

# Business Leadership and Chinese-Style Management in Enterprise Development: The Case of Chinese

Anning Ma<sup>1,\*</sup> and Xinyu Lai<sup>2</sup>

<sup>1</sup> Business School, The University of Sydney, Sydney, NSW2006, Australia

<sup>2</sup> School of Computing & Information Systems, University of Melbourne, Melbourne, VIC, Australia

Email: [anningma@ldy.edu.rs](mailto:anningma@ldy.edu.rs) (A.N.M.)

\*Corresponding author

**Abstract**—Leadership is one of the key factors for business success, which not only affects the growth prospects of the organization and the employee performance, but also determines whether a business can survive in a competitive market. However, leadership is not a static trait; it can be improved through nurturing and development. Most of the current research does not integrate leadership development with business management, which is in fact a microcosm of the leader's decision-making. Therefore, this study explores business leadership in conjunction with Chinese management philosophy. This study analyses business leadership through the '5 Levels of Leadership' model, followed by recommendations for next steps on how leadership can lead corporate change, using Chinese enterprises as examples. Based on Chinese management philosophies, this study analyses how leaders should develop strategies for corporate reform and how to address the challenges in the process of corporate reform. The scope of this study is Chinese enterprises, but the concept of Chinese management philosophy is also applicable to enterprises in other parts of the world.

**Keywords**—business leadership, Chinese-style management, corporate reform, corporate systems, Chinese enterprises

## I. INTRODUCTION

Since China's reform and opening up in 1978, China's economy has been transformed from a command economic system to a market economic system, from a strictly state-controlled sector to a diversified set of stakeholders, and Chinese enterprises have reformed accordingly (Liu & Chen, 2024). China's economic transformation has not only brought tremendous development to the Chinese economy, but has also contributed to global economic development. At the same time, the market size of Chinese enterprises is growing. The success of an enterprise stems from the leadership and management skills of its managers. At the heart of successful business leadership is developing a vision for the organization and inspiring teams to work collaboratively to achieve this corporate vision (Li, 2023). In an organization, it is the role of the leader to lead their team to improve in all areas of competence, progressing

from one area to another and making capital leaps in favour of the organization. In terms of internal management, the main role of the leadership is to facilitate the reform and improvement of the internal management of the enterprise, to evolve from the current management system to a more advanced one, and thus to enhance the driving force of the enterprise.

## II. DEFINITION AND IMPORTANCE OF LEADERSHIP

Leadership is a core competency demonstrated by top decision makers in an organization, which covers the leader's sensible use of human resources and familiarity with the company's existing resources in terms of a specific scope, so as to achieve an optimal combination of resources and thus substantially improve the execution efficiency of the whole team (Ren, Wood, & Zhu, 2023). Leadership behaviours involve learning, decision-making, organizing, teaching, executing, inspiring, etc. These behaviours are designed to inspire the intrinsic motivation of employees so that they willingly follow their leaders, rather than simply obeying to enterprises' rules and regulations. The close alignment of a successful business strategy with a talent strategy is the key to achieving corporate goals. All of this requires leadership to lead and implement. In recent years, an increasing number of enterprises have focused on Action Centre Leadership, a leadership model that emphasises optimising business management by changing behaviours that are trainable, transformable and repeatable. World-famous enterprises such as Apple, Xiaomi, Alibaba, etc., have achieved the optimal combination of task, team and individual through sharing enterprises' policies, vision and goals, planning and execution, reviewing effectiveness, and rewarding and motivating, thus promoting the rapid development and growth of the company (Steve, 2014). The key to these successful enterprises lies in the use of behaviour-centred leadership, which provides a strong internal driving force to help enterprises stand out in fierce market competition.

## III. CHINESE-STYLE MANAGEMENT PHILOSOPHY

Chinese-style management was proposed by Professor Zeng Shiqiang, which refers to the combination of Western modern management science and Chinese-style management philosophy, with full consideration of

---

Manuscript received August 6, 2024; revised September 22, 2024; accepted November 2, 2024; published March 27, 2025.

Chinese cultural traditions and psychological and behavioural characteristics, and using the I Ching as the theoretical basis, so as to achieve sensible management (Zeng, 2015). Chinese-style management emphasises ‘seeking differences in the same’ and ‘seeking commonalities in differences’, highlighting the need for management policies to be integrated with local customs and practices in order to enhance its effectiveness. Based on this, the scope of the study is Chinese enterprises and therefore it is appropriate to adopt the concept of Chinese-style management. Due to China’s large population base and the complexity of Chinese society and economy, there is a need to introduce western management philosophies in Chinese enterprises to help managers cope with the complex process of enterprise management. The contemporary ‘concept of leadership’ has emerged under the influence of Western wisdom, and the concept is derived from conclusions drawn from research based on the situation in Western countries. If Western leadership theories and practices were applied directly to Chinese companies, they would not necessarily achieve the same results. This is because the environment in China is different from that in the West. Western philosophies advocate leadership traits of independence, freedom, individualism, and risk-taking. In other words, one of the distinguishing qualities of Western leaders is that they are more focused on the individual than on the team and that they honor individual ideas and creativity. The philosophical and cultural foundations of Chinese leadership, on the other hand, are Confucianism, Taoism, Buddhism, Mohism, etc., including similar social roles such as the Confucian saying that “the emperor and his subjects are like father and son”. Such social roles emphasize the obedience of the Chinese common people; Taoist culture preaches the balance of opposites, selflessness, and the view of ruling by doing nothing, as well as mediocrity; and Buddhist culture does not emphasize extremes. As a result, under the influence of these traditional cultures, China’s unique leadership traits have gradually formed. There are three considerations for practicing Western leadership concepts in China’s unique environment: firstly, filtering the concepts to match today’s Chinese cultural environment; secondly, the need to make timely and flexible adjustments to the system; and thirdly, the need to match the cultural climate of the team, whether the leader is Chinese or Westerner, and to respond accordingly in the process of leadership practice.

#### IV. WHY CHINESE ENTERPRISES NEED TO IMPROVE THEIR LEADERSHIP

Although China has been the engine of global economic development for the past two decades, its level of sustained growth is constantly being questioned (Ren, Wood, & Zhu, 2023). From a human capital perspective, the rapid growth of many organizations is not necessarily supported by long-term strategic plans. Firms are increasingly facing high levels of uncertainty and unprecedented changes in the economic and regulatory environment, but local Chinese firms have limited experience in competing in the marketplace. As a result,

many companies take a passive approach to competition or challenges rather than proactively preparing themselves to compete. This passive approach is evident in the self-development of leaders in Chinese firms. Therefore, the growth potential of an enterprise hinges on the personal capabilities of its leaders, as their decisions hold the key to success or failure. In an industry where each firm operates with a similar production and operational strategy, it is the choices made by the management that ultimately shape the company’s trajectory.

#### V. ANALYSING CORPORATE LEADERSHIP THROUGH WESTERN MANAGEMENT PHILOSOPHY

Jhon C Maxwell (2011) defined 5 levels of leadership: position (Level 1), mission (Level 2), production (Level 3), people development (Level 4), and pinnacle and respect (Level 5). In Level 1, Position, a leader’s authority comes from the power conferred by his or her position. In terms of an enterprise’s hierarchy of authority, managers usually have command over their subordinates, while employees follow their supervisors’ orders only to avoid penalties, such as receiving poor performance evaluations or losing opportunities for promotion and salary increases. This type of leadership is often based on fear and compliance, rather than respect and recognition. In enterprises, this leadership type may limit employees’ creativity and initiative. The Level 2 of leadership style, Permission, refers to the leader’s ability to gain employee recognition by building good interpersonal relationships. They can build trust by appearing approachable, valuing employees’ thoughts, and being able to think from their perspective. When team employees recognise their leaders and genuinely want to work with them, they are more likely to follow their leaders’ instructions and work hard to achieve their goals. This type of leadership helps to strengthen the cohesion and centripetal force of the team. The Level 3, Production, refers to the leader’s ability to gain the respect and trust of employees through significant team accomplishments. Leaders tend to set a clear goal, develop effective strategies, and provide the necessary resources to lead the team to achieve performance. When employees see the team performance, they develop respect and trust in the leader and are more willing to follow the leader’s instructions. This type of leadership helps to motivate employees and improve the overall performance of the team. The Level 4, Personal Development, refers to the leader’s ability to help employees achieve self-improvement so that they become more loyal to the team and the organization. This leadership style helps to develop a sense of belonging and loyalty to the team and lays a solid foundation for long-term team development. The Level 5, Pinnacle and Respect, refer to the leader’s ability to earn the respect and admiration of employees through long-term efforts and outstanding achievements. Leaders should not only have excellent achievements in the past, but also have the ability to plan and implement the future vision of the team. Employees are now more interested in what the company’s future prospects will bring to their own growth. Therefore, leaders need to keep learning and keep thinking innovatively to adapt to the

changing market environment and employee needs. The five levels of leadership styles mentioned above are all about the application of leadership within the organization, and leadership also plays an important role in the overall planning, development and corporate reform of the organization.

## VI. ANALYSING HOW LEADERS REFORM COMPANIES THROUGH CHINESE-STYLE MANAGEMENT

With the rapid growth of the global economy and the increasing competition that companies face, leaders must keep up with the times by changing outdated growth strategies and facilitating the establishment of new strategies that are more in line with the current state of the company's growth. Most firm leaders know that no matter the way evolution is implemented, there will be some obstacles to change. This is because whenever there is change, there are those who benefit and those whose interests are hurt. However, there are specific situations where leaders have to ask their teams to make changes. Therefore, the leader's approach to change becomes especially important. Change creates a new wave of 'beneficiaries' and 'casualties' and this inequality of benefits, in turn, causes resentment and resistance from the 'casualties'.

### *A. Analysing Employees' Psychological State Based on Chinese Management Philosophy*

Chinese people are serious about mutual respect. They respect others only when others respect them, and it is simply impossible to achieve unconditional obedience, and this is also the case in enterprises. Although it may seem that employees in Chinese companies are quite obedient and agree to all instructions given by their bosses and leaders, there is a possibility that in their minds they may actually dislike it very much. They are not used to saying what they feel right then and there. They will silently continue to work consistently, but not necessarily follow the leader's instructions. Employees believe that when leaders disagree, they respect them by not contradicting them to their faces, and can only adjust their thoughts secretly on their own. Although they seem to be very obedient to their leaders, they actually have their own opinions. This is the actual situation of the psychological states of the employees in Chinese enterprises when they face the reform.

### *B. Giving Advice According to Chinese Management Philosophy*

Leaders should 'cope with shifting events by sticking to a fundamental principle', the main function of this approach is to 'change as if nothing has changed', so that everyone will be unaware of the change, thus achieving the purpose of change. Specifically, the leader adopts a new approach that is so similar to the old one that it is difficult to notice the difference, which allows the 'naysayers' to lower their guard and slowly adapt to the new approach, thus reducing resistance to the changes and making them proceed smoothly. Chinese leaders often announce publicly that everything will be the same as it

was before, so that employees can maintain the same working conditions, avoiding any fear of change, and thus avoiding resistance. This is a Chinese mindset that is very good at what it does, and it is rooted in the idea of making employees less sensitive to change, and then gradually changing.

### *C. Importance of Institutionalization*

Zeng shiqiang pointed out that management must adopt institutionalization, but 'institutionalized' is not a sensible management strategy (Zeng, 2015). In recent years, China's state-owned enterprises have been gradually declining. This result is not due to the problem of leadership decision-making, technology, or lack of effort on the part of the employees, but the 'enterprise system' has reduced the efficiency of enterprise development (Zou, 2023). Chinese state-owned enterprises have tens of thousands of employees, and for the sake of management uniformity, leaders are forced to adopt institutionalized management. It is worth noting that in the early days of Chinese state enterprises, the social context in China was strongly collectivist, which meant that only one system was pushed on tens of thousands of employees. Even if the leaders of some units discovered the flaws of the 'system' in time, they did not have the authority to change it. In today's Chinese society, collectivism is still dominant, but with globalization, Chinese society is gradually beginning to accept diversity. However, Chinese state-owned enterprises have missed the best time for reform. Based on the experience of Chinese state-owned enterprises, contemporary business leaders should precisely grasp the timing of business reform and adopt appropriate business systems.

### *D. How to Develop a System*

The system cannot be changed arbitrarily, but it should be changed according to the management environment. Based on Chinese management philosophy, The principle of '80 percent remain unchanged and 20 percent change' should be adopted when reforming a company based on Chinese management philosophy; 80 per cent of the productivity and stable and proven business model that can sustain the company's daily operation should remain unchanged, while 20 per cent represents the decision-making of the executive leadership that should be changed (Zeng, 2017). Specifically, businesses are made up of a large number of junior employees, a small number of senior managers and a very small number of top decision makers; the junior workforce and the middle managers keep the business running to ensure stable productivity. Therefore, no matter which reform strategy leaders adopt, they must not negatively affect the output of the organisation, otherwise it will become chaotic. On the other hand, the systems developed by business leaders lack rationality in some aspects. In general, the leaders are the ones who make the corporate system, while employees are the ones who follow the rules of the system (Zeng, 2018). Leaders do not work in the same way as junior employees, and they are unlikely to work at the junior level for a long time, so they do not know the specific working conditions of their employees, leading to a lack of rationality in the

system. Specifically, employees in each department have different job responsibilities and different ways of generating revenue, and some systems may limit their ability to earn revenue. For example, employees in the manufacturing department should follow strict working hours, otherwise it will affect the output of the company's products, while employees in the sales department should have flexible working hours because their job is to serve the customers. Therefore, leaders should not adopt a 'one-size-fits-all' approach when setting up the system. The system should be set up 'from the bottom up', i.e., by the junior staff according to their own work characteristics, but the decision on the system still rests with the leaders.

## VII. CONCLUSION

This study explores the relationship between leadership and corporate management from the perspectives of business leadership and Chinese management philosophy and points out that Chinese companies should focus on leadership development, use Chinese management philosophy to understand the psychological characteristics of Chinese employees and stimulate their potential, and then develop a flexible and stable system to form a harmonious and cohesive corporate culture within the company, to push forward the reform and innovation of the company, thus enhance competitiveness. Leadership development is crucial in enterprise management, which directly affects the competitiveness and vitality of enterprises. With the rapid development of globalisation, the competitors faced by Chinese enterprises are no longer limited to Chinese enterprises, but also include enterprises from other countries in the world. As a result, today's market environment is highly competitive and companies must continue to improve efficiency, reform and innovate in order to maintain a competitive edge. Leaders play a crucial role in organisations, and organisations are more likely to achieve this goal only if their leaders possess excellent leadership skills (Li, 2023).

## CONFLICT OF INTEREST

The authors declare no conflict of interest.

## AUTHOR CONTRIBUTIONS

Both the authors contributed equally and their names were listed in alphabetical order. All authors had approved the final version.

## REFERENCES

- Liu, X. & Chen, Z. 2024. *Achievements and experience of the Chinese Communist Party in leading economic system reform in the early stage of reform and opening up*.
- Li S. 2023. *Strategic framework and practical path for the coordinated development of leadership training and enterprise management*.
- Ren, S., Wood, R., & Zhu, Y. 2015. Business leadership development in China. *Taylor & Francis Group*.
- Chow, S. 2014. Hong Kong University SPACE China business school, *2014 Spring Lecture Day Abstracts*.
- Zeng, S. 2015. Basic concepts of management. *Chinese-Style Management*: 04–28.
- John, C. M. 2011. *The 5 Levels of Leadership*.
- Zeng, S. 2017. The characteristics of "two constitute one". *Chinese-Style Mindset*: 17–24.
- Zeng, S. 2018. Without management, the aura is just empty talk. *Leadership Aura*: 03–19.
- Li, Z. 2023. *Research on the current situation and countermeasures of state-owned enterprise budget management under the new normal of the economy*.
- Li J. 2023. Research on leadership enhancement strategies for middle-level managers in enterprises in the new media era: A case study of an enterprise in Hebei Province. *Journal of Shenyang Institute of Engineering: Social Sciences Edition*, 19(1): 58–62.

Copyright © 2025 by the authors. This is an open access article distributed under the Creative Commons Attribution License ([CC-BY-4.0](https://creativecommons.org/licenses/by/4.0/)), which permits use, distribution and reproduction in any medium, provided that the article is properly cited, the use is non-commercial and no modifications or adaptations are made.