

Research Assessment Exercise 2020

Impact Case Study

University: Lingnan University

Unit of Assessment (UoA): 22 – Business

Title of case study: Enhancing Individual, Team, and Organizational Effectiveness through People-Oriented Leadership

(1) Summary of the impact

This unit has conducted a body of research on people-oriented leadership practices, establishing how to increase the effectiveness of such leadership practices based on a new understanding of the underlying mechanisms and boundary conditions.

Through a process of sustained engagement and consultancy with a range of companies, the unit has translated these research findings into practical solutions, enabling the companies involved to transform their management philosophy and practices and achieve greater competitiveness.

These impacts have occurred at companies of different sizes, including large, listed companies and SMEs, from a variety of industries in Chinese societies. These companies changed both management philosophy and practices and improved their management training and development.

Key companies which benefited from the unit's research include a dairy manufacturer and retailer, which experienced sales growth and improved organizational development, high-technology start-up firms which benefited from improved internal hierarchy, knowledge sharing and integration, communication and coordination, and product innovation, and an auto parts manufacturer, which experienced improvements in productivity and cost control.

(2) Underpinning research

The unit, whose key researchers include T. Chen, Y. F. Chen, D. Tjosvold and A. S. H. Wong, has been committed to researching the leadership of organizations in Chinese societies. We observed that, during these societies' endeavours to become more innovation- and service-oriented, organizations seek to change their management philosophy and practices to be people-oriented and autonomy-supporting, so as to enhance innovation, service quality, and overall effectiveness. Specifically, we studied the effects of these leadership practices at the individual, team, and organizational levels.

At the individual level, we conducted a series of research projects to demonstrate that when managers use a cooperative style and invite employees' participation, rather than a competitive or controlling style, employees can have a higher level of effectiveness: for example, they can become more committed to the organization and more open-minded (3). Supporting this line of research, we further found that supportive leadership can enhance employee innovation (2).

Importantly, this research demonstrated the psychological mechanism and boundary conditions of this effect. In particular, we found that intrinsic motivation transmits the positive influence of supportive leadership on employee innovative behavior. However, the magnitude of this effect is contingent upon the personality traits of employees. Self-efficacy and internal locus of control, the two important aspects of core self-evaluation, oppositely moderate this effect. Supportive leadership has a positive effect on employee innovative behavior via employee self-efficacy for

those employees with high self-efficacy, but this positive effect disappears for the employees with low self-efficacy. In contrast, supportive leadership has a positive effect on employee innovative behavior via employee self-efficacy for those employees with an external locus of control, but this positive effect disappears for employees with an internal locus of control. This finding suggests that, for supportive leadership to be effective in promoting innovation, managers must understand their employees' personality traits and be flexible in the provision of support to subordinates with different traits.

Furthermore, we found that the positive influence of people-oriented leadership practices (e.g., a cooperative and servant style and an emphasis on shared and mutual goals, participation, and relationships) likewise occurs at the team-level (1) (4) (5) and the organizational level (3) (6). These leadership practices can enhance innovation, service quality, and overall effectiveness. For example, we found that leader practices that are autonomy-support help teams operating in a turbulent technological environment develop more effective power structure and acquire new knowledge, which facilitate the teams to achieve high innovation performance (1).

In summary, we have demonstrated that people-oriented leadership practices can be applied to organizations in Chinese societies, with the resulting benefits, despite the high power distance and command-and-control tradition. Moreover, we have shown how to increase the effectiveness of such leadership practices based on a new understanding of the underlying mechanisms and boundary conditions. These research findings provide a foundation for helping organizations transform their management philosophy and practices and achieve greater competitiveness.

(3) References to the research

1. **Chen, T.**, Li, F., Chen, X. -P., & Ou, Z. (2018). Innovate or die: How should knowledge-worker teams respond to technological turbulence? *Organizational Behavior and Human Decision Processes*.
2. **Chen, T.**, Li, F., & Leung, K. (2016). When does supervisor support encourage innovative behavior? Opposite moderating effects of general self-efficacy and internal locus of control. *Personnel Psychology*, 69, 123–158.
3. **Chen, Y. F.**, & **Tjosvold, D.** (2006). Participative leadership by American and Chinese managers in China: The role of relationships. *Journal of Management Studies*, 43, 1727–1752.
4. Chen, G., **Tjosvold, D.**, & Liu, C. H. (2006). Cooperative goals and leader people and productivity values: Their contribution to top management teams in China. *Journal of Management Studies*, 43, 1177–1200.
5. **Wong, A. S. H.**, Liu, Y., & **Tjosvold, D.** (2015). Service leadership for adaptive selling and effective customer service teams. *Industrial Marketing Management*, 46, 122–131.
6. **Wong, A. S. H.**, **Tjosvold, D.**, & Yu, Z. Y. (2005). Organizational partnerships in China: self-interest, goal interdependence, and opportunism. *Journal of Applied Psychology*, 90, 782–791.

(4) Details of the impact

Our research programme on people-oriented leadership has been applied to enhance leadership practices and HR policy decision in a range of companies and business community, in the form of research-informed consultancy, training workshops, and practitioner-oriented reports. The reach of the impact is demonstrated by a diverse profile of the companies, ranging from large, listed enterprises to small start-ups that operate in different major industries in various regions of China. These companies need to enhance the leadership skills at all levels of management to

improve efficiency and effectiveness, teamwork, and reduce turnover, and our research findings have enabled them to achieve these improvements.

The following three examples showcase our impact.

- 1) **A listed and state-owned company in dairy manufacturing and retailing industry.** This company had a pressing need to enhance leadership effectiveness to ensure sustainable development. Drawing on our research, we worked with the company to increase top management's awareness of people-oriented leadership and to inform HR policy decisions and managerial practice regarding recruitment, leadership training, and promotion and career development. As a result, the HR department in the company headquarters has re-designed the related managerial policies to incorporate the people-oriented leadership concept. These policies have been applied in their subsidiaries in different regions of China. The company has stated that "we applied the research findings of this research team in identifying high-potential leaders/employees in our recruitment and promotion practices and the company provided these leaders/employees with relevant leadership training." During our more than three year engagement with this company from July 2016, which has taken the form an ongoing research-informed consultancy service, the company has observed an increase in employee satisfaction and decreased turnover intention. This has contributed to the company's competitive advantages because turnover is a major issue in the industry. Moreover, the company also observed higher managerial, team, and workforce effectiveness and better customer relationships. The company has acknowledged that "the favorable sales growth and overall organizational development of our company could be partly attributed to this research team's impact." (S1)
- 2) **Start-up high-technology private firms in the Pearl River Delta.** The primary issue faced by this group of entrepreneurial companies is that in order to survive they must cope with the challenges of the commercial environment, such as a high velocity of market and technological change. Since 2016, we have worked with some start-ups and provided workshops and executive coaching, informed by our research findings, to entrepreneurial founding teams to train them in people-oriented leadership. We also provided practitioner-oriented reports, which helped these companies diagnose leadership-related problems in their operating teams. Our work has helped these companies improve internal hierarchy, knowledge sharing and integration, communication and coordination, and product innovation. All these helped the companies enhance their capability and resilience in addressing external threats and enhancing their survival probability. For example, the General Manager of a start-up acknowledged that "Some policy suggestions have been adopted in our company, which helps us improve business management and operation, enhance the cohesiveness of the top management team, and increase employee identification to organizational core values." (S2)
- 3) **A joint-venture in auto parts manufacturing industry.** This company was faced with a high product defect rate. To manage this problem, the company initially followed a punitive approach, and emphasized that their front-line production employees must strictly comply with the rules and regulations. However, they found this managerial approach was not effective. We conducted a survey of employees from December 2015 to July 2017, which found that a major reason for the high defect rate was that front-line production employees generally had high work stress and low job satisfaction. Our research, as discussed in section 2 above, has found that people-oriented leadership can effectively reduce stress and increase satisfaction. Therefore, we provided workshops on people-oriented leadership to the direct supervisors of front-line production employees. The supervisors were also encouraged to discuss how to implement people-oriented leadership in their daily work. As a result of this change, the company experienced a significant improvement in productivity (increased by

2%) and cost control (saving RMB1,500,000/year) in the year following our intervention, in comparison to the previous year. (S3)

(5) Sources to corroborate the impact

S1. Corroborating statement from a dairy manufacturer and retailer.

S2. Corroborating statements from three start-up high-technology firms.

S3. Corroborating statement from an auto parts manufacturer.