**University:** The Hong Kong Polytechnic University
**Unit of Assessment (UoA):** BUSINESS (22)

**Title of case study:** Improving Performance through the Building of Human Resources by the Centre for Leadership and Innovation

## (1) Summary of the impact

Research conducted by the **Centre of Leadership and Innovation (CLI)** has led to new knowledge about how leaders and organizations promote the proactivity of employees and teams, which in turn increases productivity and innovation and decreases the turnover rate of employees. The proactivity-driven solutions provided by CLI helped *Sichuan Shangli Real Estate Ltd. Co.* decrease employee turnover rate by 36% and *7-Color Forestry Ltd. Co.* improve employee proactivity and increase company patent application by 50%. CLI's influence is also derived from its seminar series, symposiums, and online blog sharing activities, which benefit the wider business community and provide insights to human resource (HR) managers.

## (2) Underpinning research

### Background
With the rapid changes in customer needs and business environments, today's frontline employees, rather than high-up managers, often possess useful information for organizations to survive and thrive. However, the centralized top-down control system is pervasive in corporations throughout the Asia-Pacific, even though employees are expected to engage in bottom-up proactive behaviours at the workplace. Proactive behaviours are those that are self-initiated, future oriented and change inducing, such as voice behaviour (raising suggestions, opinions and problems), taking charge and seeking feedback.

The new knowledge that underpins this impact case was developed through a series of research projects led by Professor **Wing Lam** (CLI Co-Director), **Bonnie Cheng** (CLI Co-Director) and **Wu Liu** (CLI founding member) between 2013 and 2019. The basic research questions that the research team explored include the following:
* What can leaders do to make employees and teams proactive in the workplace?
* How can organizations be helped to build effective human resource management systems to translate proactivity into productivity and innovation?

### Underpinning Research
In a systematic and organized manner, the CLI research team has identified the relational, emotional and structural antecedents of proactive behaviours that further promote productivity and innovation.

Starting in 2015, studies conducted by Liu, Lam and others **[I] [II] [VI]** revealed that employees' relationship quality with their peers and leaders could significantly influence employee proactive behaviour such as voice. The high-quality relationships contribute to a strong sense of psychological safety and thus promote employees to challenge the status quo and initiate changes. Therefore, to encourage proactive behaviours, organizations should pay attention to building relational ties among team members and peers.

Another interesting theme is that employees' emotion- and resource-related experience also would affect their proactive behaviours **[I] [II] [IV]**. In particular, the positive emotional expressions by

peers and leaders can affect the psychological safety of employees and in turn employees' proactive behaviours [I] [II]. Moreover, after working hours, employees who participated in activities that benefited their efficacy and helped them recover energy were more likely to engage in proactive behaviours [IV]. If organizations want to promote proactive behaviours, therefore, they need to encourage positive emotional expression among colleagues and leader–member dyads, and they also need to guide how employees spend their off-duty time.

One more important theme was the structural arrangements to promote proactive behaviours [III]. For example, for teams with new leaders, whether the previous leader, the new leader and team members fit in terms of their proactivity influences team members' intention to engage in proactive behaviours and to support organizational change. Therefore, organizations need to establish a matching system between leaders and employees so that proactivity can be maximized for organizational benefits.

In summary, the CLI research team has identified the relational, emotional and structural determinants of proactive behaviours. Building on this work, CLI has developed process- and people-focused measures of proactivity in the workplace and tool kits to promote proactivity linked with performance and innovation for organizations [V]. This coherent line of research provides a strong foundation for CLI to transfer such knowledge into human resource practices.

## (3) References to the research

I.   **LIU, W**., Tangirala, S., **LAM, W**., Chen, Z., Jia, R.[†], & Huang, X[†]. (2015). How and why peers' positive mood influences team members' voice behavior. *Journal of Applied Psychology*, *100*(3), 976–989. doi: 10.1037/a0038066

II.  **LIU, W**., Song, Z.L., Li, X., & Liao, Z.Y. (2017). Why and When Leaders' Affective States Influence Employee Upward Voice. *Academy of Management Journal*, *60*(1), 238–263. doi: 10.5465/amj.2013.1082

III. **LAM, W**., Lee, C.[†], Taylor, S.M., & Zhao, H.H[†]. (2018). Does proactive personality matter in leadership transitions? Effects of proactive personality on new leader identification and responses to new leaders and their change agendas. *Academy of Management Journal*, *61*(1), 245–263. doi: 10.5465/amj.2014.0503

IV.  Ouyang, K.[†], **CHENG, B. H**., **LAM, W**., & Parker, S. K. (2019). Enjoy your evening, be proactive tomorrow: How off-job experiences shape daily proactivity. *Journal of Applied Psychology, 104*(8), 1003–1019. doi:10.1037/apl0000391

V.   **LIU, W**., Tangirala, S., Lee, C.[†], & Parker, S. (2019). New directions for exploring the consequences of proactive behaviors: Introduction to the special issue. *Journal of Organizational Behavior*, *40*, 1–4. doi: 10.1002/job.2334

VI.  Liao, Z.Y., **LIU, W**., Li, X., & Song, Z. (2019). Give and take: An episodic perspective on leader-member exchange. *Journal of Applied Psychology*, *104*(1), 34–51. doi: 10.1037/apl0000371

[†] denotes previous PhD students or colleagues at CLI. In all the listed projects, the CLI staff took the lead roles in research design, data collection and paper writing.

## (4) Details of the impact

The **path to impact** began with systematic research on proactivity and leadership by the CLI team and the creation of process- and people-focused management toolkits. The goals of these toolkits were to guide managers and organizations to promote proactive behaviours, innovation, and employee engagement to work.

## Significant Impact on Workplace Practices

**Example I:** Starting in 2016, **Prof. Wing Lam** used the management tools developed by CLI to train new employees recruited for a large hotel newly opened in the city of Yibin, Sichuan province, China, a property owned by Sichuan Shangli Real Estate Ltd. Co. The scope of the 4-month training included (a) leadership skills encouraging proactive behaviours, and (b) new employee socialization practices, highlighting feedback seeking and voice behaviour. "The serials actions led by you (Prof. Wing Lam) and your team have shown great effects. . . . We surprisingly found that compared with the turnover rate in 2016 (47%), it was only 11% in 2017, 9% in 2018 and less than 7% in 2019 so far. Employees here are obviously happier and more proactive than those in other hotels owned by my company… I truly believe that the proactivity training program plays an important role." [1] Quote shared by Quan Luo, the CEO of this company.

**Example II:** Starting in June 2017, **Prof. Wu Liu** led a team to provide consulting and training services to 7-Color Forestry Ltd. Co. in Chengdu, Sichuan province, China. As a newly founded high-tech company in agriculture, 7-Color Forestry aims to attract creative staff and leverage every employee's talent for innovation. Based on the management tools developed by CLI, Prof. Liu and team helped streamline the human resource policies in the company, trained the top managers on how to promote proactive behaviours and taught employees how to speak up to managers. Wenjun He, the chairman of 7-Color Forestry stated, "The implementation of new policies and training provided by CLI have brought both the innovation performance and employees' proactivity to significantly higher levels." Compared with the years before 2017, the patent application increased 50% in 2018, and the net profit rate increased from 15% to 18%. [2]

## Broad Reach to Business Community and Practitioners
From Day 1, CLI emphasizes interactions with the business community and practitioners with the purpose of enhancing workplace proactivity, innovation and productivity.

**Regular Seminars and Annual Symposiums for Local Practitioners**
CLI has run 31 seminars between 2013 and 2019 to facilitate discussions between scholars and professionals. For example, in April 2014, CLI organized a seminar to discuss the proactive venture ecosystem and the factors contributing HK 3.0, a startup platform organized by the HK government. This discussion was among the first to draw the connection between proactivity and the idea of HK 3.0 [3].

The Annual CLI Symposium is another platform that attracts scholars and executives in Hong Kong who are interested in proactivity, leadership and innovation. On average, more than 50 practitioners attend this event every year. "The CLI provides the cutting-edge business management insights for executives that very much need the data-driven, theory-proven guidance to make sound decisions." said by Leon Lam, vice president and general manager at Merit Medical Asia Ltd. Co. [4] Below are the themes of CLI symposiums between 2014 and 2019:

1. Creativity and Innovation at Work (Feb, 21, 2014)
2. Bring Leadership to Another Level (Feb, 26, 2015)
3. Creativity and Innovation: Individual and Strategic Perspectives (March, 4, 2016)
4. Rewards, Motivation, Creativity and Innovation (March, 3, 2017)
5. New Forms of Team and Organizational Membership (March, 2, 2018)
6. The Future of Work: Driving Change in Organizations (March, 1, 2019)

According to David Li, director at Great Bonus Development, Ltd. in Hong Kong, "As the owner of the SME, we can hardly afford the consulting services that the mega-size management agencies provided to the MNCs. I am grateful CLI provides the leadership information which enables my

company to keep in pace with the dynamic business environment." **[5]**. Leon Lam, Vice President and General Manager at Merit Medical Asia Co., Ltd, said that "...I am dealing with challenges and issues that no MBA program or any business school standard education can help. The symposium from CLI uniquely fills the gap and give values to senior level executives that handle complex decisions by offering insights from recent research in different areas." **[4]**

**Online Sharing Articles with Broad Business Communities**
CLI has also kept informing and educating the broad business community through online blogs and practitioner-focused journals **[6] [7]**. For example, one article translated into practical leadership skills by **Prof. Wu Liu** was published by *Harvard Business Review* in English on January 14, 2019 **[6]**, which has received 107,594 page views and 96,960 unique views **[8]**; its Chinese version captured 7,323 unique views. "This is a very interesting discussion and the article contributes a lot," commented one reader. For another instance, **Prof. Bonnie Cheng** translated her research on anxiety management and proactive behaviors into a case, which was published by *Harvard Business Review* as well. **[7]**

Our CLI team has also closely worked with a platform organized by *South China Morning Post* called CP Jobs Recruiters Blog (https://hr.cpjobs.com/blog), with more than 10,000 registered members who are mainly HR practitioners. The core team members of CLI are now contributing to the blog posts to share the recent thoughts and observations in areas such as feedback seeking, management of millennials and anxiety management. **[9]** "Based on these professors' previous research work, these blog posts are of high quality and were well received by our online community.", commented by Ryan Wong, Sales & Marketing Director of Recruitment Business at South China Morning Post Publishers Limited. **[9]**. This highlights the important impact of CLI evidencing that the group's research stimulates public debate, which can lead to activating and improving company community culture and practices.

**(5)    Sources to corroborate the impact**

1.  Letter of testimony from Quan Luo, CEO of Sichuan Shangli Real Estate Ltd. Co.
2.  Letter of testimony from Wenjun He, chairman of 7-Color Forestry Ltd. Co,
3.  Letter of testimony from Leon Lam, vice president and general manager at Merit Medical Asia Ltd. Co.
4.  Letter of testimony from David Li, director at Great Bonus Development Ltd.
5.  Liao, Z., **LIU, W**., & Song, Z. (2019, January 14). When being close to your employees backfires. *Harvard Business Review*. Retrieved from https://hbr.org/2019/01/research-when-being-close-to-your-employees-backfires (See Chinese version in HBR Taiwan, China: https://www.hbrtaiwan.com/article_content_AR0008718.html)
6.  https://www.startmeup.hk/wp-content/uploads/2017/12/StartupEcosystemSurveyFlyer2016.pdf
7.  **CHENG, B. H**., & McCarthy, J. (2018, September 1). A theory of workplace anxiety: Case study. *Harvard Business Review*. Retrieved from https://hbr.org/product/a-theory-of-workplace-anxiety/ROT374-PDF-ENG
8.  Email from Nicole Torres, Senior Associate Editor, *Harvard Business Review*
9.  Letter of testimony from Ryan Wong, Sales & Marketing Director of Recruitment Business at South China Morning Post Publishers Limited