

# A Study in Leadership Styles for Successful Management by CEO in China

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**ABSTRACT--** *This paper is based on several practical case studies in leadership in China. There are only a few studies of what differentiates the great leaders from the public. Nowadays, there is an interest in the role that emotional intelligence plays in Leadership Leadership is described in many different ways, but it has been associated in academic literatures for example to vision, inspiration, motivation, entrepreneurship, risk-taking, intelligence, networking, technical knowledge and skills.*

**Keywords---** Emotional Intelligence, Leadership, Emotional Quotient

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## 1. INTRODUCTION

The CEOs have unique competencies that define their Leadership style, characteristics that can make them a successful CEO. These competencies may be described in terms of 'emotional intelligence'.

There are several different views on emotional intelligence. The term was initially developed by psychologists John Mayer, of the University of New Hampshire, and Peter Salovey, of Yale University. Independently, Israeli psychologist Reuven Bar-On worked on a concept he called "emotional quotient" or EQ in the early 1980s. The idea was later popularised in 1995 by Daniel Goleman. Emotional intelligence is a set of skills or competencies that influence one's ability to cope with life's demands and pressures (Goleman, 1995). He breaks it down into four fundamental capabilities and many items:

<b>Self-Awareness</b> <ul style="list-style-type: none"><li>• Emotional self-awareness</li><li>• Accurate self-assessment(Self-regard)</li><li>• Self-confidence (Independence)</li><li>• Assertiveness</li></ul>	<b>Social Awareness</b> <ul style="list-style-type: none"><li>• Empathy; Understanding others</li><li>• Service orientation</li><li>• Organizational/political awareness</li></ul>
<b>Self-Management</b> <ul style="list-style-type: none"><li>• Self-control</li><li>• Adaptability &amp; flexibility</li><li>• Trustworthiness</li><li>• Conscientiousness</li><li>• Achievement orientation(Self- Actualization)</li><li>• Initiative</li><li>• Optimism</li><li>• Commitment</li></ul>	<b>Social Skills</b> <ul style="list-style-type: none"><li>• Developing others</li><li>• Leveraging diversity</li><li>• Influence</li><li>• Communication (interpersonal relationship)</li><li>• Conflict management</li><li>• Leadership - Visionary Leadership</li><li>• Catalyzing change</li><li>• Teamwork &amp; collaboration</li></ul>

Adopted from The Emotional Competence Framework of Daniel Goleman, Ph.D., and the The ECI by Boyatzis, Goleman and HayGroup, Inc.

We developed a survey questionnaire to investigate, whether the Emotional Intelligence will lead one to become a better CEO, or how the EQ factor can affect the CEOs. The technique quantitatively analysed the emotional intelligence by questionnaire test. The test presented the items that the participant rated as according to a 5-point scale based on their own behaviour, thoughts and feelings. Each individual's profile provided information about emotional strengths and weaknesses, with suggestions for development.

The CEOs participated in this study to test their emotional intelligence. Since the test was administered by researcher only, there was a limitation in time for the data collection and analysis. In addition to the test, the corporate leaders provided information over the state of their firms cautiously because of risk of spill over of information to third parties, referring to competitors, clients and etc.

## 2. RESEARCH METHODOLOGY

The sample for research study included 5 CEOs, 4 males and 1 female. Their average age was 44 with 50% of them 45 years old or younger. Sixty percent of them have been running their companies for 15 years or less, and 40% of them have run their companies for 6 years or less. Two of the companies were reported to have sales gross less than \$10 million in the previous year and three earned less than \$5 million. Two companies had less than 25 employees and three had more than 75 employees. Sixty percent of these CEOs founded their own companies.

Table 1: Samples

Name of company	Name of CEO (leader)	Gender of CEO	Employees Managed
Bank of China, Macao Branch	Zhang Hongyi	Male	1250
Industrial and Commercial Bank of China, Zhuhai Branch (Guangdong province)	Zhu Xiaotian	Male	190
China National Electronics Import & Export corporation, Zhuhai Company	Yan Cengxu	Male	36
Pace publishing Limited Company	Chang wujei	Male	20
Guangdong Light Industrial Product Import & Export Corporation	Wu zhuzi	Female	23

The study also looked at annual financial reports and 60 percent of these companies reported a profit in previous year. The average previous year profit margin was 11%. When asked about growth, 80% of the companies reported continuous growth; 10% were flat and 10% were in decline.

### 2.1 Emotional Intelligence Rating

This paper addressed the participants' Emotional Quotient (EQ) in comparison to an average person. They scored significantly higher EQ than standard average. The average score, similar to average EQ score, is 100. The CEOs scored an average of 104 as in comparison to low EQ of 95 and high EQ of 115 in Figure 1.

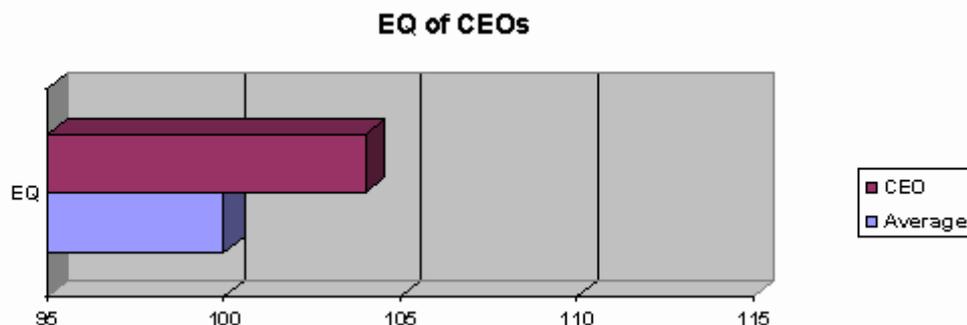


Figure 1: Low, Average and High Emotional Quotients

1<sup>st</sup> Factor: Independence:

An interesting finding was the EQ profile of these Chinese Entrepreneurs. Their highest score was in Independence. On the other hand, this might not be an entirely new finding of these high growth business leaders. After all, how could one run an organization without independence in mind, thought, and own set of parameters or values? Independence on the EQ-i does not mean that one just does her or his own things; it implies that the CEO takes into account other points of view and then acts.

The new leader of Bank of China, Macau Branch, was taken onboard by the Bank chairman from American Express Corporation as the first foreign manager of the state-own enterprise. Staff were generally isolated from him, because of differences in language and culture. He implemented step-by-step organizational reforms through business processes independently and he was not influenced by tradition or gossips.

2<sup>nd</sup> Factor: Assertiveness:

The other factor that is not surprising is their high score in Assertiveness (potentially linked with Self-Confidence). The leader, CEO, can express their thoughts, feelings and beliefs. The key, of course, is to do it in a non-aggressive and spontaneous way. Assertiveness rests somewhere between passive and aggressive. Robustness is probably a good example for this component of emotional intelligence.

One hallmark of assertiveness is the ability to completely disagree with someone, yet still remain friendly. Of course, you wouldn't expect CEOs to be as shy as shrinking violets, but the aggressive "bullying boss" is definitely out of style. Today's leaders who rely on bullying tactics all too soon they discover that they will have no one left to lead.

In the case of the Bank of China, the new General Manager had to take the responsibility to improve the performances of business. But some employees didn't exactly follow his mission. They were used to doing the job slowly and inefficiently. They had relatives within the senior management, and they were willing to make him to failure. He didn't shout at them, on the contrary, he did their job by himself. He told them that no matter what they had done, he will succeed at last. Figure 2 is comparison chart of components of emotional quotients for CEOs versus that of average Contenders.

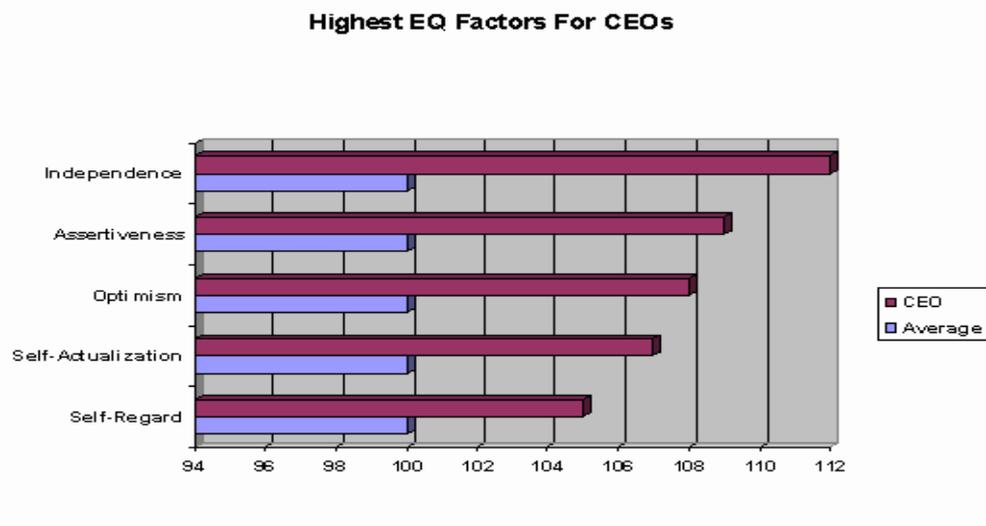


Figure 2: Highest Scores of CEOs in EQ Factors against those of Average Contenders

3<sup>rd</sup> Factor: Optimism:

The third most important factor for success as a CEO is Optimism. This is not just "the glass is half full" kind of optimism, but optimism as a strategy, a way of dealing with difficulties. Leaders need to be resilient and have

sound optimism skills to see ahead of the ball even when the next crisis is just ahead. Rather than focusing all energy on the deal just lost, the optimist thinks about what to do differently the next time around.

The new General Manager had this competency, when the first 2 months the performance (especially in debt ratio) dived into the lowest of bank history, many employees doubted on GM's future. But he just smiled saying, "that is the darkness before the dawn."

4<sup>th</sup> Factor: Self-Actualization (Achievement Orientation)

Basically, there are two components to Self-Actualization (Achievement Orientation) as a skill. The first involves having a passion for what you do. A CEO, for instance, would rather run a company than do anything else. If self-actualized, you love your work and eagerly look forward to starting each day. The second aspect of self-actualization involves being well-rounded with a circle of hobbies, activities of interests and social networks. People high in Self-Actualization have a wide variety of interests, hobbies, and social activities. They ensure that they spend enough quantity and quality time in these pursuits.

5<sup>th</sup> Factor: Self-Regard (Accurate Self-Assessment)

The final emotional skill that differentiated CEOs from the general population was Self-Regard (Accurate self-assessment). CEOs have a high degree of Self-Regard – a strong sense of self. They are aware of their strengths and weaknesses and are confident in their abilities.

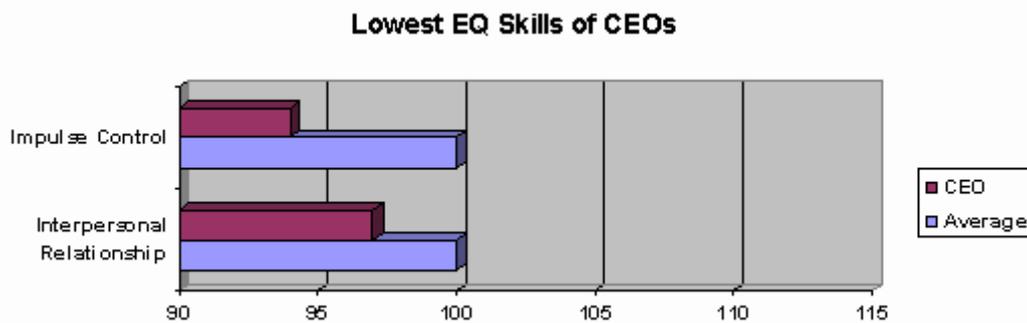


Figure 3: Lowest Scores of CEOs in EQ Factors against those of the Average Contenders

There is also what might be considered a negative side to these CEOs. They actually have significantly lower than average scores in two areas of emotional intelligence: Interpersonal Relationships and Impulse Control. Contrary to popular belief, the CEOs are not all great at "networking," initiating, and building relationships. They are not among the most "people-oriented" groups that we tested in this study. This is a potential area for development.

The only female CEO in research stated that; "I always smile to my staff, but I always found it hard to make them smile to me."

The ability to control impulses can help keep anyone out of trouble. Unfortunately, these CEOs, were lower than average in Impulse Control. This is probably linked to higher stress at work. Low impulse control can lead to poor interpersonal relationships, high anger, and numerous other difficulties. It can lead to poor judgment and decision-making causing organizational errors, mismanagement and in some cases to chaos and bankruptcy.

## 2.2 Emotional Intelligence Scoring Key and Methodology

Each statement has a score, which is marked as follows;

- If the statement **never** applies to the candidate, score is 1 point
- If the statement **seldom** applies to the candidate, score is 2 points
- If the statement **sometimes** applies to the candidate, score is 3 points
- If the statement **usually** applies to the candidate, score is 4 points
- If the statement **always** applies to the candidate, score is 5 points

There are tables of the Emotional Intelligence elements as for example below for Self Awareness in below table. Then the candidate scores by each question number. After adding up each column, we get a total for the Emotional Intelligence element, which in case of Self Awareness below is 15. The average score is 14. Dividing 15 by 14 gives 107 % for Self Awareness.

We take the average of the scores of mass employees as standard of 100%, then compare to the CEOs as for example in table 2.

Table 2: Example of a EQ element scoring factor

<b>Self Awareness</b>					
<b>Question</b>	<b>Never = 1</b>	<b>Seldom = 2</b>	<b>Sometimes = 3</b>	<b>Usually = 4</b>	<b>Always = 5</b>
3	1				
12					5
13					5
26				4	
<b>Column Scores</b>	1			4	10
<b>Total Score for this Element</b>					15
<b>Average Score for Staff</b>					14
<b>Percentage Score = Total Score / Average</b>					107

### 3. EQ RELATION TO BUSINESS CHALLENGES

Finally, let’s look at the relationship between the emotional intelligence of CEOs and their reported business challenges. There were a number of relationships between their emotional skills (or lack thereof) and their areas of greatest challenge.

Overall, CEOs with higher EQ scores reported being able to keep people and to manage the growth of their company better.

- Hiring the right people was easiest for CEOs who scored high on flexibility.
- Managing people was easiest for CEOs who were high in self-actualization, impulse control, reality testing, self-regard, happiness, and stress tolerance.
- Keeping good people was easiest for CEOs highest in interpersonal relationship, self-regard, flexibility, optimism, happiness, stress tolerance and self-actualization.
- Training people was easiest for CEOs who were high in assertiveness, reality testing, interpersonal relationships, self-regard, flexibility, optimism, happiness, and self- actualization.
- Managing Growth was easiest for CEOs who were high in flexibility, optimism, and problem solving.
- Dealing with changes in technology was easiest for CEOs who were high in flexibility, and stress tolerance.

Other business factors that are not closely tied to the EQ factor;

- Raising capital was unrelated to the measure of emotional intelligence.
- Marketing challenges were unrelated to the measure of emotional intelligence.
- Managing innovation was unrelated to the measure of emotional intelligence.

### 4. CONCLUSION

If this research is any indication, the CEOs are high in emotional intelligence skills. And that’s no surprise; they have to use their emotional intelligence to handle the complicated business environments and large organization of people, relations and networks. As leaders of companies, these CEOs help their firms to overcome the economic odds. These are the firms who are hiring when large corporations are laying people off. They are growing exponentially. They are high in emotional intelligence. Based on the result of this study, CEOs will need higher emotional intelligence skills to be successful leaders.

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