008) because Taoism was adopted when the country lacked people and wealth. Taoism guided the emperor (400 BCE) to leave people alone so that they could produce more people to serve as soldiers and work in agriculture. Taoism addresses the key challenges of ambiguity, complexity, and uncertainty. It guides leaders to develop an audacious way of thinking to address paradoxes in highly complex and ambiguous environments (Luo and Zheng, 2016). In a complex inter-cultural context, the Chinese expatriate leaders in the current study moderately embraced the philosophy of Taoism. In their new environment, the Chinese expatriates encountered new challenges working with people of different backgrounds. Respecting the local employees for their true nature is the first step for integration into the local environment. Several interviewees even
recognized the benefits of Dutch employees’ directness. In unfamiliar circumstances, a neutral attitude toward cultural differences may reduce negative leadership experiences. Importantly, the study’s findings suggest a dual concern regarding the concept of flexibility. On the one hand, flexibility allows leaders to adapt quickly to the local environment. On the other hand, flexibility may convey a lack of professionalism. Further research is needed to gain additional insight into the construct of flexibility and the antecedents and consequences of flexible/contingent leadership.

Not surprisingly, the results indicate the prevalence of Legalism in inter-cultural assignments. Legalist principles are consistent with the universal leadership approach of establishing and implementing appropriate rules and policies. In an inter-cultural context, one way to set aside cultural differences is to promote a professional workplace environment.

Implications for theory and practice. Prior research in the area of international leadership indicates that there are contextual boundaries for cultural characteristics (Dickson et al., 2003). Much of the literature focuses on intra-cultural comparisons. For example, the GLOBE Project observed and studied leadership preferences across cultural groups. However, far less attention has been paid to the dynamics of culture or philosophies in inter-cultural encounters (Gelfand et al., 2007). This study sees cultural differences as opportunities for inter- and intra-organizational learning, “an area that has been rarely addressed” (Fang, 2012, p. 30). The present study is one of the first to offer a nuanced, contextualized understanding of managers from an emerging market (i.e. China) who manage local employees in a developed country (i.e. the Netherlands). By shifting the focus from indigenous leadership studies to inter-cultural interface dynamics, this study combines philosophy-based cultural aspects with western culture to explain Chinese expatriates’ leadership behaviors. Several related studies have suggested that Confucianism, Taoism, and Legalism are the foundations for Chinese management philosophies and are exhibited in contemporary leadership behaviors in China (Ma and Tsui, 2015; Barkema et al., 2015). Chinese expatriates can reflect on the traditional philosophies embedded in their own culture and infuse elements from other cultures to facilitate local acceptance of their leadership behaviors. For instance, Fang (2012) recognizes the applicability of Chinese yin-yang philosophy for cross-cultural research. The proposed yin-yang perspective frames culture as a paradoxical phenomenon. A culture is incomplete without two opposite elements (“+Vi” and “−Vi” representing two paradoxical values), and a local community can choose to evoke and focus on certain values (“+Vi’s”) as their primary and dominant values, while treating the opposite values (“−Vi”) as secondary and latent. Globalization, however, gives rise to intense and frequent interaction and penetration across diverse cultures, thus enabling the more balanced co-existence of opposite values in each culture as more mixed than before. Nevertheless, this mixed culture does not deny the fact that traditional or indigenous culture still lie deeply, such as the vast cultural distinction between the east and the West (Li, 2016). Hence, at the current stage, if scholars fail to recognize a society’s traditional philosophies and also the particular aspects of foreign cultures, expatriate leadership cannot be fully understood, including Chinese expatriates working in the west. Further research is needed to investigate how different philosophy-based cultural identities are made salient in the cultural interface.

Additional inter-cultural research is warranted to describe, analyze, and document variations in expatriate leadership styles. For example, Xing et al. (2016) observed that cultural proximity between African “Ubuntu” and Chinese Confucianism significantly influenced the management of African employees by Chinese firms. The cultural proximity of Ubuntu and Confucianism acted as a converging force and facilitated the emergence of hybridization in practice. Such efforts represent a direct response to the call for hybridization research in multicultural contexts (Jacob, 2005; Xing et al., 2016). In the literature, hybridization is a thinking manager’s passport to engaging in leadership
behaviors that are considered to be both efficient and congruent with the local culture (Jacob, 2005). Hybridization blurs the existing distinctions between the culture of the leader and that of the local employees and thus disrupts universally adopted standard managerial categories. Rather than measuring leadership using dimensions, researchers are urged to categorize Asian expatriates’ leadership behavior into patterns that reflect traditional philosophies and the local culture. In so doing, practitioners can integrate modern leadership techniques into their own versions of hybridization. There are ample and promising research opportunities to advance the study of cultural hybridization in different settings.

A thorough examination of traditional Chinese philosophies and their core principles is needed (Ma and Tsui, 2015), and researchers are encouraged to conduct component analyses to delineate the relevant core content. Lee et al. (2013) found that Taoist leadership includes five components, i.e., perseverance, modesty, altruism, flexibility, and honesty. The results obtained by those authors also revealed differences in endorsement as a function of nationality. From a modern leadership perspective, Lin et al. (2013) developed a Confucian and Taoist work value scale and applied the scale to examine the relationship between these philosophies and transformational leadership. It would be interesting to determine empirically how the philosophical components impact expatriate leadership emotions (George, 2000), work-life balance (Lyness and Judiesch, 2008), and leadership effectiveness (Ng et al., 2009). Notably, the interviewees in the current study demonstrated benevolent behaviors toward their local employees, including sympathy, interest in employee development and the desire to cultivate a friendly work environment. Given that benevolent leadership is embedded in Confucianism, it is not surprising to observe Chinese expatriates demonstrating these behaviors. In the Chinese context, benevolent leadership causes subordinates to feel obligated to reciprocate and obey their leader (Farh and Cheng, 2000), which in turn produces a variety of favorable outcomes for subordinates (for a review, see Pellegrini and Scandura, 2008). However, the prior literature has also proposed that benevolent leadership is not expected to be consistent across all situations (Wang and Cheng, 2010). For example, Chen and Kao (2009) show that paternalistic leadership by Chinese expatriates negatively impacts the psychological health of subordinates in the local country. In an inter-cultural context, the extent to which Chinese expatriates can expect reciprocity from local employees is another open question. The proposed studies offer promising avenues for gaining a comprehensive understanding of the cultural interface.

This study reveals inconsistent views of leadership flexibility, which is a key component of Taoist philosophy. Consulting psychologists and researchers frequently mention the benefits of flexible leadership in an international environment (Kaiser and Overfield, 2010; Yukl and Mahsud, 2010). Although the Chinese managers in the present study perceived the Dutch to be inflexible in the face of new ideas and approaches, several authors have asserted that the Dutch tend to improvise more than the Germans (Thesing, 2016). According to Ernst (2007), “If things have to be changed during the process of realization, Germans see this as a sign of bad planning, whereas the Dutch are proud of their ability to improvise” (p. 56). Thus, flexibility is a subjective concept, and its definition depends largely on the conditions. In the current research, the Chinese expatriates believed that flexible leadership did not guarantee a positive leader image or leadership effectiveness. Researchers are urged to carefully define the concept of flexible leadership and its constructs, antecedents, and consequences. Future research should respect the inherent complexity of leadership behaviors in terms of cross-border effectiveness when developing a general assessment tool for flexible leadership.

In our case, the Chinese expatriate leaders frequently mentioned the “art of keeping a balance” (e.g. Leaders 8, 13 and 20) between Dutch and Chinese cultural values. Expatriate leaders are expected to comply with strict requirements from headquarters while
still considering the local market and local employees’ demands; in addition, they must treat their followers equally and uniformly while accounting for their individual needs (Zhang et al., 2015). The ability to respond to such contradictory or paradoxical challenges is crucial to inter-cultural management. To manage the opposing components, western scholars have developed several leadership approaches, including flexible leadership (Kaiser and Overfield, 2010) and behavioral complexity (Kaiser and Overfield, 2010; Yukl and Mahsud, 2010), while eastern scholars suggest approaching paradoxical values from the Taoist yin-yang philosophy (Fang, 2012). Embracing the connections and interdependence between opposites in a holistic and dynamic system instead of absolutely separating the opposites (Fang, 2012; Li, 2014), the Taoist perspective of yin-yang balancing is widely shared by all of the other traditional Chinese philosophies, including Confucianism and Legalism (see Li, 2016 for a recent review). If approached correctly, the perspective of yin-yang balancing can be applied in various domains of management research, such as cooperation-competition balancing, globalization-localization balancing, and exploration-exploitation balancing (Li, 2016). As richly illustrated by Li (2016), the frame of yin-yang balancing is highly relevant to our study in the sense that the inherent link between the traditional Chinese philosophies and the modern western theories (as well as the modern business contexts in both China and the west) can be best framed as a duality (sometimes also called a “paradox”) in terms of having two opposite elements in a holistic and dynamic balance as partially conflicting and partially complementary, so the ideal-typical link between the east and the west is their geocentric balance as partially global and partially local (Li, 1998, 2016). We suggest that future research should expand our research on culture to the potential advantages and disadvantages of yin-yang balancing across culturally diverse contexts. Specifically, the three mechanisms of yin-yang balancing, i.e., asymmetrical, transitional, and curvilinear balancing, can be applied to the research on inter-cultural leadership. For instance, those expatriate leaders with strong yin-yang mindset may be more capable of balancing relational distance with relational closeness in people management; treating subordinates uniformly while allowing individualization, enforcing work requirements while encouraging flexibility, as well as balancing control with autonomy (Zhang et al., 2015). For such paradoxical issues, the newly proposed scale to empirically measure curvilinear relationship is highly relevant, i.e., TLTM scale (Vergauwe et al., 2017; also see Zhang et al., 2016).

Regarding practical implications, the current study offers guidance for the selection of personnel for assignments in the Netherlands. Chinese expatriate leaders’ tactical knowledge of Chinese philosophy may enhance their chances for success in such an assignment. For instance, the findings suggest that an expatriate’s observational ability may indicate the potential for strong leadership. In other words, by listening to an employee’s words and observing his or her behaviors, a leader can learn about that employee. Consequently, organizations should consider a candidate’s observational ability when selecting and training new expatriates. As Confucius asserted, “not understanding a person’s words, one has no way to know that person.” Confucius also noted that one of the characteristics of an accomplished person is his ability to “examine the words and observe the countenances” of others (Xu, 2004). For Chinese expatriate managers in the Netherlands, our findings provide a unique frame for understanding the Dutch cultural context. Leaders’ reflection of traditional Chinese philosophies in the Dutch cultural context reveals the possibility of blending Dutch cultural contexts with traditional Chinese philosophies. This frame is also useful for Chinese leadership activities outside the Netherlands. Instead of completely adapting to local practices and norms, aspects from one’s own culture can help explain how to frame distinctive foreign cultural contexts from the perspectives of traditional Chinese philosophies.
Leadership training for Asian leaders abroad, particularly in developed countries, is excessively reliant on western-developed business school curricula. Such reliance may create internal tension for Chinese leaders. Instead, management behaviors should reflect expatriate leaders’ cultural roots as well as western realities. Exposure to another culture may induce expatriates to simultaneously adopt several cultural identities (Kohonen, 2005; Jacob, 2005). By recognizing the strengths and weaknesses of both their own and the local culture, expatriate managers can integrate diverse cultural elements in a manner that both enables them to internally accept the local culture and helps them be accepted locally. Otherwise, expatriates could experience negative internal emotional anxiety. It would be worthwhile for expatriates to accurately decipher the deep-rooted philosophies they use as a basis for gauging local cultures. In this study, a dialectical philosophy (Taoism) was found to be deeply embedded in several Chinese expatriates. Such managers feel less compelled to rate Dutch directness and bluntness negatively. Instead, they tend to have a neutral view of Dutch culture. Taoist dialectic philosophies do not consider opposites to be contradictory (Li, 2014), and Taoist principles provide a positivist analytical approach for leaders to accommodate the rapid changes in multicultural situations. As proposed by Bai and Morris (2014), “Asian wisdom based, for example, on Taoism, is good at holistic observation, whereas western science is good at positivism and analysis. Combining the two provides a useful tool for exploring the realities of organizational behavior.” Organizations should consider introducing Taoist principles into adaptive leadership training because this philosophy may contribute to greater understanding among leaders in a dynamic work environment.

**Limitations**

The limitations of this case analysis warrant attention. First, this study is exploratory in nature; thus, the findings cannot be generalized to a large population. Our findings should be applied with caution. We focus on manifesting Chinese expatriate managers’ leadership behaviors in adapting to local Dutch employees and leading them from the Chinese managers’ perspective. By comparing different leadership behaviors among Chinese expatriate managers in other countries, future research can draw a more comprehensive picture of inter-cultural leadership diversity. Second, the study involves a single data collection method. Invitations were sent to potential participants through LinkedIn, and the sample was expanded using the snowball sampling technique. The respondents who displayed an interest in participating in the study may be more open-minded and well adapted to the Dutch cultural context than those who were not interested in participating. Hence, the respondents may have experienced less friction from cultural differences than those who did not participate.

The leaders who were unwilling to participate may or may not embody traditional philosophies in their leadership behaviors. In addition, individual philosophical values may change over time (Carpenter et al., 2001; Parry and Urwin, 2011). Future research should employ a longitudinal approach to test the propositions with a large sample. The third limitation is that the interviews were conducted in Chinese. An experimental study has indicated that bicultural individuals can be primed to switch from one culturally preferred manner of self-construal to another (Ng and Han, 2009). In that study, bicultural participants engaged different parts of the brain in processing information. Hence, it is possible that the Chinese managers might have provided different opinions if the interviews had been conducted in English. The fourth limitation lies in the fact that our findings are only indirectly (thus weakly) related to inter-cultural complementarity because our evidence is more concerned with the inter-cultural compatibility between similar elements across various cultures. Our evidence is not directly (thus not strongly) associated with the inter-cultural complementarity between different elements toward inter-cultural synergy.
Finally, our study cannot support a link between managers' age or overseas experience and their leadership performance in the Netherlands. In total, 6 (31.6 percent) out of 19 managers who reported friction rooted in Confucianism-Dutch differences had been in their leadership position in the Netherlands for over five years. Among the other 11 managers who reported no friction rooted in Confucianism-Dutch differences, four (36.4 percent) had been in their leadership position in the Netherlands for more than five years. Scholars suggest that age and overseas experience may have an effect on leadership performance because individual values change over time (Carpenter et al., 2001). The richness of a leader's international experience also plays an important role in determining the quality of his or her next overseas assignment (Ng et al., 2009). Managers who have been studying or working in the Netherlands for a longer time may experience fewer frictions before they take leadership positions. However, early empirical studies have shown mixed evidence for age differences in work values (see the review by Parry and Urwin, 2011). For example, Ralston et al. (1999) showed that younger Chinese had greater individualism than older people, but a later study found no generational differences for the same characteristics in China (Egri and Ralston, 2004). Our study shows no differentiation between the respondents in terms of demographic data. Additionally, the sample size of this study does not allow us to empirically test the relationship between age/overseas experience and philosophical friction. In our database, most of the managers who showed a positive attitude toward Dutch culture (13/20) work for tech companies. It is possible that the communication between these 13 Chinese managers and their Dutch employees focuses on technical issues rather than interpersonal misunderstandings. We predict that the industry background of an overseas manager is likely to affect his/her inter-cultural leadership experience. Other organizational factors, including HRM policies, the local market share, and company strategy, may also intervene in a leader’s inter-cultural friction. Future research could conduct surveys using a larger pool by asking expatriate managers to fill in their demographic data, their organizational characteristics, and their evaluation of the traditional leadership philosophies and link these data to their leadership performance.

Conclusion
To close the gap in literature concerning the leadership challenges for expatriate managers in an inter-cultural context, this study seeks to elucidate the leadership styles of Chinese expatriate managers from the perspectives of three traditional Chinese philosophies (i.e. Confucianism, Taoism, and Legalism) in the inter-cultural context of managing in the Netherlands. This study is among the first to offer a more nuanced and highly contextualized understanding of leadership in the unique case of expatriate managers from an emerging market (e.g. China) in an advanced economy (i.e. the Netherlands).

The data for this qualitative study were collected via semi-structured, open-ended narrative interviews with 30 Chinese expatriate managers in the Netherlands. The results clearly show that the leadership style of Chinese expatriate managers is deeply rooted in the three traditional Chinese philosophies of Confucianism, Taoism, and Legalism, even in an inter-cultural context. Specifically, the study reveals how Chinese expatriate managers frame and interact with the foreign cultural context from the perspectives of the traditional Chinese philosophies in two salient respects. First, the Chinese expatriate managers reported an initial cultural shock related to the frictions between the foreign cultural context and Confucianism or Taoism, but less so in the case of Legalism. Second, the Chinese expatriate managers also reported that their interaction with the Dutch culture is best described as a balance between partial conflict and partial complementarity (thus, a duality). In this sense, the leadership style of Chinese expatriate managers is influenced jointly by the traditional Chinese philosophies and certain elements of the foreign cultural context. This result is consistent with the Chinese perspective of yin-yang balancing.
We call for more research to apply the unique perspective of yin-yang balancing in the inter-cultural context. We posit that this is the most salient implication of this study. For practical implications, we argue that expatriate leaders should carefully manage the interplay between their deep-rooted home-country philosophies and their salient host-country culture. A reflection on traditional philosophies in another culture can facilitate inter-cultural leadership training for Chinese expatriates.

References


Chinese philosophies in inter-cultural leadership


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Confucianism: measurement and association with workforce performance

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Abstract

Purpose – This paper reconsiders the approaches to measuring Confucian values, and tests their association with workforce performance. The purpose of this paper is to examine how such values and performances are prioritized across three East Asian societies, but more importantly, identifies how variations across societies might result from the way in which Confucianism has been transformed/appropriated differently across history. Design/methodology/approach – A Best-Worst experimental design is used to measure three aspects of Confucianism (relational, pedagogical, and transformative), and three aspects of workforce performance (mindset, organization, and process) to capture the trade-offs by respondents from three East Asian societies: China (n = 274), Taiwan (n = 264), and South Korea (n = 254). The study employs analysis of variance with post-hoc tests to examine differences between societies. A hierarchical cluster analysis using Ward’s method is utilized to identify clusters based on similarities within the data. And last, multiple regression analysis is applied to determine the explanatory power of Confucian values on workforce performance. Findings – Findings confirm the prioritization of three aspects of Confucianism (relational, pedagogical, and transformative) to differ between Mainland Chinese, Taiwan Chinese, and Korean respondents – producing five distinct clusters based on similarities across three societies. Overall, between 7 and 27 percent of the variance in workforce performance could be explained by the Confucian values included in this study. Originality/value – This study highlights the “different shades of Confucianism” across East Asian societies, which we coin as Confucian Origin, Preservation, and Pragmatism, and demonstrates the need to take a multifaceted perspective in the measurement of Confucian culture. The study provides empirical support for the link between Confucianism and performance at the micro-level, as originally proposed by Baumann and Winzar (2017), and identifies specific antecedents of behavior for research moving forward. Keywords Confucianism, Measurement, East Asia, Best-Worst scaling, Pedagogy/discipline, Workforce performance

Paper type Research paper

Introduction

The effect of Confucianism on economic development has long been an area of interest to researchers seeking an explanation for the region’s rapid growth (Kahn, 1979; MacFarquhar, 1980; Tu, 1989). Observing their high performance at the national and industry levels, scholars were quick to point to Confucianism as being the common denominator within East Asia. Thus, from a theoretical perspective, many believe that the values propagated by Confucian teachings equipped these societies with a modus operandi to excel in industrialization (Berger, 1988). Values such as future orientation, hard work,
fervour for education, and frugality were considered the hallmark of Asia's success story and served as a basis from which other societies could follow (Berger, 1988; Hofstede and Bond, 1988). Despite consensus, analyses at the macro-level remain fairly theoretical to the extent that our understanding of how Confucian culture drives performance is speculative at best. Further, does this theory of Confucianism and performance hold up at the individual level? Recently, Baumann and Winzar (2017) posed an important question on whether "work ethic" is actually a cultural issue, and this study follows the call to shed light on a longstanding, yet unresolved question, still.

One reason for the "slow progress" could be due to the lack of consensus about the "Confucian identity" in modern times (Yao, 2001). It could be that the approaches to conceptualizing and measuring Confucian values have reflected a one-sided view of a multifaceted tradition (see Yao, 2000). That is, a tendency at least within the management literature, to mostly examine the relational aspects of Confucianism (e.g. Rarick, 2007; Wang et al., 2005; Warner, 2010), while diminishing the role of classical pedagogical traditions, as well as how the tradition has been transformed in response to external influences and institutional developments. Further compounding this problem is a tendency to group East Asian societies as "Confucian Asia" – a single homogenous cluster (Gupta et al., 2002) – when there can be significant differences across China, Japan and Korea. From a historical perspective, Confucianism has been appropriated and transformed differently by each society over time, and one would not expect that the modern interpretations pertaining to the values endorsed would be identical across Eastern societies today (e.g. Zhang et al., 2005).

To tackle this issue, researchers must engage a more holistic approach in both their conceptualization and measurement of cross-cultural phenomena. Management studies have been dominated by a paradigm of "either/or" bipolarization (e.g. Hofstede, 1980; House et al., 2004; Trompenaars, 1994), resulting in rather simplistic categorizations of national culture. Though useful to an extent, such an approach views culture as static and stable over time, and are in discord with the dynamic changes evident within societies. We follow the call from Tung and Verbeke (2010) to move beyond the extant paradigm in cross-cultural research, where this paper's conception is also inspired by Fang's (2005-2006, 2012) conceptualization of culture through the lens of the Eastern Yin Yang philosophy, encouraging a vision of cultural values as being paradoxical, fluid and changing. It is through this reimagining that we might hope to consider the values imparted by Confucianism as dynamic and adaptive over time, and across societies. Whereas the relational dimensions of Confucianism have been well considered, how they are prioritized alongside pedagogical and transformative aspects of Confucianism is less known, and therefore a focus of this study.

Arguably, a more thorough representation of Confucianism might elicit a clearer response to the Confucian values vis-à-vis performance debate. Generally, culture affects behavior, but on a specific level whether Confucian culture drives behavior, such as "work ethic," is ambiguous. Although this study is not concerned with distilling the many facets of work ethic, it considers the notion from a broad perspective, namely work-related performances. As stated previously, the value of Confucianism may vary across societies due to numerous political, economic and socio-cultural influences; and similarly, the prioritization of work-related behaviors and how they are affected by cultural values might also differ. Thus, another focus of this study is to distill what, if any, link between Confucianism and workforce performance might exist.

Any reconceptualization of culture requires an alignment with proper methodological approaches (Caprar et al., 2015). As this study seeks a shift from Hofstede's "either/or" bipolarization, toward Fang's "both/and" dualism of cultural values, it also calls for a consideration of how values are measured. Culture as dynamic rather than static suggests that the endorsement of values by individuals is therefore fluid. In other words, values are
relative because people make cognitive trade-offs, rendering it necessary to study values as being relative rather than absolute. In recent years, established scholars have called for the application of more experimental designs in cross-cultural, management and international business studies (e.g. Caprar et al., 2015; Devinney and Hohberger, 2017; Gargalianou et al., 2017; Tang, 2017; Zellmer-Bruhn et al., 2016), and we respond to this call by applying a Best-Worst experimental design to the measurement of Confucian values and workforce performance within. Though a novel approach, Best-Worst scaling (BWS) has demonstrated to be an effective method for discerning respondent’s preferences amongst “competing” items (Lee et al., 2007, 2008).

The purpose of this study is threefold. First we seek to extend the current framework of Confucian values by considering aspects overlooked in the management literature. Second, the study examines the trade-offs made in the prioritization of values and performance across three Eastern societies to determine their similarities/differences. Third and finally, our study contributes to the ongoing discussion on Confucianism vis-a-vis performance at the micro-level. While our study merely focuses on one philosophy of the East (i.e. Confucianism), we believe that given its pervasiveness and endurance within the region, it represents an important starting point and fascinating ground to test and refine the boundaries of existing theories – and to develop new ones (Peng et al., 2001).

**Theoretical foundation**

Confucianism is old – perhaps one of the oldest ideologies, philosophies, or religions in the world. Though not considered influential during his lifetime (551-479 B.C.E), the teachings of Confucius have endured to form the basis of many important values attributed to East Asian societies, including China, Japan, South Korea (hereafter, Korea), Taiwan, Vietnam and Singapore (Hoobler and Hoobler, 2009). Confucian teachings are essentially humanistic, in that they emphasize the importance of human relationships with any notion of the “self” as being inextricably linked to the “group” (Yao, 2001). At its core is the importance of social relationships, collective interests, and harmony from which one’s daily behavior ought to be guided by the rules of rites and propriety (Hang, 2011). Fang (1999) conceives Confucianism as involving six core values: moral cultivation, the importance of interpersonal relationships, family orientation, respect for age and hierarchy, the avoidance of conflict, and the concept of face. Each reflects an important strategy for the maintenance of relationships, and a self-regulating moral compass in guiding behavior, as can be seen, for example, in the Chinese’s business negotiating style (see Fang, 1999).

Researchers have sought to operationalize the dimensions of Confucianism as a way to explain the importance of certain values across Asia, which seemingly differ to their Western counterparts (Hofstede, 1980). Within business and management, the preoccupation with understanding the relevance of Confucianism has been to observe how ordinary people continue to demonstrate traits of Confucian values and enact parts of these moral codes in their organizational and everyday behaviors (Rowley and Benson, 2002; Yao, 2001; Zhu et al., 2007). The study of Confucian traits has a long history, spanning disciplines including sinology, political science, and theology. However, its focus in cross-cultural management has been more recent; this is mostly attributed to the work of Hofstede, Bond and colleagues (see The Chinese Culture Connection, 1987; Hofstede and Bond, 1988).

Through their work, Confucian Dynamism (later relabeled as Long- vs Short-term Orientation) was proposed as a fifth dimension of national culture variance, which centers on the concept of a dichotomized time orientation. Their findings indicated that Asian societies were mostly long-term oriented (i.e. scoring higher on persistence, observing status, thrift, and having a sense of shame), and thus diametrically opposed to short-term orientation (mostly evident in Western societies). Despite the availability of Confucian Dynamism, researchers
generally tend to avoid utilizing the dimensions due to its ambiguity (Newman and Nollen, 1996). Others have commented on the difficulty of distinguishing between the two ends of the spectrum as they appear contradictory (Redpath and Nielsen, 1997), while others see the measure as being philosophically flawed (Fang, 2003), incomplete (Fan, 2000), and even argue that they are neither contrasting nor opposing values. Instead, both sides should be viewed as closely interrelated with one another – particularly when considering the dimensions through the lens of Eastern philosophy, which suggests that every Confucian value encompasses both “Yin” and “Yang,” or positive and negative energy (Fang, 2003). Li (2016) further elaborates on the implications of this “yin-yang balancing” for paradox management by specifying it as a cognitive system that embraces and endorses uncertainty, through a unique version of dialectic logic.

Despite the issues identified with Confucian Dynamism, the original Chinese Values Survey from which it was established is still applied to studies on East Asian values, and in particular, the categories of interpersonal relations, social orientations, and work attitude. Most seek to compare the endorsement of these Confucian values between East Asian societies (e.g. Lin and Ho, 2009; Tamai and Lee, 2002; Zhang et al., 2005), or consider their relevance within specific work contexts (e.g. Ralston et al., 1992; Tsang, 2011). Confucianism is humanistic, and as such, studies that attempt to understand the relationship between Confucian values and behavior or work-related outcomes naturally focus on the relational aspects (Wang et al., 2005). A study by Monkhouse et al. (2013), in response to some of the issues identified in Hofstede’s approach, also sought to operationalize a scale of Confucian values. Through this, they validated five values: hierarchy, humility, face saving, group orientation, and reciprocity – values which, again, reflect the relational and social aspects of Confucianism. However, Confucianism is multifaceted, and we argue that approaches taken thus far have focused largely on only one side of the Confucian story, while unintentionally ignoring other aspects, such as the pedagogical and contemporary interpretations of Confucian culture.

**Knowledge and discipline**

A major concern of Confucianism is the development of humaneness through lifelong learning and moral cultivation (Fang, 1999). In the Chinese context, moral-oriented education and training are deeply ingrained in the socialization process, spanning from one’s childhood into adult life. Education in this sense goes beyond the grasping of technical knowledge, and instead sets to instil in people the mechanism for achieving “correct behaviors,” goodness and self-discipline (Berling, 1982). For the most part, empirical studies that have examined the relevance of Confucianism in contemporary East Asia have relied on the relational dimensions, but have overlooked the important values of education and discipline – two fundamentals principles espoused by Confucius himself (Hue, 2007; Kim, 2009). In classical interpretations of Confucianism, education was a tool to help students explore their instinctive potentials, and transform their “natural tendencies.” It is through the cultivation and application of various strategies in which a pupil could improve and transform himself through education and continued learning. As noted in *Zhongyong*, the classic Confucian text:

> What the Heaven has given to human beings is called natural tendencies; ways to draw out these natural tendencies are called the proper way (*Dao*); improving upon these ways is called education (Adapted from Ames and Hall, 2001, p. 51).

Thus, we can see that education is a foundation of Confucianism, with a particular emphasis on the cultivation of the self through an ongoing acquisition of knowledge, from which all other acts of hard work, benevolence and ethics follows (De Bary, 1996). Historically, education was reserved for the elites who underwent civil service examinations for
appointment to public service. Today, the pragmatic value of formal education among individuals within Asian societies is embedded in the view that education is an important conduit for upward social mobility (Kim, 2009). Given the general consensus regarding the importance of education and knowledge in the Confucian tradition, most research remains descriptive or conceptual in nature (e.g. Hue, 2007; Huang and Gove, 2012; Marginson, 2011). Similarly, the notion of discipline has received considerably little attention in relation to Confucianism and performance. Although Confucius did not speak directly of discipline as we define it today, being “a system of sanctions that addresses the breakdown when the code of conduct is broken” (Romi and Frund, 1999, p. 54), the fundamental principles which emphasize deference to those in authority and the elderly, filial piety, respect, and self-cultivation have produced, as a by-product, a form of discipline widely practised within East Asia. The use of strict discipline in education – both formal institutions and within the home setting – is a common way of enforcing the correct behaviors and ensuring compliance by students, with a strong emphasis on high academic performance (Hue, 2007) and work ethic (Baumann, Hamin and Yang, 2016). There is a common Chinese saying to describe the value of discipline: “Jade will never become a work of art without being carved.” Within the metaphor, each student is a piece of “jade,” and “carving” represents the discipline needed to mobilize each person’s natural tendencies to becoming a more effective person (Baumann et al., 2012; Hue, 2007).

The transformation of Confucianism in East Asia

It is noted that a key difficulty associated with clearly defining and operationalizing the Confucian tradition is because, historically, the Confucian way has largely been open to interpretation (Yao, 2001). Many schools of thought and sects within the Confucian tradition exist, resulting in a number of ways in which the Confucian classics have been interpreted over time, and more importantly, how they have been appropriated differently by societies (Liu, 1996). The latter is one perspective that has not been given much attention in the discussion on Confucianism among East Asian societies – at least with regards to cross-cultural management studies. Often in global studies, East Asian societies are defined as a single, homogeneous cluster, or “Confucian Asia” (Gupta et al., 2002). While not entirely incorrect, this generalization presumes that the endorsement and importance of Confucian values – however they may be defined – is identical throughout the region. This certainly is not the case.

Originating in China, the spread of Confucianism to neighboring countries have taken very different paths, and have been appropriated or transformed differently by societies to serve its own political, socio-cultural, and institutional needs (Hon and Stapleton, 2017; King, 1996; Yao, 1999). In this study, we focus our attention on three Eastern societies – China, Taiwan, and Korea – who, historically speaking, have experienced varying appropriations of Confucianism. Briefly and quite simply, we outline the approaches below which we have coined Confucian Origin, Confucian Preservation, and Confucian Pragmatism to reflect each society’s “utility” of Confucian thought:

- **Confucian Origin**: in Mainland China, the birthplace of Confucius, Confucianism has undergone numerous declines and revivals because of ruling dynasties and competing ideologies (e.g. legalism and Marxism). The “Confucianization” of Chinese society reached its peak in the Qing dynasty (1644-1912), with rulers transforming Confucian teachings into a political ideology. In essence, Confucianism was utilized as a mechanism of control. However, a series of social and political events in twentieth century China, including the Cultural Revolution, saw the denouncement of Confucianism. During the late 1980s, the state began to again see the value in Confucian thought, believing that some of his doctrines still had relevance for
contemporary China – emerging as “New Confucianism,” which promoted a bridging between Eastern and Western worldviews (Makeham, 2003). More recently, the revival of Confucian thought under Xi Jinping’s leadership has marked a change in contemporary China, in an effort to reclaim the “Chinese identity”. State-run initiatives, policies and cultural events aimed at resurrecting (and preserving) ancient traditions remain high on the political agenda, serving as a pragmatic ideological tool in explaining political strategies and promoting cultural confidence (Wu, 2014).

- **Confucian Preservation**: in Taiwan, during the years of Japanese occupation (1895-1945), Confucianism was largely cultivated and utilized to preserve both traditional and indigenous cultures of the Han Chinese (Chao-Ying, 2009). A common objective was to promote the Chinese national spirit and stimulate patriotic thinking, mostly through the promotion of traditional culture within the school curriculum and government mandated textbooks. There was, and remains to this day, a great emphasis on preserving the traditionality of Chinese culture as the society simultaneously embraces modernization (Lu and Yang, 2006).

- **Confucian Pragmatism**: following the introduction of Confucian thought to the Korean Peninsula, the rulers of the Choson Dynasty (1392-1910) adopted Neo-Confucianism as their national ideology, which would continue to serve as the basis for the moral system, social relations, and business structure seen in Korean society today. Indeed some scholars suggest that it is the most Confucian part of the world, which has effectively utilized the ancient tradition for the purpose of national development (Koh, 1996). Leaders would actively promote the ideals of a good Confucian, and Confucian schools were established aimed at mobilizing individuals toward prestige and power (for instance, through civil service examinations), and self-cultivation. Further, the emphasis on the importance of the family and group is still maintained as the foundation and guiding structure for the Korean chaebol (Kim and Park, 2003).

In sum, and at the risk of oversimplification, Confucianism has been instrumental to the architecture of each society’s institutional development in different ways. Though in our discussion we have categorized each society as a specific “application” of Confucianism, we acknowledge that, in reality, overlaps exist. That is to say, that each society has utilized Confucian thought for preservation and pragmatism to certain degrees over time. As Yao (2001) points out, the “Confucian identity” has undergone a number of transformations and revivals throughout its long history, with each iteration responding to new challenges within each socio-political milieu. Therefore, an important question remains: how has Confucianism been transformed and how can it be interpreted in the wake of modernization?

Societal modernization theorists argue that as societies reach similar levels of economic development, individuals will tend to manifest similar patterns of value priorities (Inkeles, 1997; Inglehart and Baker, 2001) which converge toward Western capitalism (Ralston, 2008). Consequently, “pre-industrial” values (i.e. traditional values such as Confucian values) tend to decline in importance. This position assumes a linear “either/or” perspective (Peng and Nisbett, 1999) which is consistent with the extant frameworks in dominant cross-cultural research. Alternatively, Fang (2005-2006, 2012) proposes the Yin Yang perspective, or “ocean metaphor,” of culture as a lens to understand the dynamics and complexities of cultural value changes within a society. It proposes that potentially paradoxical values co-exist, and like the ebbs and flows of an ocean, certain external events can trigger or re-ignite values that were once dormant (Tung, 2008). Increasingly, Eastern philosophy is being promulgated as an indigenous epistemological system to be considered to adequately “decipher” cultural transformations and management practices within the Asian context.
(Chen, 2002; Li, 2016; Luo and Zheng, 2016). This is because rather than seeking to define the traditional/Eastern and modern/Western value systems, which emerge in the midst of economic development, as separate and incompatible parts competing against one another, Eastern reasoning of paradox and duality convey that each produces the “seed” for the other in a delicate balancing act (Li, 2016).

Our story is not one that seeks to engage the debate on East and West vis-à-vis traditional and modern values shifts, per se, but to consider the multiple dimensions of Confucian values and how they have changed in the wake of modernity. In doing so, we consider Yao’s (2001) proposition that Confucianism has undergone numerous transformations, alongside the emerging discussions on Yin Yang philosophy to reconcile seemingly contradictory values. Taken together, we propose that the landscape of Confucian values has entered a new epoch, and that its modern transformation is both a creative response to the “challenges” of the West and a continuation of its classical formulation.

The growing expressions of individuation and autonomy, money orientation, and a value of competition, have emerged as values which are typically regarded as being indifferent with Confucianism’s humanistic tendencies. Increasingly, each is regarded as a growing priority among individuals within East Asian societies as they continue to develop economically (Faure and Fang, 2008; Hsu and Huang, 2016; Yang and Stening, 2013). But we contend that each value is deeply embedded in the roots of Confucianism, and its manifestation is merely a by-product of the modern economic and institutional environments in which they serve. They are individual-oriented, and thus a necessary precursor to one’s self-cultivation, a fundamental perspective of Confucianism often overlooked (Brindley, 2010). As De Bary (1996) points out, within the literature, there has been a pervasive tendency to reflect on Confucianism as purely “social conformism,” and that the traditional conception of the individual is imbued with an overwhelming sense of duty or responsibility with others, but without any sense of individual rights or one’s own self-worth. But this does not properly reflect the spirit of Confucianism. Rather, as we have established in our discussion on the value of education, Confucian ethics begins with self-cultivation (a proper sense of self) and works outwards toward the acceptance of reciprocal responsibilities with others – much like a widening circle.

In this study, we focus specifically on the values of individuation, money orientation, and value of competition as conceptions of “transformed Confucian values” in contemporary East Asia. Like the widening circle, these values start off with a self-centered focus, but their implications – at least from an Eastern perspective – have had a wider-reaching group effect. For instance, Fang (1999) discusses the value of money orientation as resulting from the Confucian doctrine, whereby individual accumulation of wealth provides a sense of security which in turn enables family members to help one another in times of difficulty. Zeng (1999) points out that competition had been instilled from the early days of civil service examinations to produce the most “qualified” candidates to serve the state, and that this type of motivation was advised by Confucius himself (Chi’oe, 1974). Having established its historical relevance, we argue that such values have been revived to serve the current conditions of growth in East Asia.

The three societies under investigation – China, Taiwan, and Korea – have each experienced significant economic, political, and socio-cultural changes within the last half century, presented in Table I. Development at varying rates would indicate that value priorities and work behavior might differ between societies (Chia et al., 2007; Ralston et al., 1993). Convergence theory relates economic development to a shift toward post-materialist values (Inglehart, 1990, 1997), and we relate our conception of transformative Confucian values (i.e. individuation, money orientation, and value of competition) to this notion of convergence. The degree to which such values are prioritized might be indicative of the rate of societal change. For instance, societies with a strong democratic disposition would produce more values
of individual expression and freedom. Similarly, individuals within a strong industrialized economy, moving toward a post-materialist society might place more emphasis on wealth and material success (Inglehart, 1990; Inglehart and Abramson, 1999). Conversely, stage of industrialization, economic growth rate, and population density are some issues which might have consequences for people’s attitudes toward intense competition. It has been noted that a scarcity of resources or unequal opportunities result in a struggle to maximize those limited resources (e.g. conflict theory), leading to increased competition for economic gain.

In sum, we have considered Confucianism from its historical roots to its modern transformations, and have included in this study an extension of Confucian values which we believe have not been considered thoroughly in the management discipline. Specifically, we identify three broad categorizations as a starting point to examining the different aspects of Confucianism:

1. relational aspect of Confucianism;
2. pedagogical aspect of Confucianism; and
3. transformative aspect of Confucianism.

**Confucian values and workforce performance**

The hypothesized link between Confucian values and economic performance at the macro-level has been established for some time (Kahn, 1979; MacFarquhar, 1980; Redding, 1990). While Li et al. (2017) have shown that culture plays an important role in some countries’ productivity gains, the link between Confucian values and workforce performance at the individual level tends to be more speculative. It is likely that Confucianism may play a positive role in certain workplace behaviors, particularly when it comes to the provision of services (Hsu and Stanworth, 2017). Specifically, many allude to the notion of the “Confucian work ethic” (CWE) which advocates the virtue of hard work and respect for achievements (Lim, 2003; Wong and Wong, 1989).

It is understood that culture may be an important driver of how individuals are educated – not only in terms of formal education, but also child rearing and socialization. The importance of education and scholarship are strongly emphasized in Confucianism, and is reflected in East Asia’s consistently strong performance across international indicators such as PISA (Baumann and Winzar, 2014). Baumann, Hamin and Yang (2016) found that
the pedagogical approach in East Asia has strong implications for both academic performance and work ethic. That is, the instillation of hard work and strict discipline in the education system spills over into the workforce, which not only produces a unique form of “work ethic,” but also drives competitiveness. Similarly, Baumann and Krskova (2016) demonstrated that peak academic performance in the East Asian cluster is largely driven by strict discipline. Thus, an important question emerges: do Confucian values drive workforce performance at the individual level?

Several studies have entertained this idea, but the answers do not always appear to be clear cut. Most studies of this nature fall into one of three categories:

1. Identification of underlying work values of East Asian employees and managers (e.g. Chia et al., 2007; Froese, 2013; Tsang, 2011; Wong and Chung, 2003).
2. Theorizations and conceptualizations about the relationship between Confucianism and organizational processes or outcomes (e.g. Kang et al., 2017).
3. Empirical examination of the association between some aspect of Confucianism and outcomes (e.g. Lim, 2003; Lin and Ho, 2009; Lin et al., 2013; Pan et al., 2012).

This study is most concerned with the last of these three, with another objective being to examine the association between our three aspects of Confucianism and workforce performance. This study will draw upon several studies’ performance measures as outcome variables to determine if indeed any associations exist. We define performance in a generic sense, as being “one’s approach to the way something is done”. As such, we crudely categorize three aspects of performance. First, mindset-oriented performance describes acts which may derive from internal self-drive, be it undertaking challenging tasks, success, being competitive, or a “willingness to serve” in the context of “the greater good” (De Dreu and Nauta, 2009). Second, organizational-oriented performance describes those behaviors which might reflect organizational commitment and loyalty (Meyer et al., 2002). And last, process-oriented performance deal with the technical and processual aspects in how one does their job, such as speed of work, accuracy, and self-presentation.

The relativity of values

Values are the enduring beliefs of desired end-states of existence or modes of behaviors (Kluckhohn and Strodtbeck, 1961; Rokeach, 1973). In management and psychology, values are conceptualized as the guiding principles of an individual’s behavior (Schwartz and Bilsky, 1990). While most people might agree on the importance of basic values, such as honesty and equity within a group, how these values are manifested as actual behaviors could vary largely by how important those values are relative to other values.

Most measures of values commonly use a normative scale, which assumes that one individual’s rating of “3” (on a five-point scale, for example), is the same as another individual’s rating of “3”. However, as normative scales are evaluated and rated on their own, respondents’ judgments of a concept or value statement is made without reference to any other concept. Thus, we may be able to construe that a respondent views “making a lot of money” as being very important, but we cannot discern how important it is, relative to say, “making one’s parents proud”. In other words, normative approaches to measuring values do not take into account the “trade-offs” that people might have to make each day.

Instead, this study takes an ipsative approach to measuring Confucian value and workforce performance statements. Ipsative, meaning “of the self,” refers to a specific type of measure in which respondents compare two or more options and select the one which is most preferred. As such, it may be a more useful approach for evaluating the traits of respondents, individually (Baron, 1996). In this study, we include value statements depicting three aspects of Confucianism, some of which might contrast or complement others.

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Confucianism vis-à-vis workforce performance
By taking an ipsative approach through a Best-Worst experimental method (see Research Methods for detailed description), we are able to better distill how each Confucian value stacks up against one another – or more specifically, how they are organized across three societies.

Further, when we examine values and performance measures as being relative rather than absolute, we might expect to see more pronounced differences in what people consider as being important or unimportant from their set of options. This may very well produce more variation within a society, than across (Fischer and Schwartz, 2011). Intra-national diversity has indeed become a reality for many nation-states as cultures evolve over time (Tung, 1996, 2008), and peoples of different national cultures interact resulting in a “negotiated culture” (Brannen and Salk, 2000). Therefore, a useful question to ask is whether there are meaningful similarities across the three East Asian societies, with respect to how they prioritize Confucian values and workforce performance?

Present study
The basis of this study was informed by the question of whether work ethic is a cultural issue, but more specifically, what relationship does Confucianism have with workforce performances at the individual level? In attempting to answer this, we take a multi-step approach to deepen our understanding by: considering some of the overlooked aspects of Confucianism, and in essence, how East Asian societies represent “different shades” of a shared historical culture; examining the association between Confucian values and workforce performance; utilizing an ipsative measurement approach; and assessing the degree of difference and similarity across East Asian societies. To summarize, three research questions are proposed to guide this research:

RQ1. Is there a difference in the preference orderings of Confucian values and workforce performance issues between China, Taiwan, and Korea?

RQ2. Are there segments of individuals who share similar preferences for Confucian values and workforce performance issues across China, Taiwan, and Korea?

RQ3. To what extent do Confucian values explain workforce performance?

Research methods
Sample
The sample for this study consists of a cross-section of 792 white-collared businesspersons employed across three major East Asian societies: China (n = 274), Taiwan (n = 264), and Korea (n = 254). As a focus of this paper is to examine the workforce performance within the region, sampling for each country focused on the major economic zones (i.e. Beijing, Taipei and Seoul), resulting in four main occupational categories: professional/managerial, customer-service/frontline, technical, and administrative. This study focused on individuals currently employed full-time across a number of industries, in an attempt to gauge how the “performance” of those who make up the workforce may be driven by the values they endorse. For the purpose of reaching the study’s target segments and socio-demographics, a professional market research firm was employed to distribute the online survey in each market. The demographic characteristics of each society sampled are provided in Table II.

Instrumentation
Applying a back-translation technique, each survey questionnaire involved two expert translators. For instance, the English-language version was translated into Korean by a native-born Korean who is fluent in English, and then this was back-translated by
a native-born English speaker who is fluent in Korean. In each case, the emphasis was on translating the meaning for a question/phrase, rather than on word-for-word literal translation. The same applied to the Chinese (Simplified) and Chinese (Traditional) versions.

A case for Best-Worst scale (BWS) approach

Rating approaches, such as Likert scales, remain the most commonly used method to gauging respondents’ assigned level of (un)importance or (dis)agreement to items of interest to the researcher. Although there are many benefits such as its ease on respondent cognition, obtaining easily quantifiable results, and being generally less time consuming, the method also poses serious challenges such as that of scalar inequivalence (Cohen, 2003). Scalar inequivalence is the product of inherent differences in response styles across segments/countries, in which ample empirical evidence exists to show that respondents from different countries tend to differ significantly in how they respond to scales (Chen et al., 1995; Steenkamp and Baumgartner, 1998). This is particularly salient in the use of agreement scales where the interpretation of anchors (i.e. “strongly disagree” to “strongly agree”) are construed differently by people across cultures. For example, evidence suggests that respondents from East Asia avoid intense expressions or responding with “extremes,” and refer to mid-point options (Shishido et al., 2009). Conversely, highly skewed data or end-piling at either end of the scale may result from extreme response style, or a tendency to strongly agree with most statements. Such differences can potentially over-inflate or under-represent the importance/agreement of items, reflecting greater difference in how people respond to scales, as opposed to differences in needs or preferences (Cohen, 2003). Further, when a large number of items are rated as being highly important to respondents, how are researchers able to discern which item is truly of greater importance? Increasingly, the BWS technique has been put forth as a solution to remedy these issues.

BWS is based on the random utility theory of decision making (McFadden, 1980; Thurstone, 1927). It is a multiple-choice extension of the paired comparison approach, in which respondents are forced to make discriminating choices between available options within a set. Originally applied to research in food safety by Finn and Louviere (1992), the procedure has undergone rapid development, and has been demonstrated to be a preferred method to traditional rating scales (Cohen and Neira, 2003; Jaeger et al., 2008). As explained by Finn and Louviere (1992, p. 13), “Best-Worst scaling models the cognitive process by which respondents repeatedly choose the two objects in varying sets of three or more objects that they feel exhibit the largest perceptual difference on an underlying continuum of interest.” That is, by asking respondents to evaluate all pairwise combinations of alternatives within a predetermined number of subsets, the researcher can assume that the respondent’s selection of the “best” and “worst” choices represent a maximum difference in utility between all attributes. For a complete technical description of the Best-Worst approach, readers are directed to Marley and Louviere (2005).

<table>
<thead>
<tr>
<th></th>
<th>China</th>
<th>Taiwan</th>
<th>South Korea</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age (median grouping)</td>
<td>36-40</td>
<td>36-40</td>
<td>41-45</td>
<td></td>
</tr>
<tr>
<td>Age (% &lt; 24 years)</td>
<td>4%</td>
<td>7%</td>
<td>3%</td>
<td>5%</td>
</tr>
<tr>
<td>Age (% &gt; 50 years)</td>
<td>20%</td>
<td>21%</td>
<td>27%</td>
<td>22%</td>
</tr>
<tr>
<td>Gender (% female)</td>
<td>49%</td>
<td>48%</td>
<td>48%</td>
<td>48%</td>
</tr>
<tr>
<td>Education (% post grad educated)</td>
<td>12%</td>
<td>11%</td>
<td>5%</td>
<td>16%</td>
</tr>
<tr>
<td>Organizational tenure (% &gt; 10 years)</td>
<td>36%</td>
<td>29%</td>
<td>28%</td>
<td>31%</td>
</tr>
<tr>
<td>Sample size</td>
<td>274</td>
<td>264</td>
<td>254</td>
<td>792</td>
</tr>
<tr>
<td>Region sampled</td>
<td>Beijing</td>
<td>Taipei</td>
<td>Seoul</td>
<td></td>
</tr>
</tbody>
</table>

Table II. Demographic characteristics of respondents by society
The BWS method has been widely applied to studies in wine choice (Goodman et al., 2005; Mueller and Rungie, 2009; Loose and Lockshin, 2013), social and ethical concerns (Auger et al., 2007), health economics (Flynn, 2010), and website attributes (Pascoe et al., 2017), but its application to the study of values and workforce performance is limited. While the method has been proven to be a better alternative to rating scales in measuring personal values for Kahle’s (1983) List of Values (LOV), and Schwartz’s (1992) Values Survey by Lee et al. (2007, 2008), this study extends the application to the measurement of the relative importance of Confucian values and workforce performance between three East Asian societies. In moving away from traditional measurement approaches, such as Likert scale, we align our research design with the following studies which have demonstrated robustness through similar approaches:

(1) An impactful study that probed consumers’ attitudes toward social and ethical issues across six countries was conducted by Auger et al. (2007), using BWS – a method pioneered by Louviere, and developed over thirty years in applied studies.

(2) Hamin et al. (2014) applied choice-based conjoint analysis to reveal consumers’ willingness to purchase “latecomer brands” across six countries.

(3) Introducing customer-based brand value, Winzar et al. (2018) applied a BWS and discrete choice modeling approach to estimating consumer utility and brand competitiveness in an airline context.

(4) In a study slightly related to ours, Lee et al. (2007) collected responses for Kahle’s LOV, and compared rating, ranking and Best-Worst approaches; they concluded that the Best-Worst approach produced more sensible and discriminating results, and presented a real alternative to rating scales.

To facilitate the experimental design, this study utilizes a Balanced Incomplete Block Design (BIBD) where items within the experiment are balanced, orthogonal and randomized. For this study, a set of nine items (or “objects”) will generate 12 choice sets, in which each choice set will have three items (see Appendix 1). The BIBD is particularly useful as within each block, no item appears more than once; each pair of objects appears in the same number of blocks; blocks are of equal size; and every object appears equally. Respondents are then required to select one item that is the best/most relevant, and one that is the worst/least relevant in each subset – forcing discrimination (or a “trade-off”) among the items (Table III). As the frequency of each of the nine items is presented four times across the 12 subsets, there is the opportunity for an item to be selected as “best” four times and “worst” four times. Therefore, the range of scores falls on a scale between a $-4$ to $+4$.

**Measures**

The measurement items used in this study to examine Confucian values were derived from the relevant prior literature, where for the most part, reliability and validity were evident. Presented in Table IV, a contribution of this study is the extension and categorization of Confucian values along three axes: relational, pedagogical, and transformative aspects. As a starting point, we

<table>
<thead>
<tr>
<th>Least relevant</th>
<th>Considering the following three statements, please select the one that is least relevant to you personally right now, and the one that is most relevant to you personally right now</th>
<th>Most relevant</th>
</tr>
</thead>
<tbody>
<tr>
<td>✔️</td>
<td>Having a lot of money is a symbol of success</td>
<td></td>
</tr>
<tr>
<td></td>
<td>People should do what pleases them first, even if others disagree</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Competition brings out the best in people</td>
<td>✔️</td>
</tr>
</tbody>
</table>

Table III.

Example of a Best-Worst choice task
adapted four of Monkhouse et al.'s (2013) items of Confucian values to measure the traditional, relational aspects of Confucianism, specifically: hierarchy, group orientation, humility, and reciprocity (Panel A). In line with our previous discussion for the need to consider the "other aspects" of Confucianism, we have included in this study values which we believe to be overlooked in the management literature, but which have also garnered support in both classical Confucian texts and recent conceptual studies. Panel B items of value of knowledge (i.e. respect for education) and discipline reflect the "pedagogical aspects" of Confucianism, and we refer to discussions by Baumann, Hamin and Yang (2016), Baumann and Krskova (2016),
and Baumann et al. (2012) to derive inspiration for measurement items. Panel C items reflect the “transformative aspects” of Confucianism, and include the values of money orientation (Yang and Stening, 2013), individuation (Faure and Fang, 2008), and value of competition (Hsu and Huang, 2016).

The workforce performance measures included in this study are also organized into three categories – mindset, organization, and process – as presented in Table V. Panel A measures of willingness to serve, competitive attitude, motivation to succeed, and active service reflect “mindset-oriented” performances. Panel B measures of affective motivation and organization’s success reflect “organizational-oriented” behaviors. And last, Panel C measures of speed of work, accuracy, and self-presentation reflect “process-oriented” behaviors.

The survey instrument underwent three phases of pre-testing. The first version of the survey was administered to ten test-respondents, and the feedback received was that the repetition of identical statements across subsets rendered it difficult to see the survey through to completion – a common problem of the Best-Worst method (Hein et al., 2008; Jaeger and Cardello, 2009). To remedy this, we diversified the statements for Confucian value and workforce performance objects, where the original constructs consisted of multiple measurement items. For example, for the value “Hierarchy” from Monkhouse et al. (2013), instead of uniformly applying the single statement “There is a vertical order in society that should be respected,” we utilized all four statements across the four occasions “Hierarchy” was measured in the task sets. The survey was pre-tested a second time to a different group of test-respondents, and feedback was positive regarding clarity and ease of completion. Further, we asked the second group of test-respondents to retake the survey two weeks after their initial response to compare the consistency of their response patterns. The results were consistent.

<table>
<thead>
<tr>
<th>Performance aspect</th>
<th>Object/measure</th>
<th>Statement(s)</th>
<th>Source for development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Panel A</td>
<td>Willingness to serve</td>
<td>I am willing to “serve” someone such as a customer or superior in order to do a good job</td>
<td>Baumann, Hamin, Tung and Hoadley (2016)</td>
</tr>
<tr>
<td>Mindset</td>
<td>Competitive attitude</td>
<td>I am competitive because it tends to bring out the best in me, than as a means of feeling better than others</td>
<td>Baumann, Hamin, Tung and Hoadley (2016)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>I am competitive because it lets me express my own potentials and abilities</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>I am competitive because it teaches me a lot about myself</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Motivation to succeed</td>
<td>I am motivated to succeed at challenging tasks</td>
<td>Wong and Chung (2003)</td>
</tr>
<tr>
<td></td>
<td>Active serve</td>
<td>I take initiative to perform tasks without being asked to do so</td>
<td>Stanworth et al. (2015)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>I take action to perform tasks without instructions</td>
<td></td>
</tr>
<tr>
<td>Panel B</td>
<td>Affective motivation</td>
<td>I will stay back at work as long as it takes to complete my tasks</td>
<td>Kang et al. (2017)</td>
</tr>
<tr>
<td>Organization</td>
<td></td>
<td>I am happy to work extra hours for my company because they take care of me</td>
<td></td>
</tr>
<tr>
<td>Table V. Workforce performance measurement items and sources for development</td>
<td>Panel C Process</td>
<td>Organization success</td>
<td>I work hard to help the company succeed</td>
</tr>
<tr>
<td></td>
<td>Speed of work</td>
<td>I make quick decisions</td>
<td>Baumann, Hamin, Tung and Hoadley (2016)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>I do everything fast</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Accuracy</td>
<td>I strive to perform my work with accuracy</td>
<td>Stanworth et al. (2015)</td>
</tr>
<tr>
<td></td>
<td>Self-presentation</td>
<td>I make sure I am well presented at all times</td>
<td>Baumann and Winzar (2017)</td>
</tr>
</tbody>
</table>
Additional information obtained from respondents included age, gender, occupation, firm ownership type, total years in the workforce, and whether tertiary education was completed at an overseas (Western) institution.

Data analysis
This study uses multiple analytical procedures to achieve its research objectives. Based on data obtained from the Best-Worst experimental method, descriptives of the relative importance of Confucian values and workforce performance measures were first obtained for each society. To determine whether significant differences exist between the three societies, analysis of variance (ANOVA) with post-hoc analyses (Tukey-B) were performed. To move beyond the common approach of comparing across societies, we also sought to examine whether potential heterogeneity within a society could be organized through similarities across all three societies by performing a hierarchical cluster analysis (Ward, 1963). Lastly, multiple regression analyses (stepwise method) were performed to account for the contributing explanatory power ($R^2$) of our selected Confucian values in explaining workforce performance.

Findings
Confucian values and workforce performance: prioritizations and differences
To identify patterns within the data, and understand how respondents across the three societies prioritized the selection of Confucian values and workforce performance, descriptive statements were generated to allow for a ranking of scores from highest to lowest. This was achieved by calculating the average of the number of times a specific value statement was selected as the “best” minus the number of times the statement was selected as the “worst” for each society – a method in line with previous studies (e.g. Auger et al., 2007; Lee et al., 2007, 2008). A comparison of the relative importance of Confucian values is graphically presented in Figure 1, and a comparison of workforce performance in Figure 2.

There is an overall consistency between the three societies in terms of how Confucian values have been prioritized. That is, even when respondents are tasked with making a forced discrimination between items (i.e. trade-offs), we can see that there is consistency in
how values are organized in terms of the importance of one value relative to the next. China and Taiwan display most similarity on all dimensions, with the exception of reciprocity and humility. Korea’s manifestation of value prioritization appears to be the most different: respondents place greater emphasis on value of knowledge, and much less on value of competition and hierarchy compared to the other societies.

In contrast, there is greater difference in workforce performance between societies. China exhibits the smallest range (0.67 to −1.03), indicating very little agreement amongst respondents, whereas Taiwan Chinese respondents demonstrate slightly more agreement in performance measures considered most applicable vis-à-vis least applicable (1.41 to −1.59). Again, Korean respondents demonstrate the most consistency and agreement in their appraisal of performance, where accuracy is substantially more important (2.53), and speed considerably less important (−1.47). It is worthwhile noting here that a score falling within the negative range is not indicative of “unimportance” in an absolute sense, but rather incrementally less important relative to its alternatives. In other words, as scores are relative, a positive score means that an item is preferred more than the average, and a negative score means that an item is preferred less than the average. All items may be highly desirable, but we are only measuring their relative desirability. This is the value of a relative measure such as BWS – if we ask for a 1 to 5 rating of each item individually, then we get all items with a score of 5. There is no value in a score with no variation.

The second step in our analysis of comparing the three societies revolved around identifying whether significant differences exist. Employing ANOVA, each society was systematically compared on each Confucian value dimension, and then workforce performance. Table VI reports the ANOVA and post-hoc results for the Confucian values. Statistically significant results were found for each Confucian value (p < 0.001), except for individuation (p = 0.136) and discipline (p = 0.103). Post-hoc analysis was performed to reveal which society was most different from the rest on the dimensions tested. For Panel A...
Confucian values (i.e. humility, group orientation, reciprocity, and hierarchy), each society is found to represent a homogeneous subset on each value statement, indicative of the difference in which values are prioritized in each society – supporting the findings of prior comparative studies (Monkhouse et al., 2013; Zhang et al., 2005). Of the Panel B Confucian values, Korea ($M = 2.50$) is significantly different to China ($M = 1.67$) and Taiwan ($M = 1.62$) on its prioritization of value of knowledge, but no different on discipline ($p = 0.103$). For Panel C values, Korea ($M = -0.60$) is again significantly different to China ($M = -1.64$) and Taiwan ($M = -1.54$) on money orientation. All three societies significantly differ on their prioritization of the value of competition ($p \leq 0.001$), but did not differ at all on individuation ($p = 0.136$).

In a separate analysis reported in Table VII, ANOVA was performed on the workforce performance measures comparing the three societies. Significant differences were found for all nine workforce performance measures ($p \leq 0.003$), and specific differences amongst the three groups were discerned through post-hoc tests (Tukey-B). Strikingly, for performance measures active service, accuracy, affective motivation, and self-presentation, a significant difference exists between all three societies. China and Taiwan formed a homogenous subset different to Korea for both willingness to serve and organization’s success, and China and Korea another subset different to Taiwan for competitive attitude and motivation to succeed. What our results here suggest is that the appraisal of certain work-related

<table>
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<tr>
<th>Panel</th>
<th>Confucian value</th>
<th>Society</th>
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<th>SD</th>
<th>F-value</th>
<th>Sig.</th>
<th>Pairwise comparisons&lt;sup&gt;a&lt;/sup&gt;</th>
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</table>

Notes: *Denotes post-hoc analysis (Tukey-B) homogeneous subgroups. Pairwise comparisons are significant at the \(p = 0.05\) level; <sup>a</sup>although there is no statistically significant difference between societies, additional ANOVA and post-hoc analysis (Tukey-B) performed across four age cohorts indicates significance at the \(p \leq 0.05\) level. Results indicated that for “individuation,” the younger cohort was significantly different to the older cohorts, and vice versa for “discipline”
performance by respondents across the three societies are quite different on some dimensions, but not all different on others. A takeaway message from this is that East Asian societies do indeed prioritize Confucian values and work-related behaviors differently.

**Clusters within the Confucian orbit**

We next turn our analysis to assessing whether there are similarities between societies within the Confucian orbit, by performing a hierarchical cluster analysis on the Best-Worst data for Confucian values and workforce performance, combined. The aim is to uncover and classify distinct clusters (Kamakura and Wedel, 1999), and using Ward’s method, an optimal five cluster solution was extracted (Hair et al., 2010). Table VIII presents the t-statistics of the Best-Worst ratings for Confucian values, and Table IX for workforce performance, for each cluster against the grand mean of the entire sample. Here we see that each cluster is composed of a “configuration” of Confucian values and workforce performance behaviors, for which we can see their above average (bolded) and below average (italicized) orientations.

Since all cluster segments agree in the highest importance of value of knowledge, we will refer to our next observed differences to describe each segment. Respondents in Cluster 1 prioritize the value of money orientation \((t = 6.31, p < 0.05)\) and the performance of active service \((t = 1.87, p < 0.05)\) significantly more than the average for all respondents. Simultaneously, the same cluster places less importance on humility \((t = -16.38)\) and group orientation \((t = -5.84)\). In contrast, Cluster 5 is relatively strong on relational Confucian values of hierarchy \((t = 8.87, p < 0.05)\) and reciprocity \((t = 15.19, p < 0.05)\), and performance

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**Table VII.**
ANOVA and post-hoc of workforce performance for East Asian societies

<table>
<thead>
<tr>
<th>Panel</th>
<th>Work performance</th>
<th>Society</th>
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Notes: "Denotes post-hoc analysis (Tukey-B) homogeneous subgroups. Pairwise comparisons are significant at the \(p = 0.05\) level
Panel A – Relational
Hierarchy
Humility
Group
Reciprocity
Panel B – Pedagogical
Knowledge
Discipline
Panel C – Transformative
Individuation
Money

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<th>4</th>
<th>5</th>
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Notes: Total is the average “best” minus “worst” score for the value. Rank is the rank order based on total. Bold indicates a $t > 3.00$ (strong above average orientation); Italics indicates a $t < -3.00$ (strong below average orientation). ANOVA and post-hoc analysis (Tukey-B). *Denotes the estimate that best differentiates each cluster from the others at $p \leq 0.05$. For example, the mean score for “Discipline” on Cluster 2 has a $t$-value of 5.77, which best describes that cluster as a unique and homogenous group, where Clusters 3 and 4 are similar on “Discipline” and so are Clusters 1 and 5. The variable “Knowledge” is important for all clusters, and does not differentiate significantly amongst them.
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<tr>
<th>Cluster</th>
<th>Willingness to serve</th>
<th>Panel A – Mindset</th>
<th>Panel B – Organization</th>
<th>Panel C – Process</th>
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<td>3.28*</td>
<td>2.72</td>
<td>−3.11</td>
<td>−3.60</td>
</tr>
<tr>
<td>5</td>
<td>5.50</td>
<td>−3.48</td>
<td>−6.59</td>
<td>−21.12</td>
<td>−0.13</td>
</tr>
<tr>
<td>Total</td>
<td>0.21</td>
<td>−0.02</td>
<td>0.39</td>
<td>−0.52</td>
<td>−0.49</td>
</tr>
</tbody>
</table>

**Notes:** Total is the average "best" minus "worst" score for the value. Rank is the rank order based on total. Bold indicates a $t > 3.00$ (strong above average orientation); Italics indicates a $t < −3.00$ (strong below average orientation). ANOVA and post-hoc analysis (Tukey-B). *Denotes the estimate that best differentiates each cluster from the others at $p ≤ 0.05$. For example, the mean score for “Willingness to Serve” on Cluster 2 has a $t$-value of 21.17, which best describes that cluster as a unique and homogenous group, where Clusters 1 and 4 are similar on “Willingness to Serve” and so are Clusters 3 and 5. The variables “Organization’s Success” and “Speed of Work” are less important for all clusters, and does not differentiate significantly amongst them.
of affective motivation ($t = 1.39, p < 0.05$) and self-presentation ($t = 8.83, p < 0.05$), which also represent the strongest orientation for each of all the clusters. Further, Cluster 5 holds the strongest below average orientation on individuation and money orientation. While some of the results are quite easy to interpret, others are much less clear. For instance, Cluster 2 is driven by a strong orientation toward discipline, value of competition, and humility, but simultaneously (very) weak on reciprocity and money orientation. Interestingly, Cluster 2 is strongly and significantly ($p < 0.05$) driven by three “mindset-oriented” performance measures: willingness to serve, motivation to succeed, and competitive attitude. Cluster 3 and Cluster 4 appear to be equally convoluted, and are not as clear-cut to define.

To better understand each cluster’s characteristics, Table X describes each cluster in terms of its membership based on demographic information obtained in this study, using simple univariate comparisons. Overall, there does not appear to be any gender or education (with the exception of overseas education) differences between clusters, but there are some notable differences based on society, age cohort, years in the workforce, and to a lesser extent, occupation type. The most pronounced difference can be seen between Cluster 1 ($n = 141$) and Cluster 5 ($n = 136$) in terms of age and years in the workforce. The average age of respondents in Cluster 1 is within the mid-thirties, whereas those in Cluster 5 are approximately early fifties. Similarly, the difference in workforce years (i.e. working experience) is approximately eight years, which would suggest that the majority of respondents within the two clusters are not only a generation apart, but also at different career stages (Darcey et al., 2012). Cluster 1 includes a larger proportion of Korean respondents (55 percent), whereas Cluster 5 contains a majority of Taiwan Chinese respondents (67 percent). Clusters 3 ($n = 302$) and 4 ($n = 177$) appear to be the most similar, compositionally, but a standout feature for both is that they hold the largest proportion of respondents who have received formal education at an overseas (Western) institution.

<table>
<thead>
<tr>
<th>Segment</th>
<th>Cluster 1 ($n = 141$)</th>
<th>Cluster 2 ($n = 36$)</th>
<th>Cluster 3 ($n = 302$)</th>
<th>Cluster 4 ($n = 177$)</th>
<th>Cluster 5 ($n = 136$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classification</td>
<td>New workforce Chinese managers</td>
<td>Confucian orbit workforce</td>
<td></td>
<td></td>
<td>Traditional workforce</td>
</tr>
<tr>
<td>Society</td>
<td>14% Chinese</td>
<td>100% Chinese</td>
<td>53% Chinese</td>
<td>24% Chinese</td>
<td>29% Chinese</td>
</tr>
<tr>
<td></td>
<td>55% Korean</td>
<td></td>
<td>23% Korean</td>
<td>57% Korean</td>
<td>4% Korean</td>
</tr>
<tr>
<td></td>
<td>31% Taiwanese</td>
<td></td>
<td>24% Taiwanese</td>
<td>19% Taiwanese</td>
<td>67% Taiwanese</td>
</tr>
<tr>
<td>Sex</td>
<td>51% Female</td>
<td>50% Female</td>
<td>46% Female</td>
<td>49% Female</td>
<td>50% Female</td>
</tr>
<tr>
<td></td>
<td>48% Female</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age cohort</td>
<td>71% &lt; 45</td>
<td>100% ~ 45</td>
<td>69% &lt; 45</td>
<td>62% &lt; 45</td>
<td>30% &lt; 45</td>
</tr>
<tr>
<td></td>
<td>years</td>
<td>years</td>
<td>years</td>
<td>years</td>
<td></td>
</tr>
<tr>
<td>Median age</td>
<td>36 years</td>
<td>43 years</td>
<td>40 years</td>
<td>45 years</td>
<td>48 years</td>
</tr>
<tr>
<td>Education</td>
<td>82% Tertiary</td>
<td>100% Tertiary</td>
<td>85% Tertiary</td>
<td>84% Tertiary</td>
<td>73% Tertiary</td>
</tr>
<tr>
<td>Overseas educated</td>
<td>8% Yes</td>
<td>23% Yes</td>
<td>3% Yes</td>
<td>5% Yes</td>
<td>5% Yes</td>
</tr>
<tr>
<td>Occupation</td>
<td>14% P/M</td>
<td>100% P/M</td>
<td>33% P/M</td>
<td>19% P/M</td>
<td>19% P/M</td>
</tr>
<tr>
<td></td>
<td>60% F/S</td>
<td>32% F/S</td>
<td>40% F/S</td>
<td>40% F/S</td>
<td></td>
</tr>
<tr>
<td></td>
<td>20% Tech.</td>
<td>35% S.E</td>
<td>20% Tech.</td>
<td>16% Tech.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6% Admin.</td>
<td>21% S.E</td>
<td>21% S.E</td>
<td>25% Admin.</td>
<td></td>
</tr>
<tr>
<td>Years in workforce</td>
<td>(mean) 10.74 years</td>
<td>15.47 years</td>
<td>15.13 years</td>
<td>16.02 years</td>
<td>18.51 years</td>
</tr>
</tbody>
</table>

Notes: “Denotes number of overseas educated calculated as percentage of the number respondents who have been formally educated overseas at a Western institution; “respondents were asked to indicate the total number of years they have been in the workforce; “authors’ own classification; “P/M = Professional and Managerial, F/S = Frontline and Service, Tech. = Technical, Admin. = Administrative, S.E = Self-employed

Table X. Characteristic profile for cluster group membership
Interestingly, both clusters’ value of discipline was also the lowest of all the clusters. Lastly, the composition of Cluster 2 \((n = 36)\) was the most surprising to us. The entire segment consists of Chinese managers approximately 45 years old who have been in the workforce for 15 years. Whether or not this is a “statistical miracle” is debatable, but nonetheless, might provide compelling evidence toward the endurance of shared cultural values within a society.

Overall, the five clusters produced from our analysis demonstrate that the relative importance of each construct is different amongst each cluster group, and highlight more pronounced differences when compared to examining the three societies alone. An ANOVA test for the five clusters confirms a statistically significant difference \((p < 0.021)\), which is to be expected as clustering works on the basis of within-group homogeneity and between-group heterogeneity. To visually illustrate how each cluster differs from one another, and the relative distances based on each clusters’ prioritization of Confucian values, we utilize multi-dimensional scaling as presented in Figure 3.

Figure 3.
Multi-dimensional scale (MDS) – relative distances between five clusters, across China, Taiwan, and South Korea, on 9 Confucian values statements

Notes: Clusters are based on groupings of responses from three societies: China, Taiwan and South Korea. Demographic composition for each cluster is shown in Table X. The bubble sizes represent the relative numbers in each cluster. Overlaps in the bubble do not mean that “Progressive Workforce” and “Confucian Orbit” have some numbers in both clusters; Inter-cluster distances were calculated from cluster scores on the nine Confucian value items. Clusters were located in two-dimensional space using the cmdscale function in the statistical programming language, R
Our final set of testing was on the association between the Confucian values and workforce performance items included in this study. Whereas much of the previous analyses have focused on isolating constituents of the “CWE,” and in turn examine how they are prioritized between and across East Asian societies, we turn our attention to examining the explanatory power of Confucian values on work-related performances and behaviors. We conducted multiple regression (stepwise) analyses in two ways: first by developing separate models for the three societies (China, Taiwan, and Korea) as presented in Table XI, and second by developing separate models for the five clusters as presented in Table XII. While much has been said about the limitations associated with the stepwise approach (e.g. Hurvich and Tsai, 1990; McIntyre et al., 1983), its application to “exploratory analysis” is not uncommon, and can be useful to refining a model for further analyses (Whittingham et al., 2006). Admittedly, the aspects of Confucianism and workforce performance measures selected for this study are crudely drawn, in a larger attempt to gauge their overall association, thus rendering the stepwise method an appropriate choice. We report only the three models with the largest explanatory power (Adjusted R²) that were statistically significant, after using stepwise regression with an objective to finding the most parsimonious model. A variable not included in the model was not found to be statistically significant. Overall, between 7 and 27 percent of workforce performance can be explained by the Confucian values included in this study.

A combination of Confucian values included in this study predict motivation to succeed as one of the most explained work performance measures across the three societies (Table XI). For Chinese respondents, values such as competition, value of knowledge, and reciprocity explain approximately 24 percent of variation (R² = 0.237) in their motivation to succeed at challenging tasks, and only 12 percent (R² = 0.121) for Taiwan Chinese. For Koreans, on the other hand, individuation, hierarchy, competition, and knowledge explain approximately 11 percent (R² = 0.114). The second largest performance outcome was competitive attitude for China (R² = 0.200) and Taiwan (R² = 0.161), and accuracy for Korea (R² = 0.219).

Examining the associations between Confucian values and performance for the five clusters identified in this study, we can see slightly more variance explained across these models. In Cluster 2, for instance, 24 percent (R² = 0.239) of willingness to serve is explained by hierarchy, group orientation, and humility, in contrast to 10 percent (R² = 0.096) when examining Taiwan as a whole. Interestingly, performance outcomes such as willingness to serve, active service, and speed of work that resulted in R² less than 0.10 in models for the three societies, are better explained in our five cluster models. It is apparent that for each cluster, which is composed of a number of demographic characteristics, the meanings and priorities of certain Confucian values are construed and applied differently. That is, it is not enough to only consider society or nation as a unit of analysis when studying the effects of Confucianism on workforce performance, but that context also matters.

Discussion

The main purpose of this study was to investigate the link between Confucianism and workforce performance amongst individuals from three East Asian societies. Our approach required us to first consider the ways in which Confucianism has been considered (and overlooked) in the extant literature, and then assess its degree of heterogeneity within and across three societies. Taking an ipsative approach to the measurement of values and performance, our study highlights some interesting results which contribute to the ongoing discussion on Confucian values and performance.

The first objective of the study was to extend the current framework of Confucian values beyond relational dimensions – taking Monkhouse et al.’s (2013) study as an example – to
Table XI.

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Group orientation</td>
<td>Reciprocity</td>
<td>Humility</td>
<td>Value of knowledge</td>
<td>Discipline</td>
</tr>
<tr>
<td>China</td>
<td>Motivation to succeed</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Competitive attitude</td>
<td>$-0.142^{**}$</td>
<td>$-0.343^{***}$</td>
<td>$0.141^{**}$</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Speed of work</td>
<td>$0.126^{**}$</td>
<td>$0.165^{**}$</td>
<td>$0.296^{***}$</td>
<td>$0.169^{**}$</td>
<td></td>
</tr>
<tr>
<td>Taiwan</td>
<td>Competitive attitude</td>
<td>$0.169^{**}$</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Motivation to succeed</td>
<td>$-0.125^{**}$</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Willingness to serve</td>
<td>$0.281^{***}$</td>
<td>$0.103^{*}$</td>
<td>$0.136^{**}$</td>
<td>$0.196^{**}$</td>
<td></td>
</tr>
<tr>
<td>Korea</td>
<td>Accuracy</td>
<td>$-0.158^{**}$</td>
<td>$0.109^{*}$</td>
<td>$0.096^{*}$</td>
<td>$0.261^{***}$</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Motivation to succeed</td>
<td>$0.119^{*}$</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Speed of work</td>
<td>$-0.220^{***}$</td>
<td>$-0.085$</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes: Multiple regression method stepwise. In this table, “Performance” items represent the dependent variables, and “Value” items represent the independent variables. Statistically significant results for the three largest models for each society are reported. A variable that is not reported in the model was not statistically significant. *$p \leq 0.10$; **$p \leq 0.05$; ***$p \leq 0.001$
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Motivation to succeed</td>
<td>0.442***</td>
<td>0.119*</td>
<td>0.271***</td>
<td>0.274 (0.258)</td>
</tr>
<tr>
<td></td>
<td>Presentation of self</td>
<td>0.177**</td>
<td>-0.172**</td>
<td>-0.267**</td>
<td>0.221 (0.199)</td>
</tr>
<tr>
<td></td>
<td>Speed of work</td>
<td>-0.109</td>
<td>-0.335***</td>
<td>-0.246**</td>
<td>0.153 (0.135)</td>
</tr>
<tr>
<td></td>
<td>Willingness to Serve</td>
<td>0.431**</td>
<td>0.317*</td>
<td>0.161**</td>
<td>0.239 (0.167)</td>
</tr>
<tr>
<td></td>
<td>Presentation of self</td>
<td></td>
<td>-0.426***</td>
<td>0.314*</td>
<td>0.220 (0.173)</td>
</tr>
<tr>
<td>2</td>
<td>Willingness to Serve</td>
<td></td>
<td></td>
<td></td>
<td>0.199 (0.150)</td>
</tr>
<tr>
<td></td>
<td>Active service</td>
<td></td>
<td></td>
<td></td>
<td>0.199 (0.150)</td>
</tr>
<tr>
<td>3</td>
<td>Willingness to serve</td>
<td>-0.162**</td>
<td>0.078</td>
<td>-0.117**</td>
<td>0.371***</td>
</tr>
<tr>
<td></td>
<td>Speed of work</td>
<td></td>
<td>-0.103*</td>
<td>0.182**</td>
<td>0.225 (0.215)</td>
</tr>
<tr>
<td></td>
<td>Willingness to serve</td>
<td>-0.062*</td>
<td>0.240***</td>
<td>-0.086</td>
<td>-0.236***</td>
</tr>
<tr>
<td></td>
<td>Competitive attitude</td>
<td></td>
<td></td>
<td></td>
<td>0.128 (0.116)</td>
</tr>
<tr>
<td>4</td>
<td>Willingness to serve</td>
<td>0.996</td>
<td>0.343***</td>
<td>-0.152*</td>
<td>0.244**</td>
</tr>
<tr>
<td></td>
<td>Competitive attitude</td>
<td>0.099</td>
<td>-0.303***</td>
<td></td>
<td>0.209 (0.190)</td>
</tr>
<tr>
<td></td>
<td>Accuracy</td>
<td>0.140*</td>
<td>0.171*</td>
<td>0.226**</td>
<td>-0.136*</td>
</tr>
<tr>
<td></td>
<td>Competitive attitude</td>
<td></td>
<td></td>
<td></td>
<td>0.123 (0.108)</td>
</tr>
<tr>
<td>5</td>
<td>Competitive attitude</td>
<td>-0.297***</td>
<td>-0.213**</td>
<td>0.133</td>
<td>0.259***</td>
</tr>
<tr>
<td></td>
<td>Motivation to succeed</td>
<td></td>
<td></td>
<td></td>
<td>0.113 (0.092)</td>
</tr>
<tr>
<td></td>
<td>Willingness to serve</td>
<td>0.163*</td>
<td>0.184**</td>
<td>0.301***</td>
<td>0.128 (0.108)</td>
</tr>
<tr>
<td></td>
<td>Willingness to serve</td>
<td>0.215**</td>
<td>0.150*</td>
<td></td>
<td>0.113 (0.093)</td>
</tr>
</tbody>
</table>

**Notes:** Multiple regression method stepwise. In this table, “Performance” items represent the dependent variables, and “Value” items represent the independent variables. Statistically significant results for the three largest models for each cluster are reported. A variable that is not reported in the model was not found to be statistically significant. *$p \leq 0.10$; **$p \leq 0.05$; ***$p \leq 0.001$.
include two other aspects, namely: pedagogical and transformative aspects of Confucianism. China, Taiwan, and Korea demonstrated similar patterns in their prioritization of Confucian values, with the rank ordering of the “higher prioritized” values reflecting pedagogical, relational, and transformative aspects of Confucianism, respectively. Thus, and as we expected, studies which take a one-sided view of a philosophy as multifaceted as Confucianism run the risk of overlooking important elements fundamental to Confucian teachings. For all three societies, the value of knowledge was prioritized the highest. This is not surprising given the fundamental virtue of education espoused by Confucius, which has been diffused through all strata of Eastern society, highlighted by the region’s high economic investment in education (Marginson, 2011), and generally superior performance in international standardized tests (Jensen, 2012). Interestingly, money orientation had an opposite effect, ranking last for each society (second last for Korea). While the literature supports the growing concern for money and wealth in developed East Asian economies (Froese, 2013; Yang and Stening, 2013), our findings suggest that in a trade-off situation, individuals will place more emphasis on sustained growth and rewards, possibly reflecting the long-term orientation with investments, such as education (Hofstede and Bond, 1988).

The ordering of the Confucian values is indicative of the trade-offs individuals are willing to make. While the pattern is generally consistent, our findings demonstrate significant differences between societies on several values. These differences are generally consistent with our original categorization of each society’s historical appropriation of Confucian thought. Taiwan, which we labeled Confucian Preservation, strongly emphasizes relational values of hierarchy and reciprocity – a reflection of its strong traditionality. Korea, identified as Confucian Pragmatism, significantly differ on the values of knowledge, money orientation, and group orientation – aspects which increase social mobility (Xie and Goyette, 2003). China, however, presents an interesting case. Considered the country of Confucian Origin, China has experienced a number of socio-cultural and political transformations which have undermined the legitimacy and importance of Confucian teachings across time. Further, the influence of political ideologies propounded by Mao Zedong and Deng Xiaoping have resulted in a number of seemingly contradictory value systems operating side-by-side (Meyer, 2011; Yang and Stening, 2013). This might explain the small degree of agreement on the prioritization of Confucian values by Chinese respondents found in this study.

Next, similarities were found across the three societies, forming five distinct clusters based on individuals’ trade-off patterns of Confucian values and workforce performance. Each cluster generally prioritized values differently, and was composed of respondents of varied demographic characteristics. As most clusters had a significant membership from all three societies (with the exception of Cluster 2), we share Auger et al.’s (2007) sentiment that country of origin is only one predictor – and potentially small one – of social values and attitudes. Indeed, as our findings highlight, generational cohort and, to a lesser degree, attainment of education from an overseas institution could be observed as markers of differentiation between certain values and performance. The “New Workforce” (Cluster 1) value money and wealth, and find a balance between mindset-oriented and process-oriented performances in their approach to work, being defined as a younger and less experienced cohort. The “Traditional Workforce” (Cluster 5), on the other hand, are defined by longer tenure, and prioritize the importance of status and mutuality in relationships, which is also reflected in their emphasis on affective motivation or “emotional attachment” toward the organization. Our findings are in line with Ralston et al. (1999) conclusion that while the new generation of managers show more individualistic tendencies, it is not at the risk of forsaking the relational and collectivistic aspects of Confucianism. While fewer distinctions can be made between the “Confucian Orbit” (Cluster 3) and “Progressive Workforce” (Cluster 4), each group displays the largest proportion of overseas educated respondents, and also consider discipline relatively less important overall. This could be explained by the
generally contrasting pedagogical approaches to education in the East vis-à-vis West – specifically, the West with its more permissive style to education emphasizing a playful approach (Wood and Attfield, 2005) and focus on creativity (Craft, 2003). Lastly, the “Chinese Managers” (Cluster 2) represent a unique case, as the entire cluster consists of tertiary educated, mainland Chinese respondents in managerial positions. Members of this cohort most likely experienced their formative years during China’s economic reforms from the late 1970s – where market capitalism and open competition were beginning to flourish (Yang and Stening, 2013). Valuing competition and having a competitive attitude in the workforce are perhaps by-products of an institutional environment which encouraged individuals to “demonstrate their worth” in order to be successful. Faure and Fang (2008) discuss the diminishing significance of guanjx networks in modern China as a means of promotion, instead referring to an increased level of professionalism and competence. A cornerstone of guanjx is reciprocity, and our findings indicate that the cluster of “Chinese Managers” consider this to be the least important value, supporting our assertion that the value priorities of this cohort might be influenced by the changing political and economic landscape over time. In sum, differences in values and performance prioritization between our clusters are loosely explained by intergenerational differences (Egri and Ralston, 2004), however caution must be exercised in taking a wholesale approach to defining values and work performance by age cohort (Parry and Urwin, 2011).

Overall, the combination of relational, pedagogical, and transformative aspects of Confucianism included in this study explain between 7 and 27 percent of the variance in workforce performance. Though we concede this is not considerably high, our preliminary examination of the link between Confucianism and work performance at the micro-level presents a useful starting point for future enquiries of this nature. Of the nine workforce performance items included in this study, motivation to succeed accounts for the highest explained performance across our models. This is not surprising given the emphasis on self-cultivation in the Confucian tradition, as a driver to seeking continuous achievement. In particular, Yu and Yang (1994) refer to the emphasis on co-operation in the family unit within East Asian societies as being a powerful motivator for success. Next, process specific performances such as speed of work, accuracy, and presentation can be explained by a number of Confucian values across our models. Services rendered in Asian hospitality such as restaurants, airlines, and hotels are often praised for their frontline staff’s efficiency and precision, and it has only been speculated that Confucianism could have an influence on how services are rendered. In their study on competitiveness and workforce performance, Baumann et al. (2016) identify the “Confucian orbit” – including China, Japan, and South Korea – as a unique cluster based on a similar work performance index (i.e. between 81 and 93 percent of variance in performance could be explained). In this study, we have identified specific antecedents as they relate to Confucian values to explain these work-related performances. More importantly, each model not only differs in its degree of explanatory power, but also in its composition of values, indicating that the prioritization of Confucian values and its connection to certain behaviors varies substantially between societies and clusters.

Conclusions
This study makes unique contributions in four distinct ways. First, the study considers the multifaceted nature of Confucianism, and extends the current dimensions typically used to measure Confucian values by including both pedagogical and transformative aspects. Second, this study demonstrates the utility of BWS for capturing trade-offs and providing a clearer delineation of values and performance prioritization across respondents. Third, from the data the study identifies five clusters across three societies, highlighting distinct patterns not discerned from the societal/national level of analysis alone. And fourth, this study contributes to the link between Confucianism and
performance – at the micro-level – by testing the association between three aspects of Confucianism and a series of work-related performances.

Taken together, this study breaks new ground by rethinking the approaches to capturing and measuring Confucianism. Previous cross-cultural studies have assumed a relative homogeneity in the endorsement of Confucian values amongst East Asian societies, or have taken a one-sided view of Confucianism, resulting in a limited perspective while also ignoring multiple variations within the region. Tu Wei-ming (1996), an authority on Confucian thought, states that “we must not underestimate the complexity of the methodological issues involved in addressing the Confucian role in East Asian societies” and that it is a “many-faceted conversation rather than discrete monologue” (p. 5). Thus our study merely offers another starting point to probe the ongoing fascination with Confucianism in contemporary East Asia.

Theoretical implications

The conceptual starting point of this study centers on the notion of different shades of Confucianism. Following from the logic of modernization theory, we demonstrate that the Confucian tradition has been transformed/appropriated differently across societies in response to the political, economic, technological, and socio-cultural developments, and thus manifest in varying prioritizations of Confucian values. The transformative aspects of Confucianism included in this study are often viewed as “modern, capitalistic, or Western” values in the literature (Hsu and Huang, 2016; Yang and Stening, 2013), but we argue that each is historically rooted in classical Confucian teachings, and manifests itself in new and peculiar expressions in a contemporary milieu. The study contributes to King’s (1996) theory of “rationalistic traditionalism” which suggests that Confucianism contains the seeds of transformation, and that such traditions are preserved and practiced mainly because they serve current rationalistic ends. While there remains a strong emphasis on education and knowledge amongst respondents, the balance between relational and transformative aspects of Confucianism is indicative of the dualistic and paradoxical nature of culture, represented in the Eastern philosophy of Yin and Yang (Fang, 2005-2006, 2012). Unlike Hofstede’s (2007, p.417) “either/or” conceptualization of culture where “collectivist” tendencies are diametrically opposed to “individualistic” tendencies, our findings demonstrate that East Asians – in this study at least – support a co-existence of values which are “self-centered” vis-à-vis “other-focused” (Lu and Yang, 2006). Ultimately, this study’s findings support the need to consider the different styles of “thinking” across cultures, particularly the relevance of the East’s holistic way of thinking for cross-cultural management (Lee, 2017).

At the societal level, this study found a generally similar pattern in the hierarchy of Confucian values between China, Taiwan, and Korea. However, further analysis points toward the finding that substantial variations exist within each society on the basis of value and performance priorities alone, and in combination with other demographic variables, points to the need to re-evaluate current approaches to comparative management research. It is far too often, unfortunately, that researchers conclude that all individuals within one group are regarded as equal to the average of that group. This form of Ecological Fallacy assumes cultural homogeneity, and blatantly ignores cultural variations within a given nation-state (Winzar, 2015). The findings of this study support Tung’s (2008) call for a balance between cross-national and intra-national diversity in research. Further, and in a similar vein to Zhang et al. (2005), we conclude that East Asia – both within and between societies – cannot be treated as a single entity when there are so many evident cultural dynamics at play. With the embrace of the modern lifestyle, our findings highlight how individuals from East Asia are able to negotiate seemingly opposing values, and exercise a balance in response to the opportunities and challenges that globalization presents.
The study demonstrates the utility of the Best-Worst experimental design as an alternative to rating scales. The forced choice trade-offs create more opportunities to delineate the importance of one value relative to the next, thus providing a more detailed hierarchy of value and performance preferences. Fang (2003, 2005-2006, 2012) has discussed, at the conceptual level, the usefulness of Yin Yang philosophy in thinking about the complexities of culture, and we build upon this thought by providing a tool to tease out the complexity of measuring Confucianism at the individual level. In this study, we build upon BWS by applying it to the study of cultural values, and pioneer an approach to better measure Confucianism. Such an approach can be useful in applications beyond management studies, and we see no reason that it could not be adapted for studies in education, consumer behavior, marketing, and beyond.

Finally, in relation to the link between Confucianism and workforce performance, the study provides empirical support toward what have mostly been theorizations at the micro-level. The findings from this study offer some insight into the question of whether work ethic is a cultural issue, as posed by Baumann and Winzar (2017). Specifically, over a quarter of work performance can be explained by various aspects of Confucianism, indicative that the ancient philosophy continues to have important implications for management and human resource development today (Wang et al., 2005). While previous studies have established that East Asia is markedly different to the West in terms of general links between pedagogical approach and work ethic (Baumann, Hamin and Yang, 2016); school discipline and performance (Baumann and Krskova, 2016); academic achievement and competitiveness (Baumann and Winzar, 2014); and motivation and performance (Baumann, Hamin and Yang, 2016; Baumann, Hamin, Tung and Hoadley, 2016), our study identifies specific cultural dimensions as antecedents to these outcomes.

Practical implications
The results of this study reify the strong links between culture, education, and performance. Namely, that the pedagogical approach of Confucian East Asia, with its emphasis on education and strict discipline, are shown to have a spillover effect into how individuals perform in the workforce. Work ethic cultivated by formal education is a contributing factor to “cultural capital” as put forward by Bourdieu (1997), where certain skills and distinct behaviors contribute to the achievement orientation of the workforce. Therefore, for policy-makers in East Asia, special attention should be given to continuing the cultivation of core values through the formal education system. Culture is not easily replicable, and the functions of discipline, respect and hard work learned through years of schooling serve as drivers of performance in the workforce – even a form of competitive advantage.

For human resource management, our study highlights the need to move beyond a “one size fits all” approach to managing workforce diversity (Tung and Baumann, 2009). Previous cross-cultural studies have assumed relative cultural homogeneity within a given country, and this also extends to assuming a uniform endorsement of Confucian values and how this might affect individuals’ behaviors in the workforce. Results from this study identify at least five “types” of workforce in East Asia whose prioritization of Confucian values are meaningfully different, and drive performance in meaningfully different ways. More broadly, identifying how certain segments within the East Asian workforce internalize the various aspects of Confucian culture can inform decisions about employee skill assets and organizational fit.

Limitations and future research
As with most research, our study has limitations. This study deliberately focuses on two overlooked aspects of Confucianism, being pedagogical and transformative, to extend the extant framework of values within East Asian societies and consider its links with
work-related behaviors. Our approach is by no means exhaustive, and we implore others to consider other aspects of Confucianism. Further, while our models have fairly good explanatory power for social research, other factors may be included to better explain performance across Eastern workforces. Specifically, countries within East Asia are largely syncretic, in that culture and values are shaped by an interaction of ideologies, philosophies, and religions, combined. For example, besides Confucianism, the values imparted in Daoism and Buddhism has been instrumental to the shaping of Chinese values throughout history (Redding, 1990; Lin et al., 2013).

Baumann and Winzar (2017) argue that the link between Confucian values and work-related behaviors is contextual (i.e. ReVaMB model). Future studies should incorporate moderating factors in the examination between Confucianism and workforce performance, such as organizational type (i.e. domestic vis-à-vis foreign owned), career stage, organization size, etc. Further, one might question how differences in personality, societal norms, and exposure to media among other things might affect value priorities. Future research probing the interaction effect of context/situation on values and performance might also consider such antecedent factors.

Finally, this study only examines the major cities of China, Taiwan, and South Korea (with relatively similar levels of economic development and exposure to foreign investments) which represents a limited perspective of Confucianism within East Asia. An extension of this study should be made to include other societies traditionally influenced by Confucianism, such as Vietnam, Singapore, and Japan – countries representing various stages of economic development, and political governance. Future studies could also probe regional differences within each selected country.

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**Further reading**


Appendix 1. Balanced Incomplete Block Design used in this study

- Number of levels (objects to be evaluated): 9 objects
- The number of times a level is evaluated in the whole design: 4 times
- The number of blocks (choice tasks): 12 tasks
- The number of levels in each block: 3 levels
- The number of time any pair appear together in one block: 1

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Zhong-Yong as dynamic balancing between Yin-Yang opposites

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Abstract

Purpose – The purpose of this paper is to comment on Peter Ping Li’s understanding of Zhong-Yong balancing, presented in his article titled “Global implications of the indigenous epistemological system from the East: How to apply Yin-Yang balancing to paradox management.” Seeing his understanding of Zhong-Yong balancing being incorrect and incomplete, the author proposes an alternative perspective on Zhong-Yong as dynamic balancing between Yin-Yang opposites.

Design/methodology/approach – The author first explain why Peter P. Li’s “asymmetry” and “superiority” arguments are flawed by referring to the original text of the classical book of Zhong-Yong (中庸) and a comparison between Zhong-Yong and Aristotle’s doctrine of the mean. The author then propose an alternative approach to Zhong-Yong balancing that is embedded in the original text Zhong-Yong but somehow has been neglected by many Chinese scholars. The author concludes the commentary by unifying the two alternative approaches to Zhong-Yong balancing under the inclusion-selection-promotion-transition (ISPT) framework of Zhong-Yong balancing.

Findings – There are three main findings. First, as the original text of Zhong-Yong does not prescribe asymmetry, Peter P. Li’s notion of “Yin-Yang balancing” is ironically unbalanced or anti-Zhong-Yong due to his emphasis on asymmetry to the exclusion of symmetry. Second, due to the equivalency between Zhong-Yong and Aristotle’s doctrine of the mean, Peter P. Li’s assertion that “Yin-Yang balancing” is superior as a solution to paradox management is flawed. Third, his “Yin-Yang balancing” solution is only (the less sophisticated) one of two alternative approaches to Zhong-Yong balancing, i.e., ratio-based combination of Yin-Yang opposites. What Peter P. Li and many other Chinese have neglected is another approach to Zhong-Yong that is embedded in the original text of Zhong-Yong, which I call “analysis plus synthesis.”

Research limitations/implications – As it is a commentary there are no specific limitations except for what can be covered in the space available.

Practical implications – The “analysis plus synthesis” approach to Zhong-Yong can be adopted by practitioners who are demanded to balance between opposite forces in daily life and work.

Social implications – The rejection of the “Yin-Yang balancing being superior” assertion facilitates reduction of friction and non-cooperation between intellectual traditions.

Originality/value – This commentary contributes to the “West meets East” discourse by debunking Peter P. Li’s assertion that Yin-Yang balancing is superior as a solution to paradox management and his prescription that balancing between Yin-Yang opposites must be asymmetric. It also contributes to the Chinese indigenous management research by identifying a largely neglected approach to Zhong-Yong balancing (i.e. “analysis plus synthesis”) that is alternative to the commonly understood ratio-based combination approach (e.g. “Yin-Yang balancing”). In addition, it contributes to the management literature by proposing the ISPT framework of Zhong-Yong balancing.

Keywords Symmetry, Asymmetry, Balancing, Yin-Yang, Doctrine of the mean, Zhong-Yong

Paper type Viewpoint

In the first issue of Cross Cultural and Strategic Management after the journal’s official rebranding, Li (2016) presents a viewpoint titled “Global implications of the indigenous epistemological system from the East: How to apply Yin-Yang balancing to paradox management.” What he means by “Yin-Yang balancing” is essentially the Confucian notion of...
Zhong-Yong (中庸) although he avoids using the term because Zhong-Yong is precisely about dynamic balancing between Yin-Yang opposites. While his analysis has some merits, it has two fundamental flaws. The first is his prescription of “asymmetrical balancing,” namely, “Yin-Yang balancing” “require[s] one of the two opposite elements to play the dominant role […] while the other opposite element will play the subordinate role” (Li, 2016, p. 57, italic added). The second is his assertion of the superiority of “Yin-Yang balancing” as a solution to paradox management, namely, among all “five cognitive or logical systems [that] can be extracted […] Yin-Yang balancing is the only one that fully embraces paradox” (Li, 2016, p. 58, italic added).

My commentary aims to explain why the aforementioned “asymmetry” and “superiority” arguments are flawed on the one hand, and to present an alternative understanding of Zhong-Yong on the other.

Take the asymmetry argument first. Elsewhere, Peter P. Li puts it a categorical statement that “opposite elements […] must adopt an asymmetrical pattern” (Lin et al., 2015, p. 334, italic added). However, in the original text of Zhong-Yong, one of the four Confucian classical books, there is no such an asymmetry prescription. On the contrary, in chapter ten of Zhong-Yong, there is a sentence “故君子和而不流; 中立而不倚,” which can be translated as “Thus the respectable men maintain harmony but do not simply follow others without thinking; they stand in the middle without leaning to either side.” This sentence justifies symmetry as a legitimate pattern in Zhong-Yong balancing.

In fact, both symmetric and asymmetric balances are legitimate. In chapter two of Zhong-Yong, there is a sentence “君子之中庸也, 君子而时中,” which can be translated as “The respectable men practice Zhong-Yong and they do so according to the specific situations they are in.” This notion of “时中” (situational Zhong-Yong) gives flexibility to the practice of Zhong-Yong balancing, namely, one may choose symmetric or asymmetric balance according to the specific situation facing him or her, on the one hand; and one should dynamically adjusts the pattern (switching between symmetry and asymmetry, or altering the degree of asymmetry) in response to the change of the situation facing him or her, on the other hand.

Peter P. Li recognizes that “the interaction and inter-transformation of opposite elements tend to trigger a dynamic shift in the relative status or positions of opposite elements from a dominant to a subordinate role, or vice versa” (Li, 2016, p. 57). Obviously, the shift from one type of asymmetry (e.g. yin being dominant and yang being subordinate) to the opposite type of asymmetry (i.e. yin being subordinate and yang being dominant) must go through the phase of symmetry (i.e. yin and yang being equal). This also means, Zhong-Yong balancing allows both symmetry and asymmetry.

Yet, in order to be consistent with his asymmetry prescription, Peter P. Li argues that “a swift switch in the relative status between dominant and subordinate roles is often desirable” (Li, 2016, p. 58, italics added). However, the sharp contrast between the failures of the “shock therapy” reforms implemented in the former Soviet Union economies in 1990s and the success of the gradualist reform approach adopted by China since 1980s clearly contradicts Peter P. Li’s argument (Blanchard and Kremer, 1997; Qian et al., 1999). The “shock therapy” reform prescribes a swift switch between two opposite models of economy, i.e., a socialist economy with the state sector as the dominant and the private sector the subordinate vis-à-vis a capitalist economy with the private sector as the dominant and the state sector the subordinate. In contrast, China’s gradualist economic transition allowed a slow change of the relative weight of the state sector vis-à-vis the private sector in the Chinese economy.

In addition, the emphasis on asymmetry to the exclusion of symmetry in balancing Yin-Yang opposites may have negative consequences. In the Chinese culture, yin is associated with female while yang male. The exclusive emphasis on asymmetry might be used to justify gender inequality, as men (yang) were treated as being superior to women (yin) in the imperial China. When it comes to the discourse of “West meets East,” although Peter P. Li (2012, p. 90,
once talked about “the emerging trend for the West to meet and integrate with the East on an equal footing toward a balanced geocentric meta-paradigm,” he has recently come to stress “the possibility for an East-West integration as an asymmetrical balance with perhaps more emphasis on the Eastern philosophy” (Li, 2016, p. 44, italics added).

Peter P. Li’s “Yin-Yang balancing” approach to paradox management can be summarized by four “partial’s, namely, epistemologically, the two opposites in a paradox should be seen as being partially conflicting and partially complementary, and methodologically, the two opposites should be partially separated and partially integrated. On the operational level, the essence of “Yin-Yang balancing” is to include two opposites in the final solution with a “properly balanced ratio” between the two (Li, 2014, p. 330, Lin et al., 2015; cf. March, 2010, p. 81). Simply speaking, “Yin-Yang balancing” results in a compromised solution, n percent of which is consisted of the yin element and the rest 100-n percent of the yang element (see Figure 1). For example, a “Yin-Yang balancing” solution to March’s (1991) exploration-exploitation paradox is not to fully focus on either exploration or exploitation but to allocate part of firm resources for exploration and part for exploitation (Li et al., 2012).

However, such a ratio-based approach to balancing is entirely compatible with Aristotle’s Doctrine of the Mean as outlined in his Nicomachean Ethics. According to Gottlieb (2009, p. 19), Aristotle’s Doctrine of the Mean has three aspects: “First, virtue, like health, is in equilibrium and is produced and preserved by avoiding extremes and hitting the mean; it is self-sustaining. Second, virtue is in a mean “relative to us.” Third, each virtue is in a mean between two vices, one of excess and one of deficiency.” So, Aristotle’s mean is not an arithmetic calculation equidistant from two opposed extremes. The mean is “relative to us,” which “cannot be determined without close attention to features of the persons to whom such means are relative and the circumstances in which those persons are placed” (Losin, 1987, p. 332). Such a mean “relative to us” is equivalent to the Confucian notion of “时中” (situational Zhong-Yong), i.e., balancing according to the specific circumstances of the situation.

The equivalency between Zhong-Yong and Aristotle’s doctrine of the mean implies that Chinese and Westerners may come up with similar or equivalent solutions to paradox management. As a matter of fact, without resorting to Yin-Yang or Zhong-Yong, Nagji and Tuff (2012) have provided a solution to the exploration-exploitation paradox that has close resemblance to the “Yin-Yang balancing” solution. Namely, they found successful firms normally simultaneously invest in three categories of activities, i.e., core (exploiting existing), adjacent (expanding from existing core into “new to the company” business), and transformational (exploring breakthroughs and things new to the market). They found, on average, high-performing firms allocate about 70 percent of their resources to enhance existing core businesses, 20 percent to exploit adjacent opportunities, and 10 percent to explore transformational initiatives. Therefore, there appears to be no basis in asserting the superiority of “Yin-Yang balancing.”

Figure 1.
Two alternative approaches to Zhong-Yong balancing
In my view, Peter P. Li’s understanding of Zhong-Yong (in the name of “Yin-Yang balancing”) is not only incorrect (i.e. emphasizing asymmetry to the exclusion of symmetry) but also incomplete. To be fair, his ratio-based approach to Zhong-Yong is a very common understanding of Zhong-Yong shared by many Chinese. However, what Peter P. Li and many other Chinese have neglected is another approach to Zhong-Yong that is more sophisticated than the ratio-based one.

This largely neglected approach is embedded in chapter six of Zhong-Yong, i.e., “舜其大知也与，舜好问而好察迩言，隐恶而扬善，执其两端，用其中于民，其斯以为舜乎！” This sentence can be translated as “the sage-king Shun indeed was greatly wise! Shun loved to ask people and study their words though they might be shallow. He discarded the bad parts in them and promoted the good parts. He took hold of extremes and chose something in between to be used in his government of the people. It was by this that he was Shun.” Shun’s approach to balancing between opposite opinions is not to compromise by mixing $n$ percent of one extreme opinion and $100 - n$ percent of another extreme, but to analyze what are the good and bad parts in each of the two opposite opinions and then combine the good parts while discarding the bad parts of both opposite opinions.

I use the phrase of “analysis plus synthesis” to generalize Shun’s approach into a generic solution to Zhong-Yong balancing. Here, “analysis” means, when managing paradoxical opposites, one should avoid treating each opposite as an unbreakable unitary entity because doing so leads one to treat each opposite as a “black box” without deep understanding of it; instead, one should try to open up the “black box” by analyzing its inner structure and mechanism. For example, in managing the exploration-exploitation paradox, one should try to understand what exploration/exploitation really is: for example, what activities are involved, how the activities are structured or connected, how many critical phases are there in the process of exploration/exploitation, etc. With such an analysis or understanding, one is in a better position to balance exploration and exploitation by synthesizing or integrating parts of both opposites in a creative way, resulting in a composite solution (see Figure 1).

This “analysis plus synthesis” approach to Zhong-Yong also has equivalent in Western thinking, e.g., embodied in the phrase “get the best of both worlds.” Stroh and Miller (1994) identify “best of both thinking” as one of four generic approaches to manage paradox. Without resorting to Yin-Yang or Zhong-Yong, Gulati and Garino (2000) offer a solution to balancing the traditional (bricks) and e-commerce (clicks) business models that has close resemblance to the “analysis plus synthesis” approach. They do not treat the traditional business and e-commerce models as “black boxes,” but dissect them into several aspects, i.e., brand, top management team, operations, and equity ownership, and then show different companies have adopted different degrees of integration of the two business models on these different aspects.

The two alternative approaches to Zhong-Yong balancing, i.e., ratio-based combination and “analysis plus synthesis,” can be both operationalized by the inclusion-selection-promotion-transition framework, first proposed by Xin Li (2014). Here, inclusion means when balancing opposites, one should always include both opposites. For the ratio-based combination approach, inclusion means both opposites are treated as unbreakable unitary entities and included in the final solution with a “properly balanced ratio” between the two. For the “analysis plus synthesis” approach, inclusion means elements or parts of both opposites are included in the final solution. Selection means something is to be selected or treated as priority. For the ratio-based combination approach, selection means one of the two opposites as a whole should be selected as priority or play a dominant role while the other subordinate in Peter P. Li’s words. For the “analysis plus synthesis” approach, selection means some elements or parts of each opposite should be selected as priority while other elements or parts are un- or under-prioritized. Promotion means, while one should prioritize something, he or she should also promote the other un- or under-prioritized to prevent the potential crowding out of them by the prioritized. For the ratio-based combination approach, promotion means to increase the relative importance.
of the subordinate role when the change of situation requires one to do so. For the “analysis plus synthesis” approach, promotion means to increase the relative value of the un- or under-prioritized parts or elements of each opposite. Transition means, as time passes, the external as well as internal environments or circumstances may have changed, the prioritization choice should also be altered, and therefore one should deliberately transit from the current prioritization to a new prioritization. For the ratio-based combination approach, the transition is between the two opposites each of which is taken as a whole in terms of which one plays the dominant role and which the subordinate. For the “analysis plus synthesis” approach, the transition is between the prioritized and un- or under-prioritized parts or elements of each opposite in terms of which is to be selected as priority.

References

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