

## Leadership Development in China: (part 2 of 2) Challenges & Solutions

*By Meridian Resources*

In our last issue of Global Skills Update, we looked at the first three of seven factors that hinder the development of strong local Chinese leaders.

As difficult as it is, developing local leadership is critical to success in China. Only by transferring responsibility to local employees can a company lower the cost of expatriate packages and fully leverage the insights of Chinese personnel into markets, competitors and the best operating strategies.

In this issue, we will take a look at the remaining four factors and offer suggestions for managing them:

1. "SOE" mentality (state-owned enterprise)
2. Overestimation of abilities
3. Lack of teamwork
4. "Silo" mentality

### 1. "SOE" mentality

A significant number of local Chinese managers have worked many years for China's state-owned enterprises (SOEs). These managers are typically older, often in their 40s or 50s, and therefore more mature in their judgment. But offsetting their greater maturity may be a set of bad habits including a reluctance to take risks, resistance to learning new policies or procedures, and a bureaucratic approach to work and personal relations on the job.

**Suggestions:** Begin with developing basic professional habits like time management and setting priorities. Then move to developing proficiency with your employee evaluation system; emphasize the need to set measurable goals and the importance of objectivity. Finally, encourage local managers to take modest risks: reward successes and do not penalize failures the first time. Local managers with an SOE background are highly risk averse: to release their creative potential you must first remove fear of punishment for mistakes.

### 2. Overestimation of abilities

The brightest young local managers in China today are graduates from the China's top universities like Jiao Tong University in Shanghai, and Tsinghua and Beijing Universities in Beijing. Since these universities are highly selective, their graduates are the China's "cream of the crop" and can often be arrogant. A sense of superiority can lead young "hot shot" managers to feel they know more than they really do. They are thus often critical of companies' employee development programs, especially when they feel that since they already know the material, these programs are a waste of their time.

**Suggestions:** Instead of forcing your high potential managers to attend a program, suggest instead that they attend a part of the program on a trial basis and review what they learned afterwards. Overconfident managers will be surprised at how much they don't know. Schedule a meeting afterwards and ask open-ended questions about their experience; close with a suggestion that they continue the program. Even the most arrogant managers will usually agree, though often with some reservations to save face. In reality they will be grateful for your suggestion.

### 3. Lack of teamwork

Young Chinese managers tend to view career advancement as a "zero-sum" game: many believe that they can only get ahead at the expense of their peers. Expatriate managers discover this the first time they promote a strong performer, only to find his or her peers complaining that the promotion was unfair and demanding to know why they weren't promoted first. This "winner takes all" attitude makes the development of teamwork particularly difficult.

**Suggestions:** Make teamwork an explicit corporate value in your China operations; talk about teamwork frequently and illustrate with examples. Ask your senior local leadership team to develop a short list of behaviors (5 ideal, 7 max) that they feel define teamwork; don't be afraid to edit the list or make your own additions. Then ask team members to examine their own behavior in light of the list; they will usually be quite honest about any discrepancies. Finally, consider creating a reward for teamwork linked to compensation. Don't be afraid to make this a substantial sum: your actions speak louder than words and monetary rewards are a powerful incentive in China today.

### 4. "Silo" mentality

A "silo mentality" plagues many Chinese managers. Traditionally, the Chinese have viewed people in top leadership roles as authoritarians who preside over their "kingdoms" with a strong, paternalistic hand and are often at war with neighboring "kingdoms" over scarce resources. Expatriate executives in China are often dismayed to find that their best local managers are so busy defending their turf that they are uninterested in looking beyond their own functional area. This "silo mentality" is a serious impediment to developing leaders who have the broad perspective required to take greater responsibility for the business.

**Suggestions:** Institute career plans that ask your best managers to rotate into different functions; consider postings overseas. Look for cross-functional projects that develop a broad perspective. Establishing a cross-functional team to launch a new product in China, for example, will force each member to see beyond his limited horizon. Reward generously managers who take the initiative to develop skills beyond their own function; make them role models. Finally, point out the real costs of silos and tie compensation to improved performance that results from greater cross-functional collaboration.

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