Top executives with different skill sets will be needed as the Chinese economy shifts from booming, industrial growth to a steadier, consumer-oriented, innovative, and entrepreneurial business environment.
New circumstances, changes needed.

After nearly two decades of breakneck growth, China is entering a new, tougher economy. Its past, fast growth was fueled by exports and massive capital investment. Its new economic policies promote a shift to a slower but steadier economic growth driven by internal consumption, innovation, and entrepreneurial vigor. Just consider that China by 2018 will surpass 34 European nations in its research and development spending (R&D Magazine, 2013) and that global pharmaceutical giants like Johnson and Johnson, Sanofi, Bayer, Novartis, and Roche have invested heavily in R&D centers in China.

The coming change demands leaders with new capabilities, strengths, and management styles. But Korn Ferry research already has found that China’s leadership talent pool for its new economy is thin (Roy and Hallenbeck 2010). Those who best met the leadership requirement in the past were highly directive, action-oriented, and task-driven. In the new economy, leaders must handle multiplicity, diversity, and cultural differences across their workforce and markets. The leaders most likely to succeed will excel in influencing across generations and cultural groups, situational adaptability, dealing with paradox, building networks, cultivating innovation, managing change, and thinking strategically with a global perspective. Few executives and managers have what it takes to succeed in this markedly different economic environment—though Korn Ferry research provides some sound ways forward (see sidebar).

In China, leaders work in extreme complexity and uncertainty. Constraints to their success often can be tied to culture and values held by the general population; lack of experience or skills for dealing with ambiguous, complex situations; and traits more suited to leading in an industrial or manufacturing economy rather than the rapidly changing, uncertain environment that Chinese businesses now face. To fulfill their strategies and growth plans, companies need a new generation of leaders with new management styles and leadership capabilities. Given the rapid changes many industries experience, it is common for organizations to find they are still hiring, developing, and promoting for competencies no longer crucial to their success. The supply-demand gap for leadership in China is not only a quantity but also a quality issue. Organizations need to improve their talent identification. They must better assess talent beyond the competencies their leaders already possess to determine the potential that will enable continuous growth and development of new skills.
The leadership challenge.

China’s leadership talent challenges can be daunting. Only 7.2% of respondents in a recent study believed their company’s leaders are “very prepared” to address business challenges in the coming years (The Conference Board 2013). Developing leadership is one of the greatest challenges facing all types of Chinese organizations, from state- and private-owned local Chinese firms to multinational corporations. The rapidly aging population has widened the gaps in China’s leadership capacity.

Why hasn’t leadership development kept up with business needs? It is not a lack of motivation. The vast majority of companies in China are maintaining or increasing leadership development budgets (The Conference Board 2013). Companies have adopted best practices, blending development programs with an emphasis on experiential learning to develop leaders (Korn Ferry Institute 2015). Nor is there a lack of job experience from which leaders can develop leadership skills. Korn Ferry data indicate that Chinese leaders measure well against their counterparts in other regions in the variety and number of job experiences. An analysis of recent years’ data on 177 Chinese participants shows Chinese leaders reported more experience than the global norms in most categories (see Figure 1).

The way forward.

Based on Korn Ferry data analyses, and applying these broadly to China’s business leadership, these recommendations could improve Chinese high-potential programs if organizations will:

• Be more transparent with and about talent, especially in helping employees and aspiring leaders to understand the new business context, how it differs from the past and the implications of what now makes an effective leader. Leaders must articulate both their organization’s priorities (e.g. manufacturing vs. sales / marketing), and its cultural context (focused within China versus taking a regional or global perspective). They must make clear that when this context changes so must the effective leader.
To be fair, the success and failure of leadership programs is determined by a variety of components, and recent global survey research by Korn Ferry (2015) provides insight into this issue. When leaders of companies of different sizes (from 500 to 50,000-plus employees) in more than 50 nations were asked “What drives promotion decisions at your company?” respondents assigned equal importance to competencies, traits, and dispositions. But when asked what leads to a failure to be promoted, they identified a lack of well-suited traits and dispositions for the leadership role as the most significant reasons.

The leadership development programs with the greatest impact on a business’ success must focus on the best talent, those with the potential to develop the qualities to perform effectively in future roles. Individuals do not benefit equally from developmental experiences and some have more leadership potential than others. So it is imperative for companies to identify potential when selecting candidates for developmental opportunities. While most companies in China recognize the importance of a planned, structured, and formal process to select and develop high potentials, few (only 11%) have succeeded in identifying leadership talent (The Conference Board 2013). This is unsurprising as selection often is based on criteria—such as past performance, seniority, or education—unrelated to leadership potential.

How well have Chinese companies identified high-potential leaders? How well suited are Chinese leaders for future, more challenging roles? How well suited are they to lead in a global setting outside of China? What are Chinese leaders’ strengths, weaknesses, and what are their risk factors? Korn Ferry leadership assessment data provide insights on what may facilitate or hinder leadership development in China.
Four dimensions of leadership and talent.

Korn Ferry’s Framework of Leadership and Talent (see Figure 2) is based on more than 40 years of research into what makes leaders successful in different environments. Korn Ferry organizes the qualities that lead to success into four distinct categories: competencies, experiences, drivers, and traits. Two quadrants (competencies and experiences) describe “what you do,” while two (drivers and traits) reflect “who you are.” Most individual attributes related to potential fall in the drivers and traits quadrants.

Drivers are values and interests that influence a person’s career orientation and motivation. People with leadership potential find the role of a leader interesting and they are motivated by the work of leading; this is crucial to effectiveness as a leader. Traits play a large role in how people develop—what is more natural for them and what is more of an effort. Possessing certain traits makes it easier to develop individuals into future leadership roles, while possessing other traits makes it more difficult for them to succeed as leaders.

**The way forward**

- Provide coaching and mentoring on giving feedback and developing talent. Managers promoted without honest and detailed feedback can become prisoners of their own positive perceptions. They often are shielded on the way up from negative feedback, constantly told how good they are. Their self-perception inflates and they see themselves as incapable of making mistakes. In China, confrontation is culturally not accepted so managers often provide only positive feedback—or none at all. Organizations can overcome this barrier to success in China by striving to create their own culture of feedback with senior leaders by modeling the behaviors of coaching and mentoring.
Decisive generalists needed.

People hold different values and pursue different types of careers (Schein 1987). The values reflect individuals’ mindset and self-identity, i.e., how people see themselves playing their roles in the workplace. Leaders have different career orientations than professional employees. These differences are well captured in the specialist versus generalist issue in human resource management (Cesare and Thornton 1993). Specialists primarily are concerned with honing their skills toward mastering a craft. They typically are trained to think in focused areas using precise, objective terminology. They are motivated toward skill utilization and can concentrate on select projects intensely. In contrast, generalists pursue breadth over depth. Because of their macro perspective, they can tackle multiple projects simultaneously. They are willing to achieve objectives by leveraging others’ expertise and not just relying on their own. Korn Ferry designed paired statements to assess specialist versus generalist orientations, with questions such as: “Do you prefer clearly specified responsibilities in one area or new responsibilities in different areas?” or “Do you strive to be recognized as an expert or surround yourself with experts?” and “Do you like to immerse yourself in what you are doing or take on different projects at the same time?” A clear response pattern emerged in global study data from more than 10,000 assessments, showing that the generalist orientation increases steadily up the organizational hierarchy. Individual contributors have the highest specialist orientation; top executives have the highest generalist orientation. The same pattern emerges in Chinese assessment data. The generalist orientation also increases up the organizational hierarchy for Chinese leaders working in both multinationals (N=992) in China and local Chinese firms (N=714). (Figure 3)
But differences become obvious in the percentage of leaders with specialist versus generalist orientations when Chinese leaders are contrasted against Western counterparts ($N=8,667$). Chinese leaders are more specialist-oriented than Westerners at each hierarchical level. This is most true for leaders in Chinese local firms. There is slight bias possible in these responses because managers at lower levels in local Chinese companies may be reluctant to say they want to be generalists. They may believe this shows them to be overly ambitious, a characteristic that defies the modest orientation in China. They also may fear that it may arouse suspicions by their superiors that they lack loyalty. The gaps revealed in the specialist-generalist orientation between Westerners and Chinese are distinctive. But these also may be affected as people advance in their careers and gradually may become more ambitious.

The bias against being a generalist also has deep roots in Chinese history. A wonder of the culture is its more than 2,000 years of experience in preparing leaders in a system attributed to Confucius and other early scholars and long supported by emperors. This system rewarded scholar-officials who became learned, followed instruction, and scored high on official exams for bureaucratic posts high and low. Combined with other aspects of Chinese culture, such as respect for elders and a desire to maintain harmony, the scholar-official system culturally has influenced Chinese expectations about leaders. Older Chinese feel more comfortable leading when they are

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**The way forward**

- Recognize and foster a generalist mindset in leaders. Typical employees start their career with functional contributions. But as they progress up the ranks to take new and increased leadership responsibilities, they must broaden their perspectives beyond a narrow focus to see the big picture. Further, they must learn to rely on others, not just their own expertise. This shift may not be easy for the Chinese due to culture and history. Organizations could foster a generalist mindset by forcing talent to rotate among different functions and business units, so they see organizations from different business perspectives before undertaking senior leadership roles.
subject-matter experts; they win the most respect from their teams when they meet expectations to make decisions by applying expert insight. The low ambiguity tolerance in Chinese culture makes such expectations salient; leaders who meet them are more likely to get promoted. Being a generalist may mean Chinese leaders need to acknowledge ignorance, and that can undercut their standing.

In our work for organizations, we have seen this preference for staff to wait for the boss to make decisions affecting results for some of the largest companies in China. In small but burgeoning organizations, the leader might be expected to make decisions for tens, hundreds, even thousands, of people. As many of these organizations have grown to tens- or hundreds-of-thousands of employees, spanning greater geography, we have seen lines build outside senior leaders’ doors and decisions delayed for days, if not weeks. As organizations grew, decision time lengthened and dissatisfaction festered among younger employees as they awaited direction. As a result, growing organizations in China often become slower and more bureaucratic. Further, they are eclipsed in performance by new, more agile, and entrepreneurial companies that can better take advantage of prevailing economic conditions.

Dealing with a complex, volatile business environment requires broad perspectives and leadership versatility. Increasingly, this calls for nurturing a generalist orientation. The good news is Chinese leaders at higher levels have adopted more generalist orientation than those below them. However, in contrast to leaders in Western companies, they have a much stronger tendency to focus on small details and to show their expertise, rather than feeling comfortable solving bigger problems and issues their organizations confront. This raises questions about the competitiveness of firms with large numbers of these managers, especially when they compete directly with Western companies and local, smaller Chinese companies—both with shorter decision cycles.
Traits: strengths and weaknesses.

Traits are the underlying personality elements that create tendencies for individuals to behave in certain ways as a leader. Four decades of Korn Ferry research demonstrates that certain traits have a high correlation with success as leader. While personality remains relatively stable, leaders can learn to leverage or mitigate the impact of their traits in their day-to-day activities, especially if they know certain traits will create preferences for certain behaviors.

Using a large sample of leadership assessment data, we mapped out the relative strengths and weakness of Chinese business leaders.

<table>
<thead>
<tr>
<th>Category</th>
<th>Themes</th>
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<tbody>
<tr>
<td>Strengths</td>
<td>Thoughtful Being analytical, considering perspectives of others, thinking forward and generating new ideas</td>
</tr>
<tr>
<td></td>
<td>Interpersonal-sensitivity Being sensitive to others’ feeling, conscious about how self is perceived by others, and taking a collaborative approach to working with others</td>
</tr>
<tr>
<td>Developmental needs</td>
<td>Flexibility Being adaptive to change and unexpected situations, tolerant of different views and values, comfortable venturing into the unknown in order to grasp opportunities</td>
</tr>
<tr>
<td></td>
<td>Resilience Seeing things from the positive and bright side, remaining calm and optimistic in difficult and stressful situations</td>
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<tr>
<td></td>
<td>Vitality Being energetic and pursuing challenging goals, having a passion for success</td>
</tr>
<tr>
<td>Overused strengths that could become weaknesses</td>
<td>Focus Being detail-oriented, ensuring accuracy, taking a well planned and predictable approach to work</td>
</tr>
<tr>
<td></td>
<td>Self-enhancement Being competitive, pursuing personal success and having a desire for career advancement</td>
</tr>
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The instrument used for this assessment is the Global Personality Inventory (GPI; Corporate Executive Board, 2001). The instrument assesses 37 dimensions of personality traits, including five maladaptive personalities.
Chinese leaders, in general, appear to possess strengths in several personality traits highly associated with success as a leader, Korn Ferry data show. The leaders scored relatively higher on traits related to the thinking factor than did Westerners in the sample. These differences were consistent across hierarchy; these Chinese leaders were analytical, preferred to think more deeply and to consider problems from more perspectives than did their Western counterparts. Chinese leaders also scored higher than their Western counterparts on several traits related to interpersonal relationships. This may reflect the collectivist culture in China, wherein leaders need to be attentive to people’s feeling while adopting a paternalistic style in managing and leading others. “Thoughtful” and “interpersonal-sensitivity” are words most often used to describe successful leaders, and their favorable associations might encourage people to adopt and expand these traits.

Lower scores in several areas suggest developmental opportunities for Chinese leaders. They on average scored relatively lower than Westerners on traits relevant to flexibility and tolerance of ambiguity. In risky and stressful situations, Chinese leaders may not demonstrate the high-level resilience they need to manage challenges and control emotions. They also scored lower on energy level and achievement orientation than their Western counterparts. Energy and need for achievement powers our everyday activities. It is the source of vitality, vigor, and passion. Flexibility, resilience, and vitality are important to success in a volatile, tough, and uncertain business environment. They reflect individuals’ adaptability to change. Leaders lower in these traits are likely to feel comfortable in more stable and structured environments. They may be less ready to deal with new and difficult challenges. Chinese leaders tend to focus on short-term results and bet on easy success, rather than taking on a long-term plan. “Strategy” to many Chinese managers means beating the competitors in easy and visible ways such as through imitation and price-cutting. The few Chinese entrepreneurs who overcame these barriers have been very successful in this market.

Some areas may be considered strengths for Chinese leaders in certain situations. However, overusing these strengths can undermine their effectiveness. Chinese leaders scored higher than Westerners on detail orientation and self-discipline. Paying sufficient attention to detail is an enabling attribute when an individual’s primary responsibility is to deal with technical/functional problems, planning, organizing, and ensuring execution efficiency. But as leaders move up in their organizations, they do less and less functional and operational work and more and more conceptual (e.g., visioning)

The way forward

• Select for adaptability. The traits and attributes that make someone successful in a role today might not work for them tomorrow if the competitive landscape shifts and the company’s strategy changes. Leaders, to stay competitive in today’s rapidly changing economy, must demonstrate a high level of agility and adaptability to build on openness, courage, and tolerance of ambiguity. There may be cultural barriers to risk-taking. Traditional Confucian philosophy does not encourage individuals to stand out and challenge the status quo. But generations differ in adaptability to change. Younger Chinese may be more proactive, assertive, and self-determinant than older generations (Lynton and Beechler 2012; Lynton and Thøgersen 2010).
and political work (e.g., managing shareholder relationships). Many senior leaders in both Western and Chinese organizations told us their Chinese leaders lack the ability to think strategically and motivate others to align with the organizational strategy. They can communicate the strategy’s details. They can create plans to execute it. But they struggle to get alignment with the strategy’s purpose, and, thus, they struggle to answer the more ambiguous questions of “What happens if?” when dealing with unexpected events. Korn Ferry research consistently shows declining detail orientation among leaders at higher levels as compared with subordinates, and especially in Western leaders. Executives who dwell on detail can get overwhelmed, especially if they fixate on ensuring the correctness of every small item. Chinese leaders’ detail orientation may have served them well in a manufacturing-dominated era. It may become less desirable in the new economy, where, as a commercial phase takes hold, leaders must learn to be more comfortable with ambiguity.

Chinese leaders also must reconsider traits related to the desire to move ahead of others. Older Chinese, who grew up with scarcity of resource and a strong sense of insecurity, have emphasized self-enhancement values (Lynton and Beechler 2012). Competitiveness and a desire for advancement can assist individuals in obtaining power and moving ahead of others. These traits are suited to achieving career success in a hierarchical culture. But new Chinese leaders must consider their participation now in a global context (e.g., working in cross-cultural teams, and exerting influence without authority), the values of younger generations (e.g., self-determination), and what is needed to cultivate innovation (e.g., empowering and involving others). Chinese leaders’ past tendencies toward self-enhancement may disenfranchise their employees in the new economy. There are dramatic signs that younger Chinese leaders (those born after 1980s) may be less competitive and advancement-driven. This may be due in part to the advent of a global, technology-driven era that embraces an innovative and collaborative style; and a move away by younger Chinese from a mindset of conventional status-addictive beliefs (Lynton and Beechler 2012).
Leaders, beware: derailers abound.

Korn Ferry’s leadership assessment reports on several maladaptive traits that can pose derailment risk, defined as the failure to achieve one’s full potential. These maladaptive traits reflect behavioral tendencies that are ego-centered, passive-aggressive, micro-managing, manipulating, and intimidating. These maladaptive traits were assessed through the GPI. In striking fashion, Chinese leaders scored higher than Westerners on all these derailment factors and this occurred at all hierarchical levels. Although trait scores on these derailment factors (except for intimidating) decline steadily from the low to high organizational level for leaders in Western companies, the opposite occurs with Chinese leaders: They show stronger tendencies for these derailment factors at higher levels. This all paints a cohesive picture of how Chinese leaders differ from Western counterparts. This may be because current organizational practices emphasize a hands-on management style and reward individuals for personal achievement, rather than empowering and holding them accountable. In China, leaders who seem to possess super-hero characteristics were chosen and promoted, and, historically, organizations lacked a mechanism for “delegation.” Senior leaders stay aloof from peers, maintaining secrecy to protect their authority; this was a common practice for leaders from generation to generation.

The business environment is changing so fast, becoming so complex, and raising such new risks and opportunities that Chinese leaders need new skills to deal with context, complexity, and global connectedness. The business case for developing leadership talent is clear. However, companies are faced with the challenge of how to find and develop the right talent who will stay and take on senior roles. This paper serves as a starting point for organizations to reevaluate their high-potential programs and rethink their leadership strengths and gaps for future Chinese leaders to succeed in a changing economy.

The way forward

• Increase executives’ awareness of derailment risk. Due to rapid economic growth and scarcity of leadership talent, companies may fast-track high potential employees’ development and advancement. But growth takes time. Fast-track managers may succeed for a time but risk their underlying derailers surfacing as they confront the stress or complexities of a new, more challenging role. They may seek results by micro-managing subordinates, rather than providing leadership, guidance, coaching, and vision. The derailers of micro-managing and excessive focus on detail become issues more often in China than we have seen in our experience coaching leaders in other regions.
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