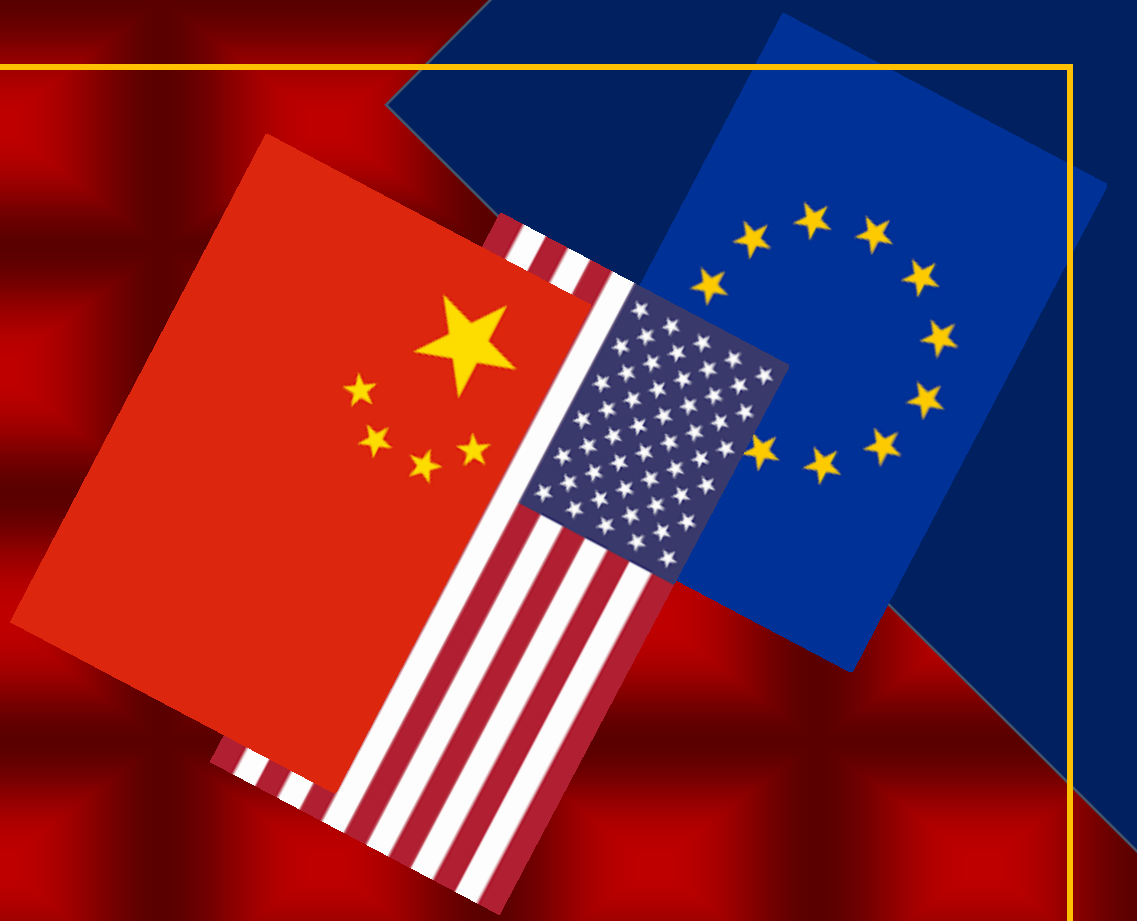仁　义

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Re-Branding of China and Chinese Transformational Leadership to Overcome the Cultural Distance Challenge of Chinese Companies

Master's Thesis

Antony Federico Muraro (108014) and Hasibe Mustafa Salim (97296)

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My deepest gratitude to my mum, my heroine and greatest inspiring motivator ready to be emotionally, psychologically and physically there for me anytime.

Antony Federico Muraro

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ABSTRACT

The overall purpose of this thesis was to identify the effects that the implementation of Chinese transformational leadership behaviors can have upon the differences existing between China and Western countries during internationalization processes of Chinese companies and under the recent Re-Branding of China perspective. More specifically, the aim was to understand whether Chinese transformational leadership behviors could be accepted by Westerners overcoming the cultural distance as a barrier to internationalization processes of China. Chinese transformational leadership, including the already accepted cross-cultural behaviors of ethical leadership and charismatic/value-based leadership, is seen to be accepted in Western countries during the internationalization of Chinese companies, helping them in creating a common ground of values on which the style is built, i.e. Ancient Confucian philosophy based on humanism, morality and harmony.

Furthermore, the growing success of Chinese economy is still blocked by the negative associations, image and reputation the country possesses worldwide in terms of "Made in China" products negative connotations of bad quality and cheap price. What is interesting to note is that the implementations of Chinese transformational leadership behavior can influence and shift the perception of China's image, giving the nation an additional tool to use to build a stronger brand positioning in the world.

1. INTRODUCTION

1.1. Overview

Since the adoption of a liberalized market economy in 1980s, China has become the second largest economy in the world. Having been an arguably underdeveloped country, China has abandoned many of its socialist values and to a greater extent adopted Western management and market values while maintaining many of the traditional Confucian-based values and foundations. Concurrent to the implementation and adaptation of Western management ideas by Chinese, Western markets became more aware of Chinese traditional management conceptions. In this thesis, the cross-cultural and international dimensions are being considered.

Since China started to open up to international trade and become global, the internationalization of Chinese companies largely expanded. Hence, the success of China started to grow. Expanding internationally and reaching high levels of Foreign Direct Investments China is now considered the second largest economy in the world. China can be considered one of the most fast-growing economies in history. They are successful. However, China is facing internationalization challenges recently because of the ambition it possesses yet the negative reputation that still Westerners have of the country. China has a negative perceived image that reflects the characteristics of bad-quality and cheap "Made in China" products. Hence, the internationalization challenges are growing recently for Chinese companies in terms of cultural distance and in terms of perceived image possessed.

In recent years, the study of leadership increased exponentially, leadership has become important since it is everywhere, philosophy, politics, business, management. Leadership behaviors and approaches are becoming focus of many researches aimed at understanding the deeper meanings. In the recent trend of expanding globally, the behaviors of Chinese leaders are becoming relevant for the development of Chinese-Western relationships.

1.2. Reason of the Thesis Topic

The choice of the thesis topic has been made by considering the study program of the two authors, *i.e.* MSc in International Marketing and Management. Indeed, during the Master's program we had the opportunity to work with international projects. More specifically, the aim of the course was to understand the concepts of Marketing and Management which affect the global perspective of

Business and Management. However, we delivered projects based on the challenges that Western companies had during the internationalization processes when entering Asia, especially China, by considering and understanding the challenges they faced in entering the huge diverse Chinese market. During the study program we constantly analyzed the western perspective of companies that desired to enter China. Hence, the purpose of this thesis aimed at analyzing the other way around to consider the other perspective, *i.e.* understanding the challenges that Chinese companies might face during the internationalization processes when entering Western markets. In fact, China is a very fast-growing economy which spectacularly evolved from an arretrate economy to the second largest and richest in the world by GDP and the models they are exploiting seem successful. Our purpose was to better define what might be the challenges of such a successful economy in becoming Global as well as analyse what the possible explanations to overcome them are.

1.3. Thesis Outline

The research paper is developed by using the following structure:

Introduction, giving an overview of the chosen topic and the relevant information needed to develop the paper, including problem statement; Background Knowledge, which will give an explanation of the recent trends and perspectives regarding China and the Western markets; Theoreticical Framework, which will combine several theories in order to create the one chosen for the development of this research; Methodology, explaining the methods and theoretical view of data collection; Research Design, which will consider how practically the research has been deigned to collect data and analyse it; Analysis, regarding the results obtained by the collected data; Discussion, arguing about the findings; Conclusion, to wrap up and conclude the main direction of our thesis; Recommendations, delivered to help better understand the strartegies that can be implemented; Limitations, related to the limitations encountered during the research; Further Research, including the future perspectives of the study that can be developed.

1.4. Problem Formulation

China and Chinese companies are successful, currently emrging and growing, internationalizing themselves and selling "Made in China" products. However, the perception of China and Chinese products is perceived negatively which can impact the perception of the culture considered too different from the Western focus on increasing quality of life, from products to work life. This can influence the internationalization of Chinese companies perceived by having a negative reputation

in how they manufacture products and treat employees. This created a division between the two cultures in the minds of the Westerners perceiving Chinese as culturally distant from their way of thinking and behaving. Hence, even though China is successful the problem of neagative perception persists. Indeed, Chinese companies are being successful and growing, however the challenge that internationalization imposed is related to perception of the country, its products and the reputation of not valuing employees as Chinese leaders and managers were focused only on profits. This can impact the internationalization processes of Chinese companies, affecting damagingly their internaitional presence, their reputation, the reputation of their products and lastly the growing economy.

Based on the problem formulated, the research is aimed at addressing the challenge of cultural distance Chinese Companies are facing in internationalizing themselves.

The main research question is:

Could Chinese Transformational Leadership Overcome Cultural Distance in the Internationalization Processes of the Chinese Companies Under the Re-branding of China Perspective?

In order to answer the main research question, we divided it into sub-questions:

1. *How does Chinese Transformational Leadership address cultural distance faced by the Chinese Companies investing in the Western markets?*

2. *Could Chinese Transformational Leadership behaviors be accepted among Westerners?*

3. *Is China´s image perception changing?*

4. *Could Chinese Transformational Leadership shift the perception of China?*

2. BACKGROUND KNOWLEDGE & PERSPECTIVES

Before we begin with the core of our thesis, we attempt to establish some background knowledge to better understand the purpose of the research by defining our perspective.

2.1. China the Center of the World by GDP

The current global population is witnessing the most significant and fastest economic transformation the world has ever seen in history. We have observed a more rapid shift in the last decade than in the previous centuries. In fact, according to a McKinsey report (2012) the world's "economic center of gravity" is shifting back to Asia after 1,000 years and at a stunning speed never seen before (*ibid.*). The Earth's "economic center of gravity" is a measure of the global economic balance "*calculated by weighting locations by GDP in three dimensions and projected to the nearest point on the earth's surface*" (McKinsey, 2012, p. 17). The economic center of gravity, a thousand years ago, was in Asia accounting for two-thirds of the world's wealth at that time. By 19th century the center had dramatically shifted to Europe, leading the rest of the world as a result of the Industrial Revolution. Subsequently, by the first half of the 20th century, the center had switched to North America, illustrating the economic rise of the United States. And now the flow is reversing itself ; it took 1,000 years to move to the West and it will have travelled all the way back East within few decades (*ibid.*). In the report is denoted that the rapid economic development of Asian countries is not the only reason of the shift; indeed, economic problems in Europe and the U.S. have "*accelerated the shift in the global economic balance*" (*ibid., p.4*). Regarding, the rise of economic power and development of Asian countries the shift occurred in particular because of China. Indeed, in the decade 2000-2010 the global balance moved from the West - U.S. and Europe - to Asia due to the Chinese exponential and massive scale of urbanization (*ibid.*). As shown in Figure 2.1, China was at the center of the world by GDP 2,000 years ago and their goal is to be the center of the world again. Indeed, it is expected that China is going to reach the economic center of gravity the near future allowing them to reach the world's leading position by 2025.

Figure 2.1 Evolution of the Earth's Economic Center of Gravity
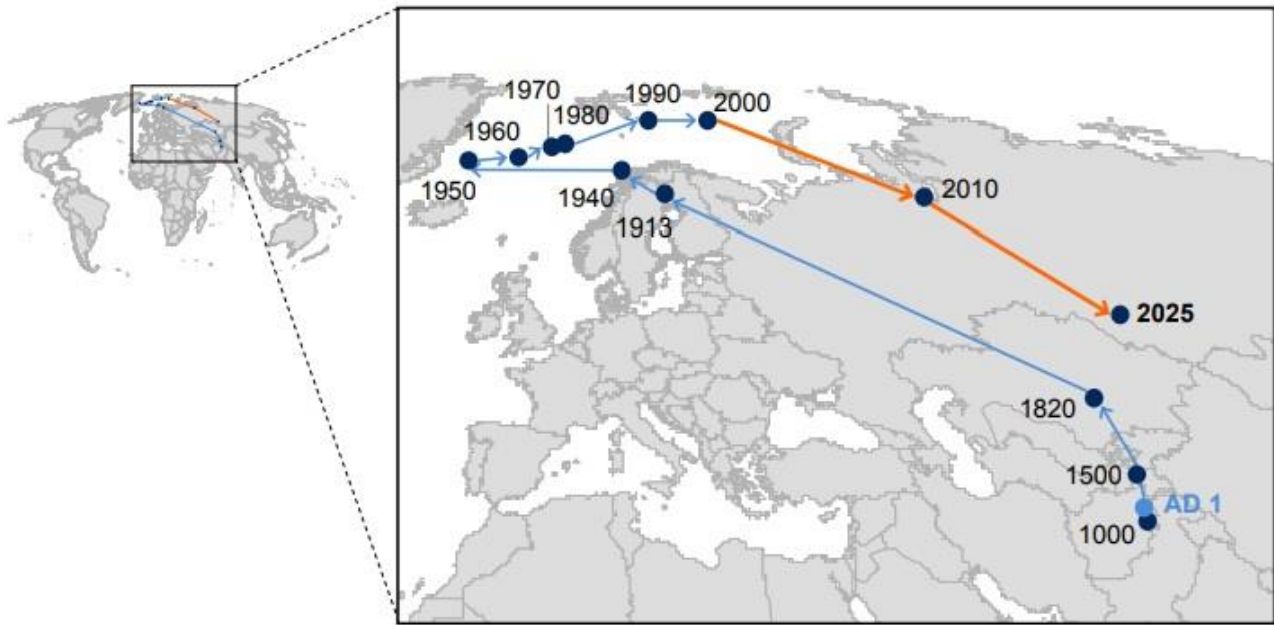
Source: McKinsey Global Institute Analysis (2012)

China was the biggest, richest and most prosperous economy by GDP among the major economic powers of the world two thousand years ago, and it is reaching the same point of remarkable prosperity as shown in Figure 2.2. After the fall of Chinese economy, the country faced a prolonged period of poverty but since 1979 - when economic reforms were first introduced - the following years have brought the most favourable conditions for the country which occurred due to the introduction of China's manufactures into the most extensive markets in the world; and, hence, allowing China to retake, again, its place as the largest economy on the earth (The Economist, 2019). The rise of China from a stagnant and poor country to a major economic force - within a time span of solely 30 years - is described by analysts as one of the greatest stories of historical economic success of modern times (CRS Report for Congress, 2007). For now, China wants the respect that had enjoyed in the past centuries, but still does not know how exactly how to deserve or achieve it (The Economist, 2019).

Figure 2.2 Share of GDP of World Major Powers in 2,000 years of Economic History

SHARE OF GDP (WORLD POWERS)
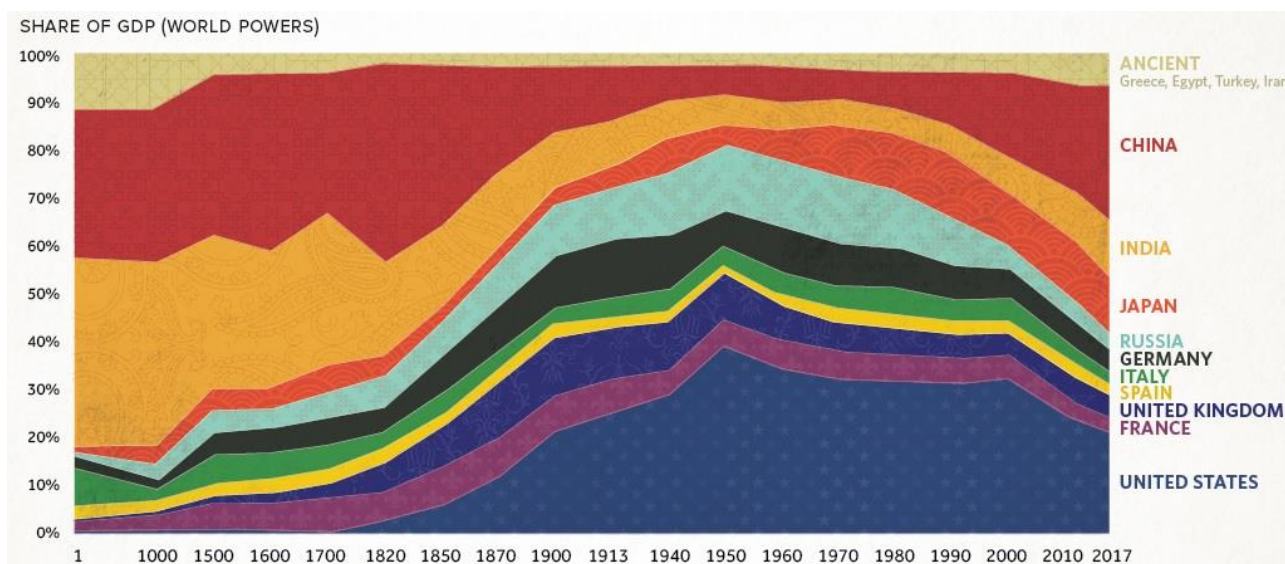
Source: Statistics on World Population, GDP, and Per Capita GDP. 1-2008 AD from Maddison (2008), IMF (2018); VisualCapitalist (2018)

The GDP of China grew from 1980 to 2015 at an average annual rate of about 8.7% and the real GDP per capita increased from USD 714 in 1980 to USD 13,277 in 2015, a cumulative rate of 1.759% according to the IMF's World Economic Outlook data (Zweig, 2018). The high economic growth was as a result of market-oriented institutional reforms like openness to direct investment and international trade, a favorable demographic structure, and low wages. The portfolios which previously focused primarily on mining and energy sectors are being diversified by the Chinese investors to bring in a new wave of the real estate, technology, and agriculture sectors (Ernst & Young China, 2015). On the other hand, Chinese companies are focusing on investing in advanced economies like the U.S. and Europe which have become attractive investment destinations (*ibid.*). Manufacturing is the main pillar for China's national economy, a tool for transformation, a foundation of the country and basis for its prosperity (Kennedy, 2015). As a consequence, China can enhance its strength, protect its security, and become a world power by developing its manufacturing sector to be internationally competitive. Since the New China was founded, reforms made the country open for international trade. Therefore, manufacturing sector has developed rapidly and built an independent and comprehensive industrial system which is the cornerstone for social and economic development. As a result, modernization and industrialization in China has been supported significantly enhancing its overall strength and supporting its position as a world power (State Council, 2015).

2.2. World Leading Chinese Inventions and Innovations

As a representation of Chinese hegemony being the economic center of the world back 2,000 years, ancient China is famous globally as it gave rise to some of the era-changing and great inventions and innovations of the world still being used which have the greatest significance and continue to be prominent in the global life of today (Temple *et al.*, 2007). The Chinese ancient culture of creating, inventing and out-of-the-box thinking required for innovation, has the highest contribution to the advancement of human progress. Indeed, the ancient Chinese were determinant and innovative and always ahead of the world for innovating and creating some of the most prestigious and valuable things in the human history. As stated by Krebs *et al.* (2003), ancient China held a leadership position in the world for its inventions, providing some of the very useful and great objects which are still essential now. The most outstanding inventions originated in ancient China are papermaking, gunpowder and fireworks, the compass, and printing system (Temple *et al.*, 2007). Other inventions widely used internationally created by the ancient Chinese include seismograph which is the first earthquake detector in the world, the umbrella, alcohol beverages, the mechanical clock, rockets, porcelain, tea production, the toothbrush and last but not least paper money (*ibid.*).

2.3. Chinese Foreign Direct Investments

In the last few decades, China started to open-up to the Western world, allowing people, trade, investments, technology, and information to be exchanged with high-rate growth of international flows of resources. Indeed, China and Chinese businesses started to be present globally due to an increasing migration of Chinese people towards Europe and U.S. as well as a rise in the Chinese foreign direct investments (FDIs).

2.3.1. Outward Foreign Direct Investment (OFDI)

Chinese foreign direct investment (FDI) - capital inflows and outflows - has significantly changed as the economy of the nation matures from a heavy manufacturing base, to a base led by services and high-technology-based products. Initiatives have been designed to improve options for foreign investment and reshape both the inbound and outbound FDI of China. In one of the first initiative to expand overseas, in 1999 China launched the "Going Global" strategy to allow and encourage the domestic firms to invest abroad (China Policy, 2017). As stated by Morck *et al.* (2008), Chinese companies are internationalizing, and this will help reshape the global economy. The national

policy and strategy "Going Global", launched by the Chinese government, encouraged the Chinese companies - especially state-owned companies - to invest abroad through internationalization processes (Casaburi, 2016). Hence, since then the level of Chinese outward FDI (OFDI) grew exponentially by expanding overseas especially over the last decade (Ernst & Young China, 2015). In fact, as shown in Figure 2.3 there was a boom in Chinese's Global Outward Foreign Direct Investment starting from 2008. During the global financial crisis, both the private and state-owned Chinese companies have dramatically expanded their foreign investment (Casaburi, 2016). The global investments of Chinese firms are increasing year by year, and currently China has become one of the leading exporters of capital in the world (*ibid.*).

Figure 2.3 China's Global Outward FDI Boom
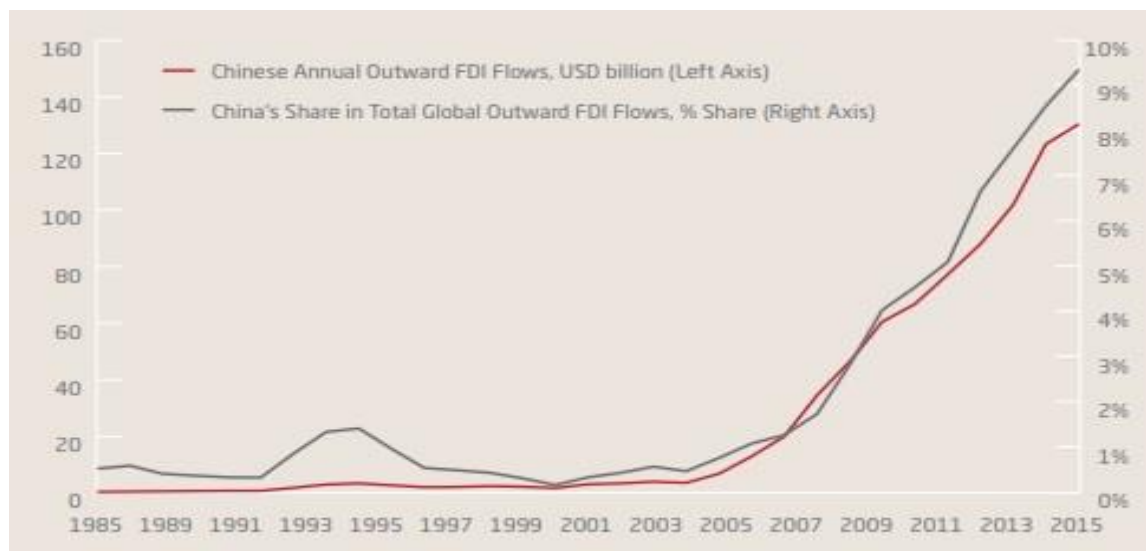
Source: Mercator Institute for China Studies (merics.org) (2016)

The prevalent markets where the presence of Chinese FDI outflows is essential are the developed countries of the U.S. and Europe. Chinese outward FDI prevalently involves M&A transactions with a result of emerging acquisitions, takeovers and mergers of huge large Western companies as well as the acquisition of Western SMEs and by starting new Chinese businesses, allowing China to penetrate European and American markets (Hanemann & Huotari, 2017; Hansakul & Levinger, 2014).

For China the American market remains attractive for diversified investments. Indeed, in the last few years China's FDI into the U.S. market gradually rose in vigorous M&A transactions (Ernst & Young China, 2015). The cooperation between China and the U.S. grew after China joined the World Trade Organization (WTO) resulting in partnerships and Chinese FDI in energy security,

high-tech, health care, environmental protection, and intellectual property protection. As an example of the consensus that China and the U.S. reached consensus on the Information Technology Agreement expansion which will allow the two world superpowers to collaborate on high-tech products including semiconductors, medical equipment, and GPS devices (*ibid.*).

On the other hand, Chinese investors are increasingly aiming at entering European countries due to their expertise and advanced technology, their well-accepted and already recognized brands as well as solid and mature marketing networks (Ernst & Young China, 2015; Hanemann & Huotari, 2017; Hansakul & Levinger, 2014). In Europe, China invested in a variety of sectors and industries which characterize the EU market, focusing on Logistics and High-Tech (Figure 2.4).

Figure 2.4 Chinese OFDI in EU by Industry
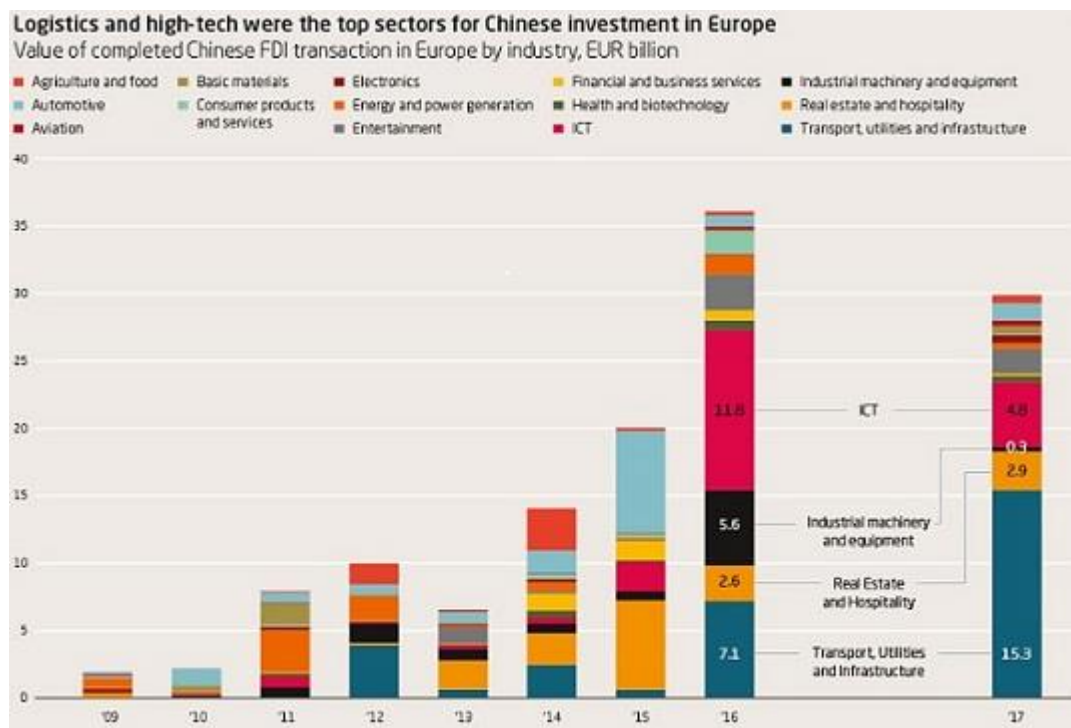
Source: Rhodium Group (2018)

In fact, Chinese investment into Europe increased dramatically during the last two decades allowing an expansion of Chinese businesses and important M&A transactions in relevant European sectors. Chinese OFDI is distributed widely across Europe, but the concentration of Chinese presence varies in the different EU member states (Figure 2.5).

Figure 2.5 Chinese FDI Across Europe

Chinese FDI is distributed widely across Europe
Chinese FDI transactions in the EU by country, 2000-2017, EUR billion

Legend:
- 0 – 5
- 5 – 10
- 10 – 20
- 20 – 40
- > 40

Sweden 2.8
Finland 7.1
Estonia 0.1
Latvia 0.1
Lithuania 0.1
Denmark 0.2
Ireland 2.8
UK 42.2
Netherlands 9.0
Belgium 1.9
Germany 20.6
Poland 1.0
Luxembourg 0.5
Czech Republic 0.6
Slovakia 0.1
France 12.4
Austria 0.6
Hungary 2.1
Slovenia 0.1
Romania 0.9
Portugal 6.0
Croatia 0.1
Italy 13.7
Bulgaria 0.3
Spain 3.4
Greece 1.2
Malta 0.2
Cyprus 0.1

Source: Rhodium Group

© MERICS

Source: Mercator Institute for China Studies (merics.org), Rhodium Group (2018)

Based on the Mercator Institute for China Studies (2018), there is a strong disparity between European countries regarding FDI coming from China. Indeed, Chinese investors have mainly focused their investments on the so-called "Big Three" European economies, *i.e.* Germany, the UK

and France together counting for more than 50% of the total Chinese investment value as shown in Figure 2.6 (Hanemann & Huotari, 2017; Hansakul & Levinger, 2014).

Figure 2.6 Main European Economies in the Focus of Chinese Investors
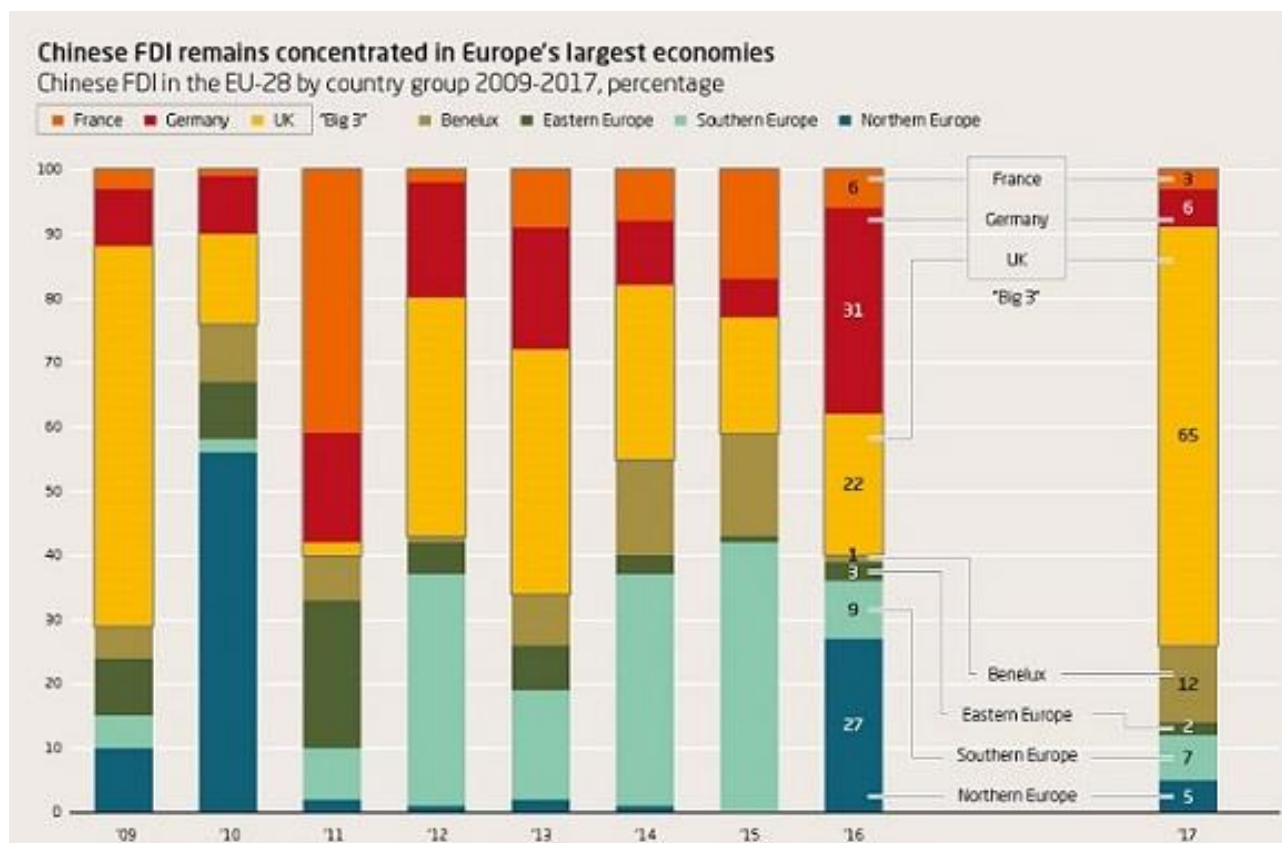
Source: Mercator Institute for China Studies (merics.org) (2018)

However, it is interesting to note that Chinese FDI has seen a strong development in the growth of the outflows to Southern European countries considering southern Europe still an interesting destination for Chinese FDI, largely attributed to strategic takeovers of European MNC (*ibid.*). In fact, China is buying its way into Europe by acquiring the enterprises being part of the historical European markets (Bloomberg, 2018). For instance, in 2015 five EU members accounted for three quarters of the Chinese FDI flow into Europe, i.e. Italy, France, the UK, the Netherlands and Germany (Hellström, 2016). Notorious investments have been made to acquire large relevant European companies, e.g. for the Italian Pirelli acquired by ChemChina, Italian Football teams, Greek Piraeus port acquired by COSCO, chinese shipping company (Hanemann & Huotari, 2017). Moreover, the takeover of Finland's Supercell gaming company by Tencent as a result of an increased interest of China in northern Europe (*ibid.*). Like the acquisitions of large European

MNCs, Chinese OFDI includes the acquisition of European SMEs as well the starting of Chinese SMEs in EU countries (*ibid.*).

The focus of the investment objective has changed from the acquisition of production factors, such as resources, towards the acquisition of advanced technology like Internet of Things, artificial intelligence, and smart manufacturing sectors, and brands as a consequence of the strengthening and transformation of Chinese economy and the growth and development of Chinese enterprises (Ernst & Young China, 2015). In doing so, China aims at increasing the international competitiveness of Chinese enterprises by also following the needs of the domestic consumption behavior which is changing (*ibid.*).

As mentioned, the level of Chinese OFDI increased dramatically in the last decade. However, according to China's Ministry of Commerce report (2017), the global outbound investment of China declined dropping by 29% as also illustrated on Figure X (Zweig, 2018). Indeed, the decrease of OFDI in 2017 happened mainly because of the re-focus of the strategic acquisitions and investments imposed by the Chinese government; employed in order to follow a more specific strategic plan of investments based on the relevant sectors China goals as well as due to a forced limitation in the investment funds (Nordeatrade.com, 2019; Hanemann & Huotari, 2017). More in detail, restrictive measures of authorities cut capital outflows halting the strong growth momentum of China's OFDI (Huang & Xia, 2018). The regulatory pathway for OFDI transaction approval was formalized by the National Development and Reform Commission (NDRC) to allow the classification of Outward FDI into encouraged, prohibited, and restricted transactions groups (*ibid.*). By encouraging transactions, China will do strategically important ODI transactions for the growth and development of the country while the restricted transactions - the outbound direct investments which are prone to irrational risk-taking or go against the national interests of China - will be discouraged (*ibid.*). Despite the drop in 2017, the trend of Chinese capital outflows is expected to rise from 2019, as shown in Figure 2.7, and in the long term with the continued growth in investment and trade which will allow China to reach out the planned strategic regions and sectors by allowing the country to be a focal point of FDI (*ibid.*).

Figure 2.7 Growth Trend of Chinese OFDI

Source: TradingEconomics (2019)

Most recently, China is seeking to invest in countries with high growth potential (Zhu, 2012). Indeed, currently Chinese FDI includes investments in Africa. China and Africa started a partnership to collaborate to get mutual benefits. As an example, Chinese firms have started setting up manufacturing plants for producing goods in Kenya that were previously imported leading to an improved balance of trade (Morck *et al.*, 2008). Chinese investors in Kenya have helped to transform the country's real estate sector and through the construction of modern skyscrapers, the Chinese have upgraded the skyline of Kenya into a modern metropolis (*ibid.*).

2.3.2. Inward Foreign Direct Investment (IFDI)

China is ranked the world's second largest FDI recipient after United States and before Hong Kong according to the World Investment Report (2018) and its economy the second most attractive to multinational companies from 2017 to 2019 yet the most difficult to reach. Most western companies aim at entering this market due to its vastity and rich opportunities of growth. As a result of the of the steady growth of the China's economy promoted by the rapid development of the high-technology sector, Chinese liberalization plans, and the establishment of free trade zones, the FDI inflows increased from USD 133 billion to USD 136 billion between 2016 and 2017 while IFDI increased by 2.3% between January and July 2018 (Zweig, 2018). A 7.5% increase in investment into high-tech industries was recorded which accounted for about 21.5% of the overall FDI and the sector of high-tech manufacturing attracted overseas investment worth CNY 48.78 billion, up by 31% (*ibid.*). As a result of the growing capital inflows in China's high-tech industry, the medical

equipment manufacturing sector recorded a significant increase in FDI as well (*ibid.*). The absorption of FDI is opening China to the outside world which is aimed at creating a better structure, business environment, and investment distribution. The increased FDI in China is as a result of the efforts of the government to attain a better geographical spread of investments (*ibid.*). Based on a statement released by the Chinese Ministry of Commerce (2018), 35,652 foreign-funded companies were established in 2017, a 27.8% increase from 2016. As stated by Zweig (2018), the FDI stocks increased by 10% between 2016 and 2017. In 2017, the major investors in China include Hong Kong, South Korea, Japan, the U.S., the UK, Singapore, Taiwan, and Germany (Chinese Ministry of Commerce, 2018). The investments mainly focused on trade, business services, manufacturing, real estate, new technologies, and financial intermediation. In the ranking for business climate *Doing Business 2018* by the World Bank, out of the 190 countries, China was ranked the 78th (*ibid.*). The Chinese government has made new reforms like the *Free Trade Zone Negative List*, the catalogues guiding foreign investment industries, revised trademark laws, and simplified procedures for company establishment to attract more foreign investors (Chinese Ministry of Commerce, 2018; Zweig, 2018). The European Union plans to improve access of European companies to China for investment by further liberalizing sectors subjected to compliance with abusive requirements and restrictions (Casaburi, 2018).

2.4. "Made in China 2025" and "Belt and Road Initiative"

Reflected by the explosion of Chinese FDI, China is strategically aiming to become the first world superpower in an attempt to redefine Globalization according to "Chinese characteristics", in order to be the economic center of the world one more time, yet in a high-tech and innovation-oriented connected world. Hence, Chinese government developed a few strategies to boost Chinese economy and gain the role of economic world leader. The most impacting significant strategies that China built are the "Made in China 2025" plan and the "Belt and Road Initiative".

2.4.1. "Made in China 2025" Strategic Plan

The "Made in China 2025" (MIC 2025) (中国制造 2025) plan is the strategic direction that China aims to follow for the coming decade to become a world leading power in the current knowledge-based economy, resulting by the efforts to make Chinese economy more innovative, modernize the military force, and gain influence throughout the globe (Fischer, 2018). The plan was announced in 2015 by Chinese premier Li Keqiang and it draws inspiration from the "Industry 4.0" plan of

Germany adopted in 2013 whose idea is to achieve intelligent manufacturing by applying information technology tools in production (Li, 2017). Accordingly, it aims at increasing the competitiveness of China in cutting-edge industries and also move the goods manufactured in the country up the value chain (Casaburi, 2018). The primary goal of the plan is to upgrade the Chinese industry and make it more integrated and efficient to enable it to occupy the highest parts of the production chains around the globe (Kennedy, 2015). Its aim is to increase the domestic content of raw materials to 40% by 2020 and to 70% by 2025 (Li, 2017). The ten-year national strategy is built on nine major tasks and ten key strategic sectors to allow China to be transformed from a "large-scale" manufacturer to a "superior" one (State Council, 2015). The industries covered by the plan include robotics, biotechnology, high-end shipping, aerospace, new-energy vehicles, advanced rail equipment, new materials and new generation information and software, electric power equipment, and agricultural machinery as shown in Figure 2.8.

Figure 2.8 Made in China 2025: Ten Key Sectors and Nine Strategic Tasks
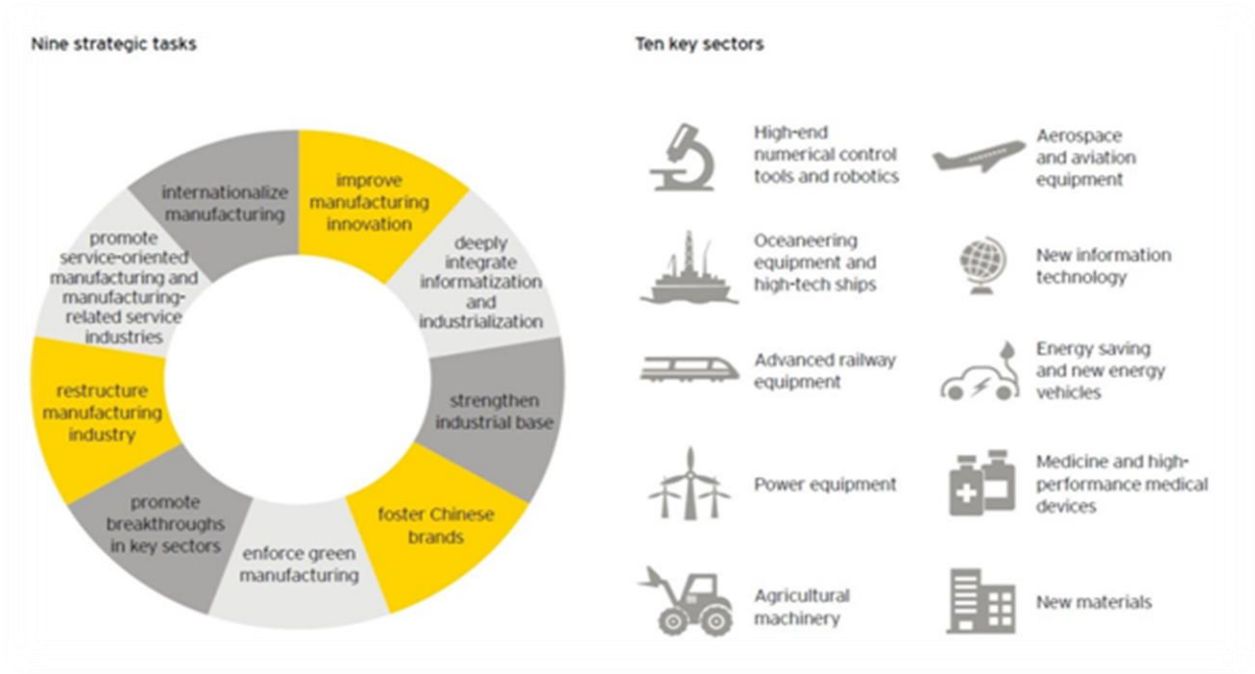
Source: State Council (2015)

The plan is intended to transform China into a high-tech powerhouse dominating advanced industries like robotics and advanced information technology together with artificial intelligence (AI). Accordingly, China's desire is to become a world leader in AI by 2030, following a strict all-of-nation plan in three major steps: (1) catching up with the West by 2020, (2) overtaking it by

2025, and (3) becoming the global leader by 2030, in order to improve the development of AI in China (Fischer, 2018).

Beijing is pushing a strategy to promote foreign acquisitions and forced technology transfer agreements to gain cutting-edge technologies and knowledge. The guiding principles of the strategic plan are to make manufacturing emphasize quality rather than quantity, be innovation-driven, optimize the Chinese industry structure, achieve green development, and nurture human talent (Li, 2017; Kennedy, 2015). It encourages reliance on market institutions, effective use of IP in business strategy, declaration of new technology standards by firms, and strengthening the protection of intellectual property rights of medium-sized and small enterprises (Li, 2017). By following the German example of "Industry 4.0", the Internet of Things would be used to efficiently connect medium-sized and small companies in innovation networks and global production to efficiently engage in mass production and customize their products (*ibid.*). By adopting the "MIC 2025" plan, China wanted to minimize its reliance on foreign technology. The country is faced with highly uneven efficiency and quality of Chinese producers and other multiple challenges. Through the strategic plan, it aims at overcoming the challenges and avoiding being squeezed by newly emerging low-cost producers and cooperate and compete more efficiently with advanced and industrialized economies. "MIC 2025" plan focuses on the entire manufacturing process and promotes the development of advanced as well as traditional industries and modern services (*ibid.*). Attention is placed on self-declared standards and the international standards system. The strategic plan is appropriate for the situation of the Chinese and aims at making Chinese companies more competitive and enable them to localize their production, move their value-added chain in innovation and production networks and achieve a greater brand recognition internationally. It encourages Chinese firms to focus their efforts on investing abroad by becoming more familiar with overseas markets and cultures in order to strengthen their investment and risk management in operations. China will be able to achieve "Made in China 2025" goals by pumping up its investments in the critical high-tech industries which are currently dominated by Europe and the United States, with the ambition of becoming a High-Tech superpower (Kennedy, 2015). Currently, the industrial and technological revolution is aligned with the economic development of China reshaping the structure of the international division of labor. The Chinese manufacturing sector has a great opportunity for innovating, transforming, and upgrading (*ibid.*). For instance, the integration of the next IT generation into Chinese manufacturing sector is promoting technology innovation, industrial transformation, new production methods, business models, and points for economic

growth and the scope of manufacturing is also expanding (*ibid.*). The manufacturing scale of China has become the largest globally after a period of rapid growth. China is in the process of industrialization and many gaps still exist between the Chinese and more advanced economies like weak capability for independent innovation and low product quality. For China to become an advanced manufacturing power, solutions must be provided to address these problems, seize strategic opportunities make effective policies, pursue innovation-driven development, and strengthen its overall planning (*ibid.*).

By following the 2025 strategic plan, the manufacturing sector will pursue specific strategic goals. For instance, China strives to become a major manufacturing power by 2025 by increasing digitalization, informationalization, and networking of manufacturing to improve its quality, labor productivity, and innovation capacity (Merics, 2016). Structural adjustments are to be made in the manufacturing sector for improvement. The traditional industries will be driven to gradually minimize their excess production capacity and develop to the mid-high end of the market (Kennedy, 2015). It will be supported through further optimization of manufacturing layout and promotion of coordinated development between the small, medium and large enterprises. Through the promotion of structural and business model innovation and the acceleration of coordinated development of both the service and manufacturing sectors, China will be able to increase its manufacturing productivity thus transforming into a manufacturing that is service-oriented. Based on "MIC 2025", China intends to accelerate the implementation of the "going out" - intense program of Chinese Outward FDI - and "bringing in" - bring in foreign goods and services to meet the domestic demand - principles as well as the "opening up" strategy which will enable the expansion of China into new areas and lead to improved international cooperation (*ibid.*). The internationalization of major industries will be promoted enterprises guided to strengthen their competitiveness internationally. In order to successfully transform the Chinese manufacturing, cultivation of the innovation culture of manufacturing and efficient and flexible implementation of mechanisms will be required (*ibid.*). Manufacturing openness will be promoted by deepening foreign investment reform and foreign exchange management, relaxing control over market entry, and strengthening the legislation of outbound investment. "Made in China 2025" strategic plan is currently drawing much attention and is the blueprint for transforming China into advanced economy, particularly in the manufacturing sector. The 10 industries identified intend to allow China to become competitive by 2025 and to globally dominate the current century (Li, 2017).

According to the Institute for Security & Development Policy (2018) the current President of the U.S. proposed tariffs on USD 50 billion of imports, which are aimed at many of the industries highlighted in the plan, the plan envisions domination and speedy expansion in the fourth industrial revolution as the rapid technological progress in China is transforming professions and services. By targeting the strategic plan, the complaints of the American companies investing in China are directly addressed. According to Li (2017), to facilitate the implementation of the "Made in China 2025" plan, the Chinese government is supporting the domestic high-tech enterprises, acquiring foreign companies with more advanced technologies to invest in China and encouraging more Chinese companies to expand abroad through the investment of vast resources including loans, subsidies, and bonds (*ibid.*). Some of the achievements China has made based on the plan include the establishment of five national and 48 provincial manufacturing centers for innovation as well as the advancement of large aircraft manufacturing, aircraft engine and gas turbine, semiconductor technologies, new energy vehicles, and 5G mobile network equipment (*ibid.*). Based on the strategic plan, China is focusing on the production of more value-added goods, catching up with the world economic powers and reducing its dependence on imported new technologies, and ensuring environmental protection. The strategy will succeed in elevating some Chinese manufacturers to considerably higher levels of efficiency and productivity. This will enable them to dominate their sectors on the Chinese market, thereby giving them competitive advantage in the international markets that will lead to further increase in Foreign Direct Investment (FDI) and global recognition (State Council, 2015; Kennedy, 2015).

2.4.2. China's Belt and Road Initiative

The "One Belt, One Road" or "Belt and Road Initiative" (BRI) is the Beijing's multibillion-dollar strategy aimed at creating a network of advanced interconnections by linking the infrastructures of China to the globe in order to boost Chinese investments in countries on these routes (Ernst & Young, 2015). The initiative is driven by the "Silk Road Economic Belt" and "21st Century Maritime Silk Road" policies which leads to infrastructure investments (*ibid.*), comprised of maritime "road" of shipping lanes and a "belt" of overland corridors (Weidong, 2015). China is planning and carrying out construction projects along these routes in over 60 countries. Hence, as a result of the plan, the investment in infrastructures is expected to rise and promote the expansion of worldwide FDIs journey of Chinese companies. More specifically, BRI is built on the strong

capabilities that the country possesses in the high-speed railway, nuclear power, aviation, telecommunications and other advanced manufacturing sectors.

The grand plan for connecting China to Africa, Asia, and Europe was announced by President Xi Jinping in 2015 and describes the various aspects of the Chinese engagement abroad. According to Weidong (2015), the BRI aims to rekindle the Chinese economy, stabilize the West peripheries of China, gain influence in other countries, propel non-western international economic institutions and diversify trade routes and suppliers. The BRI emphasizes the value of developing shared future for communities around the globe which draws on own cultural and historical links of China with the world and is compatible with the aspiration for development and peace by international communities. The implementation of the initiative is based on the principle of attaining shared growth through collaboration and discussion. About 71 countries which account for a quarter of the global GDP and half of the world's population are included in the BRI. The BRI is expected to cost over USD 1 trillion and China has already invested over USD 210 billion in Asia (*ibid.*). The initiative has enabled Chinese firms to engage in construction works on an unparalleled scale across the globe. Along the "Belt and Road Initiative", the Chinese companies have earned over USD 340 billion in construction contracts to date as demonstrated on the graph. China has gained dominance in the construction sector although it is at the expense of local contractors working in partner countries. The BRI is open for global participation and is motivated by trade and other factors like that need for China to combat more capacity at home (*ibid.*). One of China's motives of having the initiative is to strengthen security by promoting the prosperity of countries in Central Asia and creating infrastructures around the globe where China is at the center of it. Although the initiative is beneficial to the countries involved, there are some associated risks. For instance, based on the report of the Center for Global Development, about eight countries are at a serious risk of debt distress due to the inability to repay their loans (*ibid.*). The initiative is the first major attempt by China's government of taking a proactive approach towards international cooperation and has led to global concerns. Some people consider it an attempt by China to influence people and win friends while others think that it is a form of economic imperialism giving China much leverage over other nations (Weidong, 2015; Ernst & Young, 2015). Others also worry that the expansion of China's commercial presence across the globe will result in increased Chinese military presence and export its political model. China has thus planned to establish international courts in Xi'an and Shenzhen to help resolve Belt and Road-related commercial disputes (*ibid.*). The implementation of the "One Belt, One Road" strategy in China will help improve access to infrastructure and interconnection

with other countries thus bringing in new opportunities for FDIs in energy cooperation, infrastructure, and advanced manufacturing sectors (Ernst & Young China, 2015).

Figure 2.9 One Belt, One Road Strategic Initiative

Source: Ernst & Young China (2015)

2.5. Re-Branding of China: From "Made in China" to "Innovated in China" and "Designed in China"

China's manufacturing is an essential pillar for the country's economy and re-branding the Chinese manufactured products will help to upgrade the economy. Due to the new developments in automation and technology the manufacturing industry is currently going through extreme changes based on innovation and creative collaboration (Wei *et al.*, 2017). "Made in China" products assembled in the Chinese factories are everywhere around the world. However, there is a negative connotation linked to the "Made in China" label and Chinese reputation in relation to its products. In fact, for long time China has been thought and viewed as a mass producer of cheap products with a focus on quantity rather than quality. The Chinese government is attempting to bring solutions to the problem and the two strategies mentioned above, *i.e.* MIC 2025 and BRI, are part of the

program. Moreover, the attention posed on quality is leading towards a shift in the conception of "Made in China". In fact, recent advancements are aiming at changing the reputation of China and its image - reflected by the label used to identify its products - which desires to influence. Based on that, China is implementing new strategies that will allow to rebrand its products in order to change the perception of them. The direction China is taking is aimed to bring the nation to a different level by boosting its reputation, shifting the perspective from the "Made in China" label to "Innovated in China", "Designed in China", "Created in China", or "Made by China" labels (Wei *et al.*, 2017; Ernst & Young, 2015). Since the world is changing, as the Chinese economy is doing, its manufacturing industry and perception of that also need to change. In fact, the many challenges faced by the Chinese manufacturing sector such as environmental challenges, slowdowns in exports, and rising labor wages push for a reform in the industry. As stated by Wei *et al.* (2017), the "Made in China 2025" plan aims at revamping the manufacturing industry in China to rebrand products bearing the "Made in China" label. Due to the rampant counterfeit products in China most consumers buy imported goods instead of domestically-made products. The issue has been a major concern to the Chinese government and as a result, a strategy aimed at rebranding "Made in China" label on products has been launched to help win back customer trust and promote the growth of the Chinese economy by encouraging the purchase of products manufactured within China (*ibid.*). Since China's middle class which represent almost the entire population in China prefers imported products to domestic ones which they consider to be fake, the government realized that the only way to focus the giant purchasing power of China to domestic products is by changing the image of "Made in China". The national brand strategy aimed at bolstering the image of Chinese domestic products began in Beijing. China is planning to come up with new and advanced manufacturing technology and processes in the current industrial age (*ibid.*). It intends to redouble its efforts to upgrade the nation to be a manufacturer of quality rather than quantity. The transition of "Made in China" from merely okay-to-use and essentially affordable products to truly choice products is of great significance in convincing the global public of the quality economic growth of China. China needs to upgrade the lower-end spectrum in order to rebrand its manufacturing. As argued by Wei *et al.*, (2017), the Chinese government control over markets is likely to hinder the creativity and innovation required to attain progress and desired results. The revival of the Chinese manufacturing sector will have a great impact on the world economy. The manufacturing industry will be able to return back to its former place of being a manufacturing superpower with a new image of quality products by successfully upgrading Chinese facilities (*ibid.*). China is transforming from a cheap

imitator and a trend-follower to a global powerhouse and innovative trendsetter. Its economy has increasingly become innovative as a result of responding to the increasing cost of labor and embracing the opportunities of the expanded market in the world. As its final goal, China aims to boost its image regarding its products. More specifically, in the future, Beijing hopes that "Made in China" will no longer be associated to imitation and cheap, mass-produced products but as synonym of innovation and high quality, in a program part of the broader goal to be considered an "innovative nation" (Fischer, 2018).

2.6. History of Leadership & Leadership Dynamics

Leadership began with society as power originated from divine and mythical sources. People ruled out of their ability to command the strongest armies or because they were born into the right family and leadership meant giving orders which were to be obeyed by followers due to fear of retribution (Grint, 2011). During that time, leaders were authoritarian, dominating and demanding, used abuse and fear to coerce their followers, and expected unquestioning obedience from them. The power of kings was later transferred to parliament throughout the middle ages resulting in the change of leadership and democracy. According to Grint (2011), the Social Contract published in 1762 gave an idea that authority comes from people who in exchange for safety and security give up their personal freedom and people were allowed to directly choose leaders who would be accountable to them. Followers continue to gain awareness of the role of leaders in the society and had the confidence to demand more power and respect from their leaders especially at work. The modern leaders use skills and qualities to be able to lead and work with their empowered followers to seek input from them. The modern leaders are collaborative and persuasive, consider the needs and views of their followers and decide on the best move towards goal achievement. Leadership has changed over the years since it came into existence. The principles of dynamic leadership include focusing on positive change, valuing the success of followers, being efficient effectively and managing time properly.

During the years Leadership emerged and from an authoritarian type the styles evolved towards a more ethical and demanding approach to treat employees as talent and resources instead of pure numbers.

2.7. Sub-conclusion for Background Knowledge

China 2,000 years ago was the economic center of the world by GDP and its era-changing innovations. Yet, the direction the country is taking will most likely turn the nation towards the same leading position but in the modern world. Since China decided to adopt a more open approach to international trade, the GDP growth rate increased due to the increased amount of FDIs China reached in prosperous Western countries such as Europe and the United States. In fact, the internationalization of Chinese companies derives from the amount of investments that have been made abroad. This shows the intention of China to be globally recognized as a superpower. In fact, China is investing strategically in order to reach the ambition of world leader. As an example of strategies, the "Made in China 2025" plan and the "Belt and Road Initiative" are built to strengthen the position of China as center of the world commercially and geographically together with the strategies aimed to improve the image that China has in the West, because of the negative reputation of "Made in China" products. Hence, to reach a hegemony in a knowledge-based economy, China has to demonstrate that is able to deserve or achieve the title of "world economic leader". In doing so, the starting point is to influence the leaders - and their behaviors - of Chinese companies which are internationalizing into the West, meeting their culture as well as their negative perception about China.

3.THEORETICAL FRAMEWORK

In the following chapters we will analyze the applied theories, which are the foundations of our theoretical framework. In sequence, we will discuss the concepts related to: place marketing and branding in order to delimit those towards nation branding; internationalization decisions and challenges with the CAGE Framework of Ghemawat which helps us define and focus on cultural distance; culture, organizational and national; leadership and transformational leadership; the relationship between cultural dimensions and leadership by focusing on Hofstede´s dimensions and the GLOBE Project; and finally Chinese cultural values and Chinese transformational leadership. This in order to combine them all together in a toolbox for a new theoretical perspective.

3.1. Place Marketing, Place Branding and Nation Branding

Firstly, our aim is to consider the theories of Place Marketing and Place Branding in order to narrow them down to the more specific Nation Branding Theory in relation to the recent trend of re-branding China and its related perception based on "Made in China" products.

3.1.1. Defining Place Marketing and Place Branding

In the last few years, Globalization created an environment of *hypercompetition* that increased the levels of competition for everyone and everything which have to strive in order to remain competitive and survive in a turbulent environment (Grant, 2016). The same happened to territories which now have to strategically improve competitiveness and build identity in order to attract value, resources and grow. In fact, identity is source of differentiation, recognition, and commodification in the communication process by which cities, regions, countries and other geographical spaces position themselves in the new competitive environment; hence, subjected to fierce comparison (Anholt, 2010). For this reason, new disciplines like Place Marketing and Place Branding were developed.

Place Marketing – also known as Territorial Marketing – is based on the expansion of Marketing theories and the application of Marketing concepts and tools to geographical spaces, territories, and locations in order for places to be marketed (Kotler *et al.*, 1993; Eshuis *et al.*, 2013).

Both the concepts of Marketing and place can have several meanings and definitions. Hence, before looking in detail to the concepts mentioned it is worthwhile to look at some definitions to understand the deeper meanings. The most relevant explanation of Marketing is based on the key concept of "*value*". Indeed, *value* is the specific reason behind any business decision, any gesture of consumption, any contact between a company and its customer (Valdani, 2016). Hence, *value* explains the existence of Marketing as the set of actions implemented *to market* it. More specifically, Marketing is *the set of activities essential to identify and meet human and social needs by conceiving and managing value in a process which meets the criteria of profitability and sustainability* (Kotler *et al.*, 2016; Valdani, 2016). As a consequence, Marketing Management is built on managing superior customer value and can be defined as *the art and science implemented to choose target markets and get, keep and grow the customer base through the design and creation, communication, delivering, and exchange of an irresistible value to customers, clients, partners, and society at large – in a profitable and sustainable way – in order to keep the "promise of value" through the value proposition by meeting and fulfilling individual expectations* (Kotler *et*

al., 2016; Valdani, 2016; Ama.org, 2018). On the other hand, there is the concept of "place". The broad term "place" includes the different geographical space levels, *i.e.* city, region, state, country, nation, and other spaces and locations (Kotler *et al.*, 1993; Govers & Go, 2009).

Therefore, the definition of *Place Marketing* can be expressed as *the strategic coordinated use of marketing tools for creating, communicating, delivering, and exchanging valuable location and urban offerings to enhance the value of the place for its stakeholders and target groups, profitably and sustainably* (Eshuis *et al.*, 2013; Kotler *et al.*, 1993). Indeed, the purpose of Place Marketing is *the creation of value for the territory* in order for it to be more (1) *attractive* and (2) *competitive* (Kotler *et al.*, 1993). Precisely, physical *attraction* of economic activities and potential stakeholders to cities, regions, States, and nations such as: (1) potential "customers", like new residents and tourists; (2) resources, investments, Industries, and businesses; (3) institutions; (4) talent and specialized workforce; (5) events; and *compete* to: (1) reinforce the competitiveness of local businesses; (2) gain new customers by impacting on purchase decisions and by selling products associated to the place to increase typical local exports; (3) a greater political influence (4) create inter-territorial and international strategic partnerships (Kotler *et al.*, 1993; Kotler & Gertner, 2002). In other words, valorizing the place in order to "sell" the territory as a product to its target markets (*ibid.*). This, through strategic plans for segmenting, targeting and positioning places among their target groups (Eshuis *et al.*, 2013; Govers & Go, 2009). In fact, territorial value enhancement and economic development are achieved through the hidden key of strategic marketing of places for strengthening the existing economic environment and a sustainable competitiveness, *i.e.* by rebuilding infrastructures and urban regeneration, considered as "product development" of the territory (Govers & Go, 2009); creating a skilled labor force; stimulating local business entrepreneurship, innovation and expansion; developing strong public-private partnerships; identifying and attracting "place compatible" companies and industries; creating distinctive local attractions; building a service-friendly culture; and promoting these advantages effectively by influencing the perception of the place, with the aim of meeting the expectations of stakeholders: the urban economic-social environment – inhabitants and companies – and the target groups – new residents, tourists, talent, customers, and investors (Kotler *et al.*, 1993). Hence, by creating the virtuous cycle *satisfaction-attraction-value*, it is possible to achieve a continuous growth in territorial value of places (*ibid.*).

One of the goals of Place Marketing, in a perspective of *value*, is the adoption of tools to build a strong Place Brand capable of being competitive and to do so, all the different levels of territorial

marketing are required: business marketing, urban marketing, and tourism or destination marketing (Kotler *et al.*, 1993; Kotler & Gertner, 2002). The theory of Place Branding derives from integrating the concepts of *brand* and *place* and allows us to consider countries, nations, cities, regions, and other geographical spaces as brands, with a place brand that can be addressed specifically based on the geographical space type, namely: *nation brand*, *country brand*, *region brand*, *city brand*, *urban brand*, *destination brand* and *location brand* – which refers to branding spatial entities such as industrial zones, theme parks, or shopping areas (Govers & Go, 2009; Kotler & Gertner, 2002; Anholt, 2010). According to the American Marketing Association (2018) and Kotler *et al.* (2016), a *brand* is defined as a name, term, symbol, logo, design or image, or any combination of them, designed in order to identify a specific product or service and distinguish it from those of competitors. A brand is the impression, the personality of a product or service and imagery associated to it, perceived in the mind of a customer and it is customers goodwill or their feelings and experiences, the sum of all tangible and intangible elements representing a promise of value, which makes the selection unique in the moment of a choice (Valdani, 2016; Kotler *et al.*, 2016; Kotler & Gertner, 2002). In short, a brand is the customer experience that is recalled through a collection of images and ideas representing implicit values. Ideally, anything can be considered a brand, even individuals. Regarding places, Place Branding can be precisely defined as creating, constructing, and developing brands for geographical locations, such as countries, nations, regions, cities or communities, by considering *Place Brands* as symbolic constructs meant to imbue places with cultural meanings which add value by triggering strong positive associations affecting place reputation (Govers & Go, 2009; Govers, 2011; Anholt, 2010). *Place brands* are signs that evoke a network of associations – associations that are emotional, mental, psychological – based on the visual, verbal, and behavioral expression of places which identify and distinguish them from competing territories (*ibid.*). In other words, the perception of place personality, its identity, reputation, and all the images evoked in the stakeholders' mind and associated with the place. The focus of Place Branding – in the application of Place Marketing – is on the strategy to enhance the value of the territorial brand in the minds of stakeholders, by improving place brand perception and associations, in order to build *brand equity* – the capitalization on the value of a brand name as a result of the differential or added value that a brand creates from customer's assessment and donates to a product or service (Aaker, 1991; Keller, 2013; Kotler *et al.*, 2016) – in relation to a geographical space (Govers, 2011; Govers & Go, 2009; Aaker & Joachimsthaler, 2000).

As part of the broader concept of Place Branding, the notion of *Nation Branding* follows the frameworks whiting place brands are built. A nation brand can be defined as "*the unique, multidimensional blend of elements that provide the nation with culturally grounded differentiation and relevance for all of its target audiences*" (Dinnie, 2016, p. 5). Nation brands are existing even with or without any conscious efforts of countries in nation branding (Fan, 2010). Indeed, each country possesses a certain image for its international audience, clear or vague, strong or weak, current or outdated (*ibid.*).

The notion of *nation brand* should not be confused with the one of *national brand*. A national brand is attributed to a specific product or service distributed and/or available nationwide, as opposed to a local brand whose sales are confined locally in addition to global brand that is known in the world marketplace (Fan, 2010; Dinnie, 2016). The application of branding techniques as well as brand management terminology to nations is a relatively a new phenomenon, spreading in frequency because of the accelerated fierce global competition which countries are now facing in both their domestic and external markets, with culture becoming a competitive driver (Dinnie, 2016; Aronczyk, 2013). In fact, nations are striving to refine their country branding recognition in a need of fulfilling their fundamental national objectives in terms of trade, tourism, and investment (Fan, 2016). Hence, a nation brand strategy is required. Govers & Go (2009) created a conceptual framework called "*The 3-Gap Place Branding Model*" in order to better understand the gaps in the dimensions of a place brand, which can be consequently applied to nation branding. As shown in **Figure 3.1**, the model builds upon three gaps by which the strength of place brands can be impacted. The gaps considered in the framework are: (1) place brand strategy gap; (2) place brand performance gap; and (3) place brand satisfaction gap which mainly deal with the broader gap between *place brand identity and place brand image,* or for the specific case of countries, gap between *nation brand identity* and *nation brand image* (Govers & Go, 2009; Dinnie, 2016).

Figure 3.1 3 Gap Place Branding Model

Source: Govers & Go (2009)

The complex nature of *Nation brand identity* is the result of a multifaceted concept. Based on the definitions of identity and brand identity, *Nation brand identity* is the fact of being what a nation is and the characteristics determining this; constructed through historical, political, religious, and cultural identifiers of the "true identity of a nation" which represents the full set of unique characteristics or set of meanings existing in a nation and its culture in a specific moment, subject to change and including fragmented identities. (Govers & Go, 2009; Anholt, 2010; Dinnie, 2016). On the other hand, based on the definitions of image and brand image, *nation brand image* refers to the general total set of impressions and associations of a country presented to the public; a mental representation and prototype of the country derived from its perception among the audiences (Govers & Go, 2009; Anholt, 2010; Dinnie, 2016). In short, identity relates to how something truly is, the essence, whereas image refers to how something is perceived (Dinnie, 2016). Many nations struggle since the identity–image gap tends to be a negative factor resulting from the frustration of not being perceived for what they truly are by the rest of the world (Dinnie, 2016). In the space between the gap, *communicators of nation brand identity* play a key role in shaping the projected image of the country internationally, including branded exports, national achievements, Marketing communications, cultural artefacts, and governments foreign policies (Dinnie, 2016; Govers & Go, 2009). Identity can be a sustainable competitive advantage due to cultural features rising distinctiveness of a place (Aronczyk, 2013; Govers & Go, 2009). However, Nation brand images and perceptions of certain nations can be dominated by stereotypes, clichés and outright racism (Dinnie, 2016). As part of a nation brand strategy to develop a brand identity, countries need to

consider important factors including brand vision, *i.e.* the future direction for the brand towards the desired role and status; brand scope, *i.e.* outlining the markets to enter; brand positioning, *i.e.* the place that the brand aims and strives to occupy in customer's minds; brand personality, *i.e.* the character that emotionally connects the customer with the brand; and brand essence, *i.e.* the heart and soul of the brand that make it unique (Dinnie, 2016; Roll, 2006). These dimensions and specifically *nation brand positioning* impact the positive or negative consideration of the brand. The position covered by the nation brand in the target audiences' minds is a key issue, as this concept has a strong correlation with the *reputation* the nation possesses (Govers & Go, 2009; Anholt, 2010; Dinnie, 2016; Fan, 2010). *Country reputation* is linked to the associations evoked by nation brand image, since it is a dynamic perception and the reciprocal of image, and both are part of the symmetrical communication process between the nation and its international stakeholders (*ibid.*). In essence, Nation branding is essential identifying and communicating the desired national distinction as *country identity*; in changing the associations of the country image of how a nation is being perceived; impacting *country positioning* in minds' international stakeholders; and shaping *country reputation*.

By considering China as a brand, its nation brand identity-image gap was rising during the years. In fact, China's international image kept rapidly dropping due to its negative associations caused by few scandals, such as baby milk poisoning, which is exactly the opposite of what China's leadership was hoping for when building the identity-changing Olympics in Beijing, allowing China to gain international presence and recognition image (Anholt, 2010). However, with the current strategies and initiatives China is aiming to strengthen its identity since "nation branding" initiatives had failed previously, in order to persuade the world that China is a country to be truly trusted and admired (*ibid.*).

3.1.3. Country-of-Origin Effect or "Made in" Label Effect

A key issue surrounding nation branding is conceptualized as the relation between products and their origins. In fact, products and branded exports are key as communicators of nation brand identity in the way nations project the place image for the representation of the country (Dinnie, 2016; Govers & Go, 2009). The country image and the impact of generalizations and perceptions about a country have a person's evaluation of the specific country's products and brands. (Jaffe & Nebenzahl, 2001). In other words, the image of the products reflect and communicate the image of the nation. The phenomenon is known as *country-of-origin (COO) effect* or *"Made in" label effect*

which is the effect that a product or service's origin creates on attitudes, beliefs and behaviours of consumers towards the specific product or service, differentiating it; it plays an important role as a value booster or detractor since center of consumers' concentration (Dinnie, 2016). The COO effects can be observed when consumer behavior and purchase decision-making are built upon "Made in" labels (*ibid.*). As en example, "Made in China" label had the effect of lowering the reputation of China because of their negative connotations of being cheap and of low quality.

3.1.4. Nation Re-Branding & Re-Positioning

In order to bridge the identity-image gap and build strong nation brands, it is necessary to adopt re-branding strategies helping reposition the nation brand in consumers minds, change the perception of the image, and enhance the reputation associated to the country. To do so, some models and instruments can be applied, such as the *gap-bridging place branding guide* (Govers and Go, 2009) and by following the strategies developed by Keller (2013) to reinforce or revitalize the brand as shown in **Figure 3.2.**

Figure 3.2 Brand Reinforcement and Revitalization Strategies
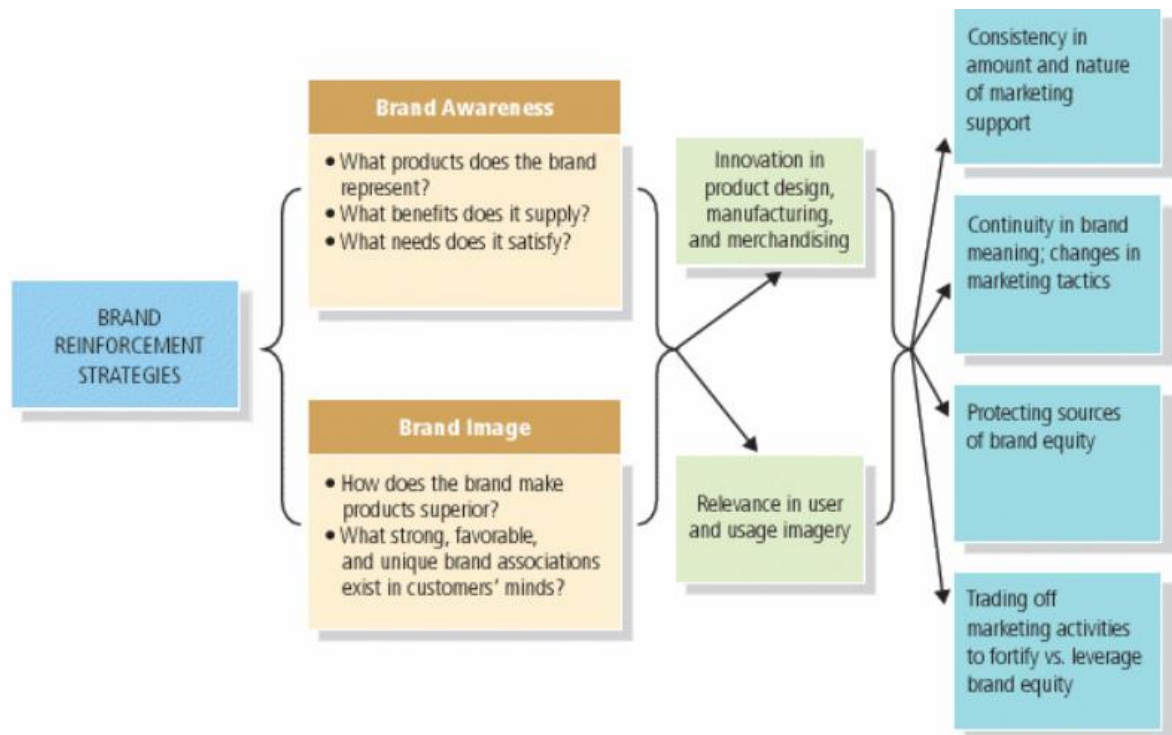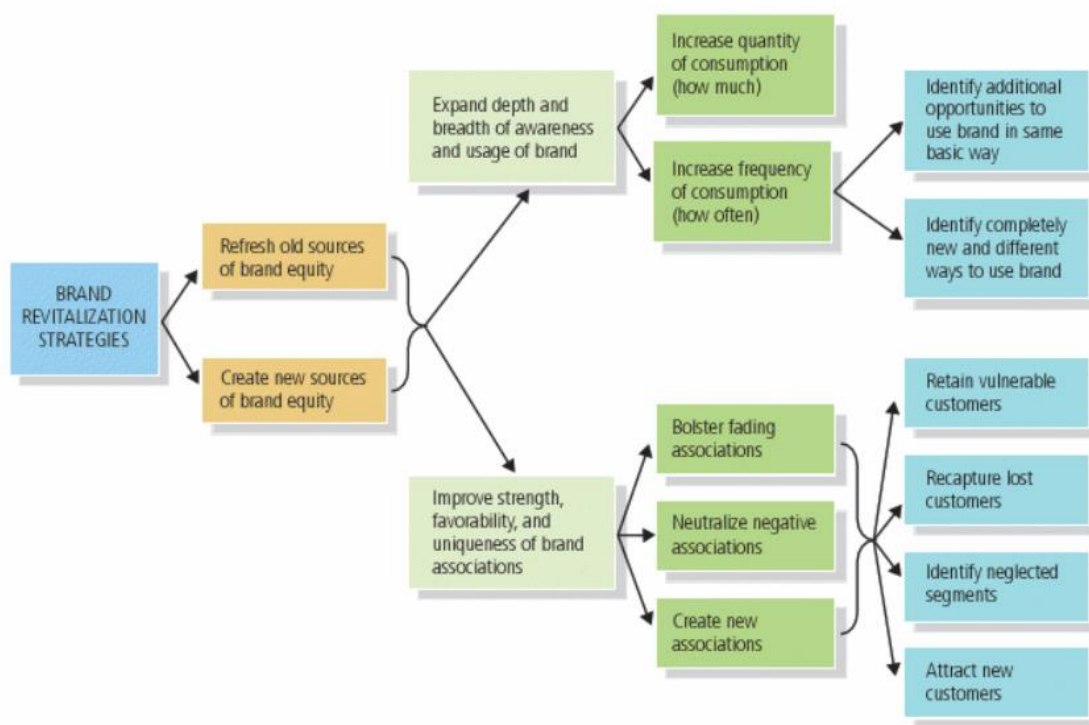
Source: Keller (2013)

Essentially, what is important is to refresh old sources and create new sources of *nation brand equity* in order to neutralize negative associations and create news ones by innovating the communication strategies to influence values and image-identity perceptions (Govers and Go, 2009; Keller, 2013).

China is following the same direction in order to revitalize "Brand China" and its associations through the new strategic vision of becoming largest world's superpower.

3.2. Internationalization Decisions and Challenges

3.2.1. Expanding Overseas and Entering a Foreign Market

Internationalization decisions are made to align with the surrounding international environment and better exploit the competitive advantage in a business environment that is more turbulent and dynamic than ever which impose firms to evolve in a constantly changing environment (Grant, 2016). Global strategies are huge source of opportunities to reach the global marketplace and recognition, yet it might be a potent destroyer in international competition. This means aiming at achieving abroad the competitive advantage that has been gained at national level in order to create

a major value for internationalizing companies (*ibid.*). The possible patterns of internationalization referred to Foreign Direct Investments can be according to the level of international trade, *i.e.* supplying products and services to other countries through imports and exports - and direct investment, *i.e.* the possibility of acquiring or building assets, resources and companies in another country through Mergers and Acquisitions (M&A) transactions, or strategic alliances with other partners (*ibid.*).

3.2.2. Internationalization Challenges: Ghemawat's CAGE Framework

The exploitment of competitive advantage in an international context meet obstacles to overcome. Indeed the different marketplace creates high risks of meeting contrasting national and supranational environments and despite the globalization phenomenon – with the following transnational integration of people, products, services and markets – differences sill persist in influencing choices (Ghemawat, 2001; Grant, 2016). For this reason, it is important to consider the similarities and the different needs, preferences and values of other national markets. In other words, it is fundamental to acknowledge and measure the distance among countries or continents to contemplate the potential impact as a possible pitfall for internationalization processes (*ibid.*).

Physical geographic distance is not the only dimension to consider since other types of distance can influence businesses in different ways (Ghemawat, 2001). Accordingly, Ghemawat (2001; 2007) developed a model to assess country differences through the *CAGE framework*, which presents the exclusive combination of distinctive characteristics that identify and make unique every single country. In order to highlight the main internationalization challenges, Ghemawat (2001; 2007) distinguishes four dimensions of distance between nations: (1) *Cultural Distance*; (2) *Administrative and Political Distance,* (3) *Geographical Distance, and* (4) *Economic Distance*.

Thus, to better understand the challenges presented of internationalization it is necessary to see how much distance there is between China and Western countries through the four components of CAGE framework.

Figure 3.3 CAGE Framework Between China and Western Countries
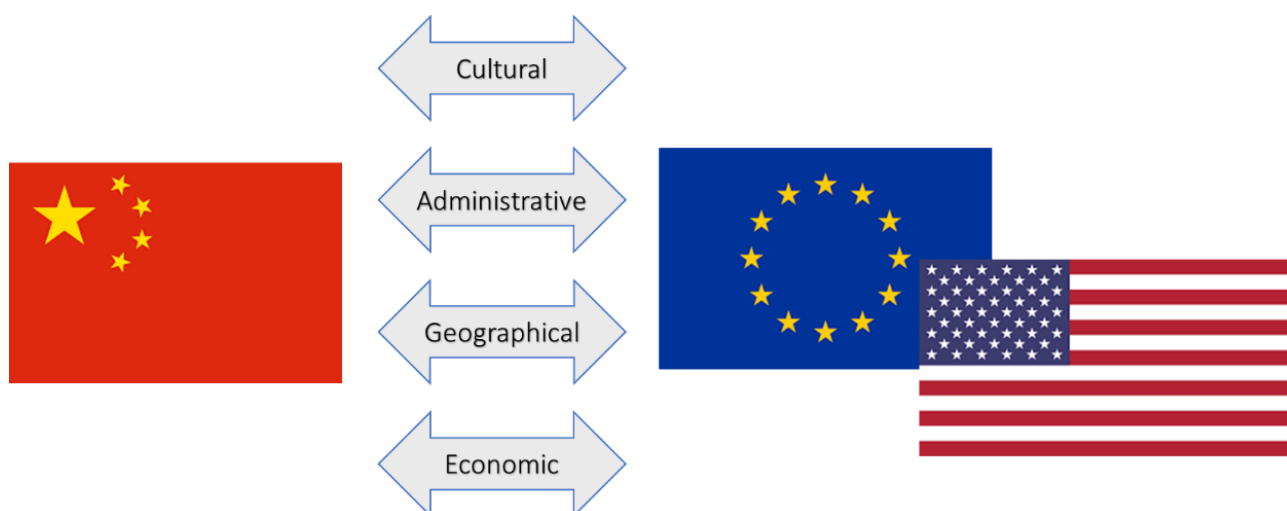
Source: Own creation from Ghemawat (2001; 2007).

Every dimension of the CAGE Framework illuminate on the key attributes impacting internationalization processes.

(1) Cultural Distance

The first dimension examine the cultural attributes of a country and how these can create distance with another country. Cultural attributes can determine the ways people interact with each other, with companies and institutions (Ghemawat, 2001; Grant, 2016). In fact, different languages, religious beliefs, values, communication styles, ethnicities, social norms, and a lack of connective ethnic or social networks are able to generate distance between two countries (Ghemawat, 2001; Grant, 2016). More specifically, different approaches in doing business and cultural behaviors in terms of social norms and identity can have a huge impact. Social norms are often nearly invisible, as they are "*(…) deeply rooted system of unspoken principles that guide individuals in their everyday choices and interactions*" (Ghemawat, 2001, p. 4); thus, hard to perceive and explore. Social norms may then influence the interactions among companies and people in terms of relationships manager-employees, due to different national perspectives and organizational cultures. Therefore, these are the different attributes considered to analyze the Chinese-Western context.

Furthemore, culture can create distance by influencing the choices that consumers make among products because of their preferences for specific features (Ghemawat, 2001). This can be reflected in different national consumer behaviors and identities. Indeed, "*products can touch a deeper nerve, triggering associations related to the consumer's identity as a member of a particular community*" (*ibid.*, p. 4). In these cases, cultural distance affects entire categories of products and industries (Ghemawat, 2001). In fact, an increase in cultural differences has the potential to make some

industries more sensitive, transforming internationalization into a threat (Ghemawat, 2001; Grant, 2016).

Cultural distance affects the key strategic decisions during the entire internationalization process of companies which include decisions on location choice or where to invest, a degree of ownership or how much to invest as well as the entry and establishment mode or how the foreign expansion is to be organized. It affects various organizational processes and outcomes of multinational companies hindering their ability to invest and operate effectively in foreign countries (Leung, 2018).

(2) Administrative and political Distance

The second dimension is referred to political differences between two countries in terms of absence of shared political and monetary associations, political hostility, lack of strength in legal and financial institutions, and government policies (Ghemawat, 2001; Grant, 2016).

(3) Geographical Distance

The third dimension refers to the physical distance since the further a company is from countries of interest, the harder it will be to conduct business there. Geographical attributes such as country size, lack of common borders, water-way access, physical remoteness, differences in climates, and lack of adequate transportation or communication links can severely impact the distance (Ghemawat, 2001; Grant, 2016). Indisputably, these attributes influence the costs of transportation and communication between two areas (Ghemawat, 2001).

(4) Economic Distance

The last dimension reflects the differences in costs and quality of natural, financial, and human resources, information, knowledge, networks, infrastructures and overall differences in income (Ghemawat, 2001; Grant, 2016). Undeniably, wealth "*the most important economic attribute that creates distance between countries*" (Ghemawat, 2001, p.7). Additionally, companies that rely on different types of economies such as economies of experience, scale, and standardization should focus more on countries with similar economic profiles (*ibid.*). This is particularly important when they have to exploit the competitive advantage internationally, which is harder in countries where people incomes differ.

After having analyzed the tool of CAGE Framework, it is important to notice that the cultural distance is what Chinese companies can experience as one of the major issues that affect their internationalization. Indeed, Chinese companies face cultural distance when entering and carrying business operations within the Western countries who have different cultural values and communication styles and as a result, their ability to internationalize or invest abroad is affected.

The cultural variation and differences in national characteristics that exist within the Western Countries in which the Chinese companies intend to invest result in differences in values, norms and working methods between the companies and consumer preferences (Leung, 2008).

The following sections will emphasize the first dimension of CAGE, namely cultural distance and deeply analyze the cultural aspect in detail to consider cultural differences as a barrier to internationalization processes and the the attributes that might be overcome by Chinese companies.

3.3. Understanding Culture and Focus on Cultural Distance

3.3.1. Defining Culture & Understanding Culture Values

Culture can be defined as the pattern of shared beliefs and values that deliver members of a group meaning and contribute them with rules for behavior. Moreover, it gives further explanation to the accepted norms and codes of conduct that are not present in written form (Davis & Marquis, 2005). According to Shein (1984, 1986) there are three levels of culture that are commonly accepted, which include basic assumptions, values, and artifacts. Hence, culture is intangible, deep-seeded, and sometimes invisible. As described by Hooker (2003) culture refers to "*the way that human beings learn to live with one another and their environment*" (p. 58).

Furthermore, culture implies a community or group sharing common experiences which shape the way in which its members view and understand the world (Leung, 2008). It is an important aspect of people's lives as it influences their values, views, fears, hopes, and loyalties. The national identity and psychology of a country are influenced by its cultural values. Culture can be divided into *national* and *organizational culture*. *National culture* relates to the values that are deeply held by people regarding what is good and evil, safe and dangerous, rational and irrational, normal and abnormal (Naor *et al.*, 2010). The values of national culture are learned early in life, are held deeply, and change slowly over generations. *Organizational culture* involves broad guidelines based on the organizational practices learned at work. The corporate values of an organization can be undermined if the leadership traits and priorities are against the employee's deeply held national cultural values. Organizational culture never changes or trumps national culture (*ibid.*). It is important for the Chinese companies entering the western markets to consider the national values of the western culture since differences in national cultures affect the effectiveness of managing foreign stakeholders and leading foreign employees and the differences may cause managerial challenges to the companies. Companies employing people from different cultural backgrounds can

generate a unified organizational culture to enable the employees to learn practices of the corporate culture which may contradict the practices of their national cultures (*ibid.*).

3.4. Leadership Essentials & Transformational Leadership

3.4.1. Defining Leadership

As main focus of our thesis, the following sections will develop the concept of leadership. Defining leadership can be challenging since many definitions were proposed throughout history. One of the most recent and inclusive definitions refers to as leadership as a process in which societies, groups, and organizations seek to achieve their objectives and perceived needs; it is the act of influencing and directing people to maximize their efforts towards achieving a common goal (Northouse, 2016; Yukl, 2013; Bharatkumar, 2011). Leadership plays an important role in the success of every organization as it enables efficient performance through influence. Leadership essentials identify the specific sets of skills possessed by great leaders. The leadership essentials equip individuals to become better leaders in their organization and in today's challenging business climate now and in the future (Chhokar *et al.*, 2013). The skills enable leaders to build a positive reputation and contribute to the success of an organization. For instance, a leader should possess the ability to understand the non-verbal and emotional communication of people and effectively and efficiently interact with them, communicate effectively, and recognize the importance of awareness, build trust, manage conflict, and implement effective time management (*ibid.*). According to Chhokar *et al.* (2013), successful leaders discover how to develop effective networks and grow social capital and also have the ability to mobilize and nurture the talents of team members. Leaders need to have the ability to analyze complex problems and opportunities to make strategic decisions. Be able to inspire, motivate, and convince people and teams within and outside the organization and translate complexity into a message that people can easily understand. Leaders should possess good problem-solving and decision-making skills. Effective leadership requires strong relational skills which help to build relationships to enable effective achievement of goals (*ibid.*). The leader and the team should identify factors or issues causing problems and stress like conflicting goals, inadequate resources, unrealistic time pressures and lack of clarity and come up with appropriate ways and strategies to address them. A leader must respond to the needs of the followers and tailor his or her leadership style to match the needs (*ibid.*).

3.4.2. Leadership vs. Management

There is a continuing discussion about the difference between leadership and management, where the utmost distinction assumes that one person cannot be a manager and a leader at the same time (Yukl, 2013; Northouse, 2016). In order to understand the difference, comparison of the functions of management and the functions of leadership is made as shown in **Figure 3.4.** The figure illustrates that the main activities of management are presented differently than the activities of leadership. As stated by Kotter (1990), even though they are different in scope, both management and leadership are vital if an organization is to grow.

Figure 3.4 Functions of Management and Leadership

Functions of Management and Leadership

Management Produces Order and Consistency	Leadership Produces Change and Movement
Planning and Budgeting • Establish agendas • Set timetables • Allocate resources	Establishing Direction • Create a vision • Clarify big picture • Set strategies
Organizing and Staffing • Provide structure • Make job placements • Establish rules and procedures	Aligning People • Communicate goals • Seek commitment • Build teams and coalitions
Controlling and Problem Solving • Develop incentives • Generate creative solutions • Take corrective action	Motivating and Inspiring • Inspire and energize • Empower subordinates • Satisfy unmet needs

SOURCE: Adapted from *A Force for Change: How Leadership Differs From Management* (pp. 3–8), by J. P. Kotter, 1990, New York: Free Press.

Source: Northouse (2016)

3.4.3. Leadership Approaches

There exist four main approaches to categorize leadership theories and consequent styles. In order to delineate the main leadership style developed in this thesis an analysis of the four approaches and perspectives on leadership will be briefly expounded. The first perspective, *i.e.* the *trait approach* is one of the earliest approaches for studying leadership highlighting the personality characteristics of leaders (Yukl, 2013). Secondly, *skills approach* focusing on a leader – centered perspective, where it underlines the leaders' capabilities (Yukl, 2013; Northouse, 2016). Thirdly, *behavior approach* where the emphasis is on what leaders do and how they act (*ibid.*). And the last broadly known approach to leadership is the *situational approach* highlighting the importance of contextual aspects

that impact leadership processes (Yukl, 2013). The chosen Chinese Transformational Leadership style is following a behavioral approach of leadership.

3.4.4. Leadership Styles

Leadership style refers to the approach or characteristic behavior of a leader when directing, guiding, managing and motivating other people (Bass and Riggio, 2006). Great leaders motivate others to create, innovate and perform and also inspire social change and political movements based on their styles of leadership. Various leadership styles exist which include authoritarian, democratic, laissez-faire, transactional, transformational and situational leadership styles. In *authoritarian leadership*, clear expectations on what to be done, how and when are provided by the leader who makes decisions independently with very little or no input from members (Dorfman et al., 1997). The style is focused on command by the leader and control of followers and a clear division between the leader and followers is defined. It is applied in situations where quick decisions need to be made or the leader is the most knowledgeable in the group. *Democratic leadership* style is considered effective since followers are allowed to participate in the decision-making process and leaders make the final decision and offer guidance to them which helps to foster a commitment to goal achievement and make them more creative and motivated (Bharatkumar, 2011). In *laissez-faire leadership*, the leader offers little or no guidance to followers who are also responsible for decision-making (Pawar, 2014). Although the style is suitable for situations in which highly qualified experts are involved, it might lead to lack of motivation and poorly defined roles. The *transactional style* of leadership considers the relationship between the leader and followers as a transaction which focuses on the completion of required tasks by the followers in exchange for a reward mainly money compensation (Bharatkumar, 2011). Although the style reduces the creativity of followers, it creates a clear definition of roles and motivates followers who know what they are required to do and the rewards to receive. *Situational leadership* stresses the influence of situations and environment on leadership. In situational leadership, managers or leaders attempt to adjust their style to match the development level of the followers they try to influence (Pawar, 2014).

Transformational leadership is a leadership theory that focuses on a different way of leading, required in a changing organisation (Avolio & Bass, 2004). It involves initiating change in groups, organizations, oneself, and others and is regarded as an all-around and one of the most effective styles in the business world due to the characteristic of developing followers into leaders.

By considering internationalization as process of change the main focus of the following sections will be on the transformational leadership style.

3.4.5. Transformational Leadership and Behaviors

In the past few decades, transformational leadership has attracted much attention of scholars. Transformational Leadership theory was was first identified by Burns (1978) and later developed by Bass (1985) and Avolio & Bass (2004) through the creation of the multifactor leadership questionnaire (MLQ) aimed at individualize the specific leadership style implemented. This leadership style is aimed at implementing transformation which is essential in order to respond to new requirements (Bass, 1985). A particular transformation to be implemented is the one of the transformational leader's followers (Bass, 1985; Northouse, 2016).

As stated by Bharatkumar (2011), the transformation can be achieved by raising one's consciousness level about the value and importance of desired outcomes and ways of attaining them, raising one's need level on the Maslow's hierarchy and aligning self-interests with those of the group or organization. It is characterized by the leader's abilities to inspire and motivate followers and direct positive change for groups, organizations, and individuals. The transformational leaders are committed to both help the organization achieve its goals and the followers to fulfill their potential and tend to be passionate, emotionally intelligent, and energetic (Bass & Riggio, 2006). As stated by Lin et al. (2013), transformational leaders are more likely to seek new ways of performing activities and make maximum use of opportunities but less willing to accept the status quo. The followers tend to have complete trust in charismatic leaders, feel proud and comfortable being associated with them and trust their capacity to overcome any challenges or obstacles that may arise. The style encourages followers to think critically and do more than originally intended or thought and the leaders have a big vision and integrity and are inspiring, motivating, and charismatic (Bharatkumar, 2011). Since the style does not cover the day-to-day details, the leaders require dedicated managers, who have a more detailed approach to implement their strategic visions and ensure daily processes and administrative tasks are performed. In big businesses, transformative leaders are common where the CEO tends to be visionary. The technology industry is more attractive for leaders with transformational personalities and innovative thinking. Because of the empowerment of followers by their leaders, the transformational leadership style tends to have more satisfied and committed followers (*ibid.*).

Transformational leadership is idealized on the basis of four dimensions, the so-called 4Is: (1) idealized influence, (2) inspirational motivation, (3) intellectual stimulation, and (4) individual consideration (Avolio & Bass, 2004). The first dimension is *idealized attributes and influences* where the leader emphasizes the importance of commitment, purpose, and ethical consequences of decisions. Secondly, in the *inspirational motivation* the leader articulates a vision to followers that is appealing, provides meaning for tasks and gives hope to followers about future goals. Third, *intellectual stimulation* is the degree to which the transformational leader uses job autonomy, encouragement, and empowerment to stimulate the activity of followers. Fourth, in the *individual consideration* dimension, the leader acts as a coach or mentor and addresses the needs and concerns of every follower (*ibid*). Based on these four dimensions, several Transformational Leadership behaviors emerged and have been developed as shown in **Figure 3.5.**

Figure 3.5 Transformational Leadership Behaviors 4I's

Idealized influence (IA & IB)

"These leaders are admired, respected, and trusted. Followers identify with and want to emulate their leaders. Among the things the leader does to earn credit with followers is to consider followers' needs over his or her own needs. The leader shares risks with followers and is consistent in conduct with underlying ethics, principles, and values."

(Avolio & Bass, 2004: 94)

Avolio & Bass (2004: 94) detail exercising idealized influence into attributes and behaviors. The attributes (IA 1–4) are that leaders:
- IA 1 "Instill pride in others for being associated with me"
- IA 2 "Go beyond self-interest for the good of the group"
- IA 3 "Act in ways that build others' respect for me"
- IA 4 "Display a sense of power and confidence"

Avolio & Bass (2004: 94) describe what a transformational leaders does (IB 1–4):
- IB 1 "Talk about my most important values and beliefs"
- IB 2 "Specify the importance of having a strong sense of purpose"
- IB 3 "Consider the moral and ethical consequences of decisions"
- IB 4 "Emphasize the importance of having a collective sense of mission"

Inspirational motivation (IM)

"These leaders behave in ways that motivate those around them by providing meaning and challenge to their followers' work. Individual and team spirit is aroused. Enthusiasm and optimism are displayed. The leader encourages followers to envision attractive future states, which they can ultimately envision for themselves."

(Avolio & Bass, 2004: 94)

Avolio & Bass (2004: 94) detail inspirational motivation into the following behaviors of transformational leaders:
- IM 1 "Talk optimistically about the future"
- IM 2 "Talk enthusiastically about what needs to be accomplished"
- IM 3 "Articulate a compelling vision of the future"
- IM 4 "Express confidence that goals will be achieved"

Intellectual stimulation (IS)

"These leaders stimulate their followers' effort to be innovative and creative by questioning assumptions, reframing problems, and approaching old situations in new ways. There is no ridicule or public criticism of individual members' mistakes. New ideas and creative solutions to problems are solicited from followers, who are included in the process of addressing problems and finding solutions."

- IS 1 "Re-examine critical assumptions to question whether they are appropriate"
- IS 2 "Seek differing perspectives when solving problems"
- IS 3 "Get others to look at problems from many different angles"
- IS 4 "Suggest new ways of looking at how to complete assignments"

(Avolio & Bass, 2004: 95)

Individual consideration (IC)

"These leaders pay attention to each individual's need for achievement and growth by acting as a coach or mentor. Followers are developed to successively higher levels of potential. New learning opportunities are created along with a supportive climate in which to grow. Individual differences in terms of needs and desires are recognized."

- IC 1 "Spend time teaching and coaching others"
- IC 2 "Treat others as individuals rather than just as a member of the group"
- IC 3 "Consider each individual as having different needs, abilities and aspirations from others"
- IC 4 "Help others to develop their strengths"

(Avolio & Bass, 2004: 95)

Source: Avolio & Bass, 2004

3.5. Leadership & Culture

A relationship exists between cultural values, cultural differences, and leadership. In fact, leadership is influenced by culture - national and organizational - and influence culture as well (Northouse, 2016). The cultural dimensions put forth by Hofstede enhance cultural cognition for leaders working in a cross-cultural context (Ao, 2016). Cultural values have an impact on the leadership of international managers as it influences work distribution, decision making, and conflict management issues.

3.5.1. Western vs. Chinese Leadership

Globalization is affecting organization and leaders must adapt to be able to survive in the new world order. Most multinationals are faced with the issue of finding out how to develop their leadership skills to effectively operate in China. The leadership styles between the Chinese and western cultures although viewed as different have been evolving and converging over time based on what is valued in leadership (Dorfman et al., 1997). In the Western culture, leadership principles focus on elements like human relationships, long-term future planning, strategic planning, and profit generation. The Chinese leadership principles include leading by example through quality promotion, simple living, assuming the role of an inspirational character, and maintaining harmony with others and nature. Recent approaches in the West emphasize the value of respecting employees, promoting their career development and valuing their contribution which is aligned with the Chinese value or principle of interactional respect. The Chinese leadership focuses on improving employees through personal development and Chinese leaders are expected to value ethical consideration above profit achievement (Dorfman et al., 1997).

Regarding leadership, courage, charisma, and discipline - the "hard" image - are considered the good qualities of an effective leader of the West; whereas wisdom, patience, endurance, perseverance, and tolerance - the "soft" image - the qualities of effective Eastern leaders (Sheh, 2010a; Wang & Chee, 2011). In practice, a wise leader would embrace both the "hard" and "soft" images (*ibid.*).

In the West, communication is about efficiently exchanging information and doing things as quickly as possible while in China, communication styles are indirect and about building relationships. Chinese leaders are expected to express themselves less directly as those in the West since based on Chinese culture, people are expected to listen in silence (Lin et al, 2013). The Chinese leaders focus on collective achievement and judge success on team achievement while

western leaders focus on individual achievement. The leadership models of the Western culture like charismatic and transformational leadership focus more on motivation while the Chinese leadership models focus on maintaining harmony among organizations. Through the integration of methods from management approaches applied in Western cultures, by being exposed to western organizations in the country and education abroad, the concepts of Chinese leadership have evolved. The Chinese leaders are now adopting the more scientific approaches like focus on efficiency, automation of processes, and waste elimination in management. The leadership paradigms in the West according to researchers are also changing emphasizing more on humanistic elements of leadership, a concept closely linked to the Chinese values. Both the Chinese and Western leaders primarily focus on economic benefits (Dorfman et al, 1997). The Chinese leaders value the "Face" which implies the fear of losing face as an important cultural driver of decisions (Sheh, 2003). Due to the convergence of the leadership of both cultures, the effectiveness and efficiency of businesses and leaders will improve.

3.5.2. Impact of Culture on transformational leadership

All organizations and societies have leaders representing the group who are may be elected, inherited their position or acquired the position through merit. Leadership is about the effectiveness of the leader although everyone who fills the positions may not necessarily be effective. The leadership process involves interactions between the leader and followers and the will of the necessity of the interaction lies within the cultural framework of the people. The different cultures around the world define leadership differently and the perceptions and definitions of leadership vary considerably from one culture to another. Leadership in the global business world is exercised in different cultures and the culturally-contingent attributes of people can either help or hinder leadership (Chhokar *et al.*, 2013). What is considered a strength in a particular culture may be seen as an impediment to another culture. The culture of business organizations is shaped by the kind of business carried out and the people who operate the business and it is important for executives to understand the culture of the organization and how the employees perceive leadership.

Cultural values influence the leadership behaviors of transformational leaders which play a significant role in the leadership style and its effectiveness. Specific aspects of the transformational style of leadership are universally accepted by different cultures around the world (*ibid*). The conceptions of the important characteristics of transformational or charismatic leadership vary in different cultural groups. For instance, in some cultures, to be seen as a leader, one needs to take

strong and decisive action while in other cultures, effective leaders are those who consult and take a democratic approach. Some motivational techniques and managerial practices accepted as legitimate in one culture may be rejected in another. In some cultures, due to excessive focus on achievement by transformational leaders, people tend to lose their perspective and balance. Transformational leaders are expected to be visionary and how it is displayed differently from one culture to another. In China, due to the influence of the Confucian values, leaders do not talk without their engagement in a specific action. Culture defines which communication skills are important to transformational leaders and what constitutes a good communicator and people's perceptions of them differ across cultures (Lin *et al.*, 2013). The preferred use of language and non-verbal cues differ across cultures and influence leadership as transformation leaders must understand and practice what is preferred within a particular culture. The leaders who act in accordance with the culturally endorsed or imposed expectations are perceived as effective. Transformational leaders must understand the nuances that exist in different cultures, be sensitive to unique cultures, and lead in a manner that demonstrates appreciation and understanding of distinct cultures (Ao, 2016; Northouse, 2016; Yukl, 2013). The leaders of the Chinese companies investing in the western cultures need to understand the unique cultural values of the locals and operate their businesses in a manner that demonstrates understanding and appreciation of the western culture. The cultural values of the Chinese influence the leadership styles of foreign managers operating businesses in China (*ibid.*). Culture influences transformational leadership, how it is perceived and conducted across cultures as leaders influence their followers by transforming their beliefs, values, and attitudes to motivate them (*ibid.*). Foreign leaders tend to vary their styles of leadership to satisfy the cultural values held by local followers. For instance, in the Chinese culture followers are used to creating a harmonious atmosphere and saving their face and therefore, foreign leaders manage conflict by giving more concern and care to followers and applying tender attitude (*ibid*). Chinese transformational leadership is an effective style since foreign leaders are able to influence their followers from rational and emotional aspects.

3.5.3. Hofstede´s Theory of Cultural Dimensions

Hofstede (1984) published a six cultural dimensions model which has a recognized standard for understanding cultural differences affecting organizations internationally. The theory provides a systematic framework to enable assessment of differences between cultures and nations and thus guide decision-making. It was based on the idea that value can be determined based on the six

cultural dimensions. The six dimensions were identified through the study of the interactions between cultures help to distinguish one culture from another (Hofstede 1984; Hofstede & Minkov, 2010) . *Individualism* versus *collectivism* dimension implies the degree of integration of individuals into groups. Individualistic cultures prioritize their personal goals and place more importance on attaining them while in collectivist cultures group goals are valued over personal goals (Hofstede & Minkov, 2010.). The Chinese people are highly collectivistic while the Westerners are more individualistic (Hofstede & Minkov, 2010; Northouse, 2016). *Masculinity* versus *femininity* dimension measures how a society complies with its values and the traditional roles of male and female genders. The emphasis of men is on performance and success while that of women is on sensitivity, modesty, and quality of life. In femininity cultures, women are allowed to take up male-dominated professions (*ibid.*). The Chinese have a masculinity culture as they are driven by competition, achievement, and success. Cultures and organizational styles of China and the West differ. For instance, the Chinese value cooperation while the Western culture views it as a sign of weakness.

Long-term versus *short-term orientation* dimension refers to the rules of a society based on their traditions. In high scoring cultures, the family is the basis of society, men and elderly people have more authority as compared to women and young people and training and education and highly valued. In low scoring societies, people treat each other as equals and high creativity and individualism are promoted. The Chinese are long-term oriented.

According to Hofstede, *power-distance index* analyzes the way in which members of a given culture feel about power distribution (*ibid.*). In *low-power* distance societies, people expect and accept that democracy is embraced and members are viewed as equals while in high power-distance cultures like China, the less powerful members accept their place in the society and realize that formal hierarchical positions exist.

Indulgence versus *restraint* dimension measures the ability of a particular culture to satisfy the immediate personal desires and needs of its members. In cultures that value restraint, strict social norms and rules exist and satisfaction is regulated and discouraged unlike in indulgence cultures. *High* versus *low uncertainty* avoidance index dimension measures how a society deals with unexpected events, unknown situations, and stress due to change. Cultures with a high index are less tolerant the stress of change and tend to implement rigid laws, rules, and regulations to minimize the anxiety of the unexpected. Societies that score low in the index like the Chinese culture tend to be more open to change and have fewer laws and rules (Wu, 2006.). To work

effectively with people from different cultures, it is important to first to understand and appreciate the differences in order to adopt necessary strategies. The application of Hofstede (1984)'s six dimensions of culture can help to work effectively with people from different cultural and geographic backgrounds. It is important for nations intending to work, build relationships, and enter into a binding contract with China to first study understand and take into consideration their culture (Wu, 2006; Hofstede & Minkov, 2010).

Societies are comprised of diverse individuals and cultural differences affect businesses operating in cross-cultural contexts as problems arise in communication, participation and other relational areas. As argued by Wu (2006), differences in people's culture can act as a barrier to communication and affect the ability to develop connections and relationships. For instance, cultural differences between the Chinese people and the people in the western countries in which Chinese companies intend to operate affect business operations. Communication barrier between the managers and local employees and customers hinder the ability to connect and establish business relationships necessary for carrying out business in those countries. Through the application of the cultural dimensions theory, business leaders and staff can understand issues affecting the business, analyze problems in different perspectives and take necessary steps to address them (*ibid.*).

3.5.4. GLOBE Research Program

Global Leadership and Organizational Effectiveness (GLOBE) is considered as both a research program and a social entity, consisting of 170 social scientists and management scholars from 61 cultures throughout the world, working in a harmonized long-term effort to analyze the interrelationships between organizational culture, societal culture, organizational leadership and practices, developed by House *et al.* (2004). The Program's main objective is to elaborate an empirically based theory to describe, understand, and predict the impact of cultural variables on leadership and organizational processes, hence, the effectiveness of these processes (House *et al.*, 2004). It helps to investigate the relationship between cultural values, conceptions of leadership, organizational practices, a society's economic competitiveness and the human condition of its members (*ibid.*). In other words, the GLOBE project purpose was to determine how people from different cultures with different cultural values - divided in culture clusters - viewed leadership. They aimed to research whether and how differences in cultures could be related to to differences in leadership approaches (Northouse, 2016). It promotes social sciences knowledge used to understand

different cultures. The program was designed to conceptualize, test, operationalize, and validate a theory of the relationship between organizational, societal, and leadership effectiveness and culture. The GLOBE study has extended Hofstede's cultural dimensions theory through the addition of new cultural dimensions which include human orientation, assertiveness, and performance orientation (House *et al.*, 2004). The study has defined collectivism and individualism dimension by segregating it into institutional and societal collectivism. As stated by House *et al.* (2004), the program has extended societal values to include the study of leadership behavior which according to findings differs in cultures although some characteristics like charisma and achievement are valued in all cultures (*ibid.*). According to GLOBE research carried in culturally diverse societies to test the generalizability of charismatic leadership in organizations based on the plan formulated by House *et al.* (2004), it was found that the leadership style was useful and universally accepted in various nations (*ibid*). In fact, House et al. (2004) findings shows that *charismatic/value-based leadership* is universally endorsed worldwide as commonly accepted leadership behavior.

3.5.5. Ethics & Most Accepted Leadership Behaviors

The recent international research about leadership across countries and cultures is growing in results about possible leadership behaviors and values accepted as common values worldwide. Recently, ethics and morality - principles defining what is right and wrong - are increasing in importance, resulting from the development of new leadership styles such as the one of *Ethical Leadership* where the centrality of Ethics to leadership is fundamental, as demonstrated by leader's character and behaviors (Brown & Trevino, 2006; Yates, 2011; Northouse, 2016; Yukl, 2013; Ciulla, 1995). Ethical leadership can be defined as "*the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making*" (Brown *et al.*, 2004, p. 120). According to Northouse (2016), ethical leadership is based on five principles: (1) *Respect Others*; (2) *Serve Others*; (3) *Show Justice*; (4) *Manifest Honesty*; and (5) *Build Community.* Based on the international study conducted by Yates (2011), it is possible to argue that ethical leadership that may be considered as a viable theory to use across cultures. In other words, it is possible to implement *ethical leadership as a cross-cultural leadership style* (*ibid.*). Recently, McKinsey (2015) global research study for decoding leadership reveals that four leadership behaviors can account for 89% of leadership effectiveness, namely: (1) *Being supportive*; (2)

Operating with a strong results orientation; (3) *Seeking different perspectives*; and (4) *Solving problems effectively*. Hence, resulting in specific leadership behaviors that are accepted worldwide.

3.6. Chinese Culture and Chinese Transformational Leadership

In the following section we consider the importance of Chinese Traditional Cultural Values in influencing managerial and leading roles in Chinese corporations, in order to illuminate on the role of Chinese Transformational Leaders' behaviors.

3.6.1. Chinese Traditional Cultural Values

Chinese culture is one of the most illustrious and impactful cultures in Asia and in the world. It started to develop more than 2,500 years ago with and it has been continuously evolving since then (Sheh, 2003). The traditional cultural values arose from ancient Chinese Philosophy which is based on five main schools of Chinese philosophical thought: (1) *Confucianism*, (2) *Taoism*, (3) *Buddhism*, (4) *Mohism*, and (5) *Legalism* (Sheh, 2003; Wang & Chee, 2011). These five major molding forces are the foundation of Chinese culture; they "*(...) have produced a culture of humanism which has made the Chinese way of life intensely practical as well as philosophical*" (Sheh, 2003, p. 5). Among them, Confucianism and Taoism are the most influential philosophical thoughts in shaping Chinese values and civilization of China, with an emphasis on Confucianism considered a significant guidance in defining the social and economic behavior of the Chinese people (Sheh, 2003; Wang & Chee, 2011; Fan, 2011).

3.6.2. Confucianism

Confucianism is the first crucial school of philosophical thought, considered as the cornerstone of the traditional culture and ideological system of China. The name of this philosophy originates from the ancient Chinese philosopher who founded it, *i.e.* Confucius. Based on the teachings of Confucius, Confucianism was later developed as it is known today by the Chinese philosopher Mencius (Fan, 2011).

Confucianism is a system of ethical, social, political, and quasi-religious philosophy centered on personal and governmental morality, correctness of social interactions, justice, and sincerity, which has dominated the Chinese society for the last 2,500 years by deeply influencing the social structure, the history, the lives and thoughts of Chinese people and by determining the cultural and economic development of China and other countries in East Asia (Sheh, 2003; Fan, 2011).

Although considered an ancient philosophy, the doctrine of Confucianism is still flourishing nowadays; it has never ceased to exert a vital impact on the Chinese way of life (Sheh, 2003). In fact, recent studies revealed that Confucianism can have an impact on economic performance and contribute to modernization as resulting from the economic success of countries like the Overseas Chinese in Southeast Asia, the four little dragons for East Asia – *i.e.* Singapore, Hong Kong, Taiwan, and South Korea – Japan, and now China and Vietnam (Chu, 1989; Franke *et al.*, 1991; Sheh, 2003).

Confucianism emerged from the teachings and wisdom of the sage Confucius (551-479 B.C.) whose real name was Kǒng Qiū（孔丘）, also known as Kǒng Zhòng ní（孔仲尼）as his courtesy name, and referred to as "Kǒng Zǐ"（孔子）literally "Master Kong" or "Kǒng fū Zǐ" (Kongfuzi)（孔夫子）– meaning "Great Master Kong" – from which his Latinized name "Confucius" originated. The philosophy of Confucius evolved from the collection of his teachings compiled by his disciples in *The Analects*, which "*(...) is said to be for the Chinese what the Bible was for Christians*" (Sheh, 2003, p. 40). Confucius' teachings strongly accentuated the highest canons for moral cultivation in a broad spectrum, which encompasses several grounds from humanity, conduct, and education to rites, music until politics, by describing how to govern ideally the country; learned and taught from the several roles he covered in his life as a Chinese teacher, editor, politician, and philosopher of the Spring and Autumn period of Chinese history (Sheh, 2003; Fan, 2011; Wang & Chee, 2011). Confucius as an intellectual had noble morality and pursued kindness, truth, and perfection in his life. He solely focused on everyday concerns and demonstrated indifference to the big mysteries that existed (Fan, 2011). Confucius' thought is based on two central principles: (1) *Humanity* – Principle of "*Rén*"（仁）– and (2) *Central Harmony* – Principle of "*Zhōng yōng*"（中庸）or "The Doctrine of the Mean" – (*ibid.*). These mean that only through a continuous practice of humanity a man can be finally defined as "*Jūn Zǐ*"（君子）, *i.e.* "superior man", "gentleman", "nobleman" or "person of noble character"; and that the underlying metaphysical principle governing all human thoughts and actions must be the balance between extremes, by being central and in harmony (Sheh, 2003). Indeed, the fundamental feature of the philosophy – *humanism* – focuses on issues of morals, family, and the role of rulers and teachers as important models in the society to set good examples for other people.

More than a century after Confucius' death, the Chinese ancient philosopher Mencius (c. 372-c. 289 B.C.) – whose real name was Mèng Kē（孟轲）and Latin name derived from Chinese Mèng Zǐ（孟

子）literally meaning "Master Meng" – defined as the "Second Sage" of Confucianism, developed the philosophy as it is known today with his thoughts and works, his sayings and teachings, Considered as second only to Confucius' teachings (Sheh, 2003). These were inscribed in his seven books which provide a more comprehensive and profound understanding of Confucianism when read alongside *The Analects* (*ibid.*). He built his philosophy on Confucius' teachings by adding to and elaborating on what Confucius divulged about human nature and government. Mencius was an idealist who based his ideals on two main concepts derived and developed from Confucian teachings: (1) *Benevolence* – Virtue of "*Rén*"（仁）– and (2) *Rightness* or *Righteousness* – or Principle of "*yì*"（义）– (*ibid.*). Indeed, the topic center of attention of his seven books is related to the responsibility of a benevolent and caring king towards his people. Hence, like Confucius, Mencius based his teachings on the "*Jūn Zǐ*"（君子）, being referred in different vests to as superior man, ruler, king, prince, gentleman, wise leader or, generally speaking, as a noble person with influence towards followers, subordinates and other people.

Sheh (2003; 2010a; 2010b) combined the principles from the teachings of the two Confucian philosophers and uncovered in his findings five key value dimensions at the foundation of Confucianism and impacting Chinese Leadership. These five principles, pillars of Confucianism, are: (1) *Moral Character*; (2) *Human-Heartedness*; (3) *Human Relationship*; (4) *Lifelong Learning*; and (5) *Moderation*.

Figure 3.6 Five Confucianism Pillars.
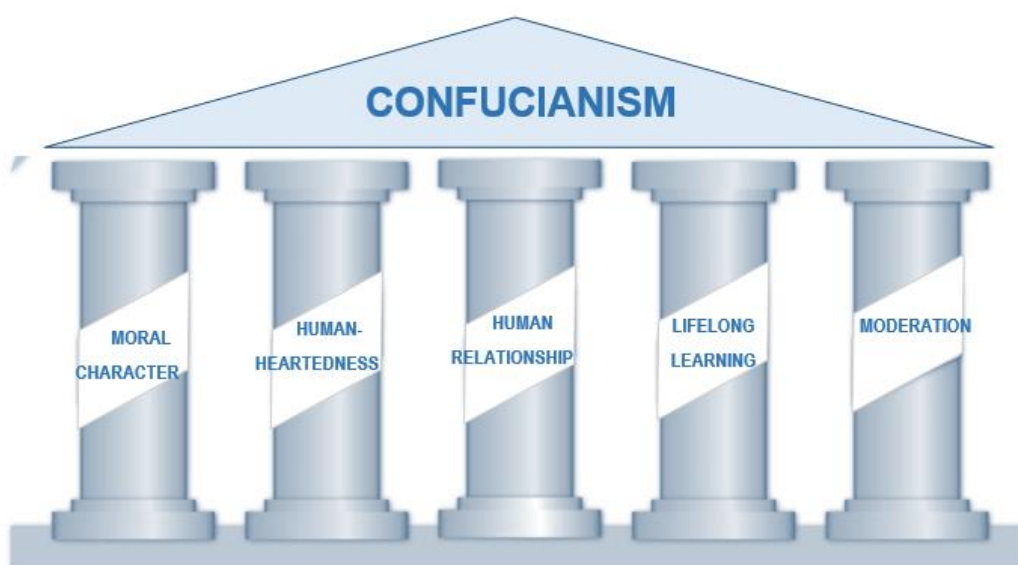
(1) Moral Character

The first principle involves paying attention to the personal character of a man and his values by following morality and exercising virtuous examples so that the power of good people may enable others to act similarly (Sheh, 2003). Accordingly, a powerful and wise leader should build his character around gaining confidence, trust and support from followers through virtue instead of violence. A character that it is firstly straightened and then continuously refined through practice. Confucianism focuses on the fulfillment of life and this is reached through the full development of Man, and moral character has its importance with this since it is considered as a source of cultivation and growth of a person (*ibid.*). In short, "*moral character is like the backbone of a man*" (Sheh, 2010a, p. 281). This principle is the foundation of the "*Jūn Zǐ*"（君子）– the superior man, gentleman or noble person – who emphasizes morality and humanistic values as high priorities. Confucius taught that a truly gentleman or great Confucian leader possesses the highest moral sense, personal and ethical values, and intellect practiced through humanity (*ibid.*). With no morality there will not be trust and to gain the trust and the confidence of the people, a Confucian leader must behave ethically and be trustworthy – *i.e.* honest, honorable and reliable. He believed that it is the actual character of a person which sets individuals apart, and not the mere family background or societal order (*ibid.*). Indeed, Confucius challenged the idea that some people are born superior to others and claimed that moral superiority is determined by one's character and personal development rather than the blood (Fan, 2011).

Moral character is based on ethical sense, on being noble-minded, and then on showing virtuous behaviors as examples to follow. More specifically, to Confucius, a noble person and truly Confucian leader has a strong conviction in the moral righteousness of his beliefs and desires to "rule by virtue" with an honorable, generous character, and by avoiding violence, rather than "rule by laws" (Sheh, 2010). According to Confucius, "*a noble person is also righteous*" (Sheh, 2010a, p.281). As a consequence, a noble, righteous and effective leader carefully considers everyone surrounding him/her without practicing favoritisms, being possessive, biased or using coercion. Most importantly, it is necessary for righteous and effective leaders to be able to distinguish and separate right and wrong (Sheh, 2003; 2010a). Accordingly, an individual needs to be humble and be understanding since "*a person who always thinks he is right will never know the difference between what is right and what is wrong*" (Sheh, 2010a, p.281). For example, Confucius believed

that a person who possesses courage but lacks righteousness is not wise and even dangerous (*ibid.*). In his words,

"*Noble leaders consider righteousness of the highest importance. A noble leader who has courage but is not righteous becomes a rebel; a common person who has courage but is not righteous becomes a thief*" (The Analects (17, 23) quoted by Khu *et al.*, 1991).

Therefore, courage must be accompanied and controlled by morals and justice with self-control because without a good strategy it will solely lead to failure (Sheh, 2010a; 2010b). To enhance the success rate, a noble person has to be courageous as well as act with caution and virtue.

In order to practice righteousness, Confucius believed that virtues must be shown by serving as a living example (*ibid.*). In fact, he always preached what he had already practiced, by teaching his supporters through actions instead of words (*ibid.*). Accordingly, he claimed that leadership – built on a foundation of moral character – must be exercised and demonstrated through good example by paying special attention to one's own character, ethical behaviors and good actions. In short, what is defined "leadership by example" (Sheh, 2010a). In fact, if a leader sets a good example, every person will follow behaving similarly. Correspondingly, if a person sets a bad example, followers will behave accordingly, and then the entire group, organization, or society will suffer. In order to provide a good example, a wise Confucian leader must demonstrate commitment through self-restraint and self-discipline (*ibid.*). As virtuous example to follow, Confucius himself was always gentle and flexible in his behavior but firm in his thinking to preserve his principles (Sheh, 2003; 2010a).

Like Confucius, Mencius encompassed the concept of leading by example (*ibid.*). He based his teachings on the concept of "*modelling the way*"– *i.e.,* metaphorically speaking, modelling the path by walking and showing the right direction to follow in order to stimulate other people in repeating and bettering the same good behavior. This means for a leader to act as a role model who helps shape and influence the behavior and actions of the subordinates through virtuous examples. In Mencius words,

"*When the prince is benevolent, everyone else is benevolent; when the prince is dutiful, everyone else is dutiful*" (Book IV:B:5 quoted by Lau, 1970).

Therefore, before setting good examples to follow, the leader himself must be morally standing. Specifically, Mencius' teachings were based on mutual respect and on helping others do good (*ibid.*). First, he argued that the best technique for a leader to instruct followers about respect is to show or treat them with respect (Sheh, 2010a). In fact, Mencius said:

"To feed a man without showing love is to treat him like a pig; To love him without showing him respect is to keep him like a domestic animal. Respect is but a gift that is not yet presented. Respect that is without reality will not take a gentleman in merely by its empty show" (Book VII:A:37 quoted by Lau, 1970).

Second, Mencius taught that the best practice for a Confucian leader is to help others do and behave good. In fact, he believed that *"(...) to help others do good **is** the highest good"* (Sheh, 2010a, p.282) since there is nothing more superior than that for Mencius. Hence, another example of an ethically upright individual.

The emphasis placed on moral values and commitment of Confucian leaders has created an emotional bond between these – who play the role of guardians of the welfare and growth of their followers – and the latter – who are considered as family members. In order to behave as a guardian, one has to cultivate oneself by following moral character principle which allow to reach the level of "*Jūn Zǐ*". Confucius in his teachings considers reflection and inner peace as great sources of energy and therefore important in help cultivate oneself, together with attention to moral and intellectual aspects of a man (Sheh, 2003). To him, self-cultivation is resulting from thinking of others and keeping a low profile towards the only self which are also the principal characteristics of an enlightened leader who can see beyond the eye, listen beyond words and think beyond the language (Sheh, 2003; 2010a).

Behind the Chinese moral sense and moral being there are the two correlated driving forces part of history of the development of Chinese culture which embrace virtues underlying the whole structure of the Chinese society, namely *familism* and *filial piety* (Sheh, 2003; Fan, 2011; Wang & Chee, 2011). *Familism* means giving importance to family and *filial piety* means to honor and respect the members of the family, especially living parents current, but also deceased as well as remote ancestors. The concept of filial piety and love for parents and ancestors evolved towards siblings to arrive at society at large in an ever-expanding network of human-relatedness. If this principle could be properly understood and practiced worldwide, it would become the force that leads to the realization of universal brotherhood of mankind like a Chinese saying tells us we all belonged to one large family five hundred years ago. Likewise, if a man is filial, he is most likely a good citizen loyal to his country (Sheh, 2003). In fact, Confucius believed that by living according to the series of codes provided by the philosophy and following the conduct of benevolence, the country's population would live together harmoniously (Fan, 2011). Furthermore, he assumed that if the populace obeyed seniors in power who are following Confucian principles of governance, so that

governors ruled people with love while training them to learn good manners, the country would be strong (*ibid.*).

(2) Human-Heartedness

This principle is key and foundational virtue of Confucianism identity and Confucius and Mencius' teachings emphasized it in the conduct of a man. Behind it, there can be found the concept and Virtue of "*Rén*"（仁）which is the focal teaching that Confucius used to spread the most. In different contexts, the word "*Rén*" is used differently since it carries and covers a variety of several different meanings. Just to name a few, "*Rén*" can mean "humanity", "humanism" or "humaneness"; it can mean "benevolence"; or "affection"; "goodness"; it can mean "love"; "gentleness"; "kind-heartedness"; it can mean "compassion". Indeed, Confucius was strongly convinced that all men are kind and good by nature and that humanity and love should be practiced in order to maintain the nature and it is crucial since it permeates the willingness to build the "*Jūn Zǐ*" as final goal and achievement for a person (Sheh, 2010a; 2010b). Like Confucius, Mencius endorsed the way of life by defining human nature as good and virtuous. He rejected the idea that humans have an equal tendency to be either good or bad and that they are thus neither good nor bad from birth, like characteristics of water which does not show any preference to either following west or east (Sheh, 2003; 2010b). In fact, he imparted that every person – each and every one of us – is born with the early stages of virtue and inclination to goodness, which is just as natural as characteristics of water and its tendency to flow downwards (*ibid.*). As an example, he claimed that if a man is about to fall from a cliff, another man would rather save him than let him die (*ibid.*). It is when people neglect to cultivate their innate goodness that they turn into evil in life. Therefore, a moral education, self-cultivation, and the study of history are vital for humankind in order to return to purity – it is with these teachings that Mencius was loved by the folks and feared by tyrants (*ibid.*).

The principle of human-heartedness is based on showing humanity and that fundamentally means loving all men and women without discrimination since love is the principle which pervades all human behaviors (Sheh, 2003; 2010a). Accordingly, treating all men as equals is the only way for man to be called a man, according to Confucius (*ibid.*). Expressing love is key, it involves action and not simply thoughts and words. Essentially, expressing love through actions that constitute a practice of humanity and human-heartedness such as courtesy, magnanimity or generosity, unselfishness good faith, diligence, kindness, being a giver and a benefactor, showing care (*ibid.*). Confucius always emphasized human-heartedness as a virtue of a Gentleman. Hence, a real superior

man cannot separate himself from humanity. Since the "*Jūn Zǐ*" cannot be separated – not even for a single moment – no man or woman should seek a better life and happiness, obtain wealth and status, and avoid sorrows like poverty and inferiority, by using immoral means at the expense of humanity (*ibid.*). According to him, the practical way for a "*Jūn Zǐ*" or a great leader to show humanity is to rule people by proper rules of conduct and morality to lead them with virtue – by being able to master the virtue of his own weapons without being controlled by them – and avoid using punishment (Sheh, 2003; Wang & Chee, 2011). In fact, Confucius was against the use of punishment as he claimed that if a person lead with virtue breaks the rules, the regulations and the laws, this will develop a sense of shame that will guide him/her so that things will unfold by themselves; therefore, it is unnecessary to punish the lawless (*ibid.*). He believed that the actions of an individual are the result of his/her heart desire and if a person desires to be good he/she will naturally be good, will follow a virtuous behavior and eventually will become a good citizen (*ibid.*). In Confucius' teachings, humanity is generally highlighted by not taking advantage of the weaknesses of others. Wise Confucian leaders do not take advantage of the less intelligent or the weak, especially among followers. Instead, truly leaders are humanistic in their approach in treating their people dedicate full attention to people around them without discrimination and distinction, with the highest sense of equity and equality, in order to gain the followers' devotion. By safekeeping human rights and human justice is another way of how humaneness can be manifested (*ibid.*). Acting deliberately without considering morality is a temptation and the greatest danger of being a powerful leader because one's sense of right and wrong will be compromised (Sheh, 2010a). A person that possesses power, but no sense of justice leads to an abuse of the power merely used as brute force to get things done with violence, creating disorders and fomenting hatred and detestation among people which will lead to dystopian chaos. According to Mencius, a Confucian leader is one who accentuates *benevolence* and *righteousness* instead of focusing on ways of gaining power and profiting (*ibid.*). In other words, considering and caring not only about how things can benefit oneself but how things can advantage other people as well. A Chinese proverb goes, "*A noble leader would put the interest of others first and his own interest last*" (Sheh, 2010a, p. 282). Conversely, if everyone cared only about personal benefit by being self-centered and selfish, the whole society will be devastated (*ibid.*). In short, Mencius was dedicated to preaching about "*selflessness*". In fact, connected to the fact of thinking more at helping others, there is a Chinese saying which goes, "*How much a leader can achieve is unlimited so long as he does not mind who ultimately gets the credit*" (Sheh, 2003, p. 53). Accordingly, a powerful, truly

great and wise Confucian leader should practically develop the qualities of modesty, kindness, and compassion in dealing with others; he should think of others, be altruistic, giver and unselfish towards other people by serving, benefiting them; open-handed to others and generous; be sharing, caring, right, and benevolent in order to build people and get the best out of them. Moreover, it is important in order for him to properly handle the power of reward and punishment with wisdom (*ibid.*). Hence, by embracing these behaviors and not imposing on people what a leader himself could dislike, one can win their heart, and Mencius exposed and unveiled that by winning the hearts of the people, a person will win them over completely conquering them (Sheh, 2003).

(3)Human Relationship

This principle means giving importance to the networks of people, with a belief in humans and a focus on relationships as a source of wisdom. Accordingly, Confucius taught a nobleman needs to follow the set of the five fundamental human relationships, the so-called "*Wǔ Lún*"（五伦）literally meaning "five order" or "five relationships" (Sheh, 2010a; Wang & Chee, 2011). These five Confucian relationships are between ruler and subject, father and son, elder brother and younger brother, husband and wife, friend and friend. Essentially, a growth in the maturity of the relationships starting with self-cultivation – and the relationship with oneself, to move from cultivating oneself to molding own family, from the family to governing the country, and lastly to reaching and establishing peace all over the world as a whole (*ibid.*).

The principle of human relationship is significant because, according to Confucius, the "self" is considered as a center of an ever-expanding network of relationships which evolves continuously with win-win situations for all parties (*ibid.*). In fact, being in any sort of relationship leads to mutual growth due to the exchange of practical knowledge. On the one hand, influencing others through self-cultivation which is thus fundamental for an individual as well as for all harmonious relationships, *i.e.* human interactions and commercial dealings. In fact, cultivating oneself will increasingly spread into maintaining good relations with others who will develop new aptitudes. The Confucian concept behind this is "*lǐ*"（礼）, encompassing an abstract idea which can be translated in numerous different ways like "proper conduct", "gift", "rite" or "ritual", "ceremony", "propriety", "etiquette", "courtesy", "Classic of Rites", and "manners" (Sheh, 2003; 2010b). In summary, it means having a proper behavior, a "*proper conduct*" and appropriate manners according to Confucius' teachings. The term "*lǐ*" governs and regulates all individual and social habits, relationships and decorum since it occupies an utmost position in all interpersonal relations

among family, society and politics when governing a country (*ibid.*). The absence of proper conduct in relationships would be disastrous as it will lead to social disorder. On the other hand, getting positive influences by the actions and behaviors of people part of own network of relations and taking advantage from being the center of it – which eventually impacts self-cultivation.

In order for human relationships to mature for reciprocal development, Confucius further emphasized the concept of "*Rén Qíng*"（人情）that symbolizes "human feelings", "human emotions" or "human sensibilities", "human interaction", "social relationship" or "friendship". A language of natural affection and love which helps develop the networking making it immeasurably appropriate and reliable (Sheh, 2010a). "*Qíng*"（情）as "feeling", "emotion" and "passion", is considered as the substance and element basis for the existence of any meaningful, fruitful, long-lasting and sustainable human relationship (Sheh, 2010a). Mencius largely spread the conception of "*belief in people and relationships*" amongst his followers which allows to valorize, enhance and appreciate people by having hope in them as human beings in order to initiate and keep a relationship (Sheh, 2003;Wang & Chee, 2011). A wise leader makes use of the Confucian "*Rén Qíng*" to reinforce his decisions related to human interactions. As an example, one would consider the "*Qíng*", the relationship first, before punishment and disciplinary actions (Sheh, 2010a). In today's Chinese context, there is a specific term which encompasses the fortification and strengthening of the networks of people, specific of Chinese culture, *i.e.* "*guān xi*" or "*guanxi*"（关系）which means "special relationships", "networks" or "connections" (*ibid.*). The art of "*guanxi*" can be considered one of the most typical features of Chinese culture.

The Confucian principle of Human Relationship is based on showing etiquette and love through a better and more uniform behavior. Practically, it is showed by courtesy and politeness as basis for all conversations, with a particular observation of the choice of words and the tone of speech, together with love and sincere affection in order to be on the same wavelength with people, and to strengthen and maintain harmonious good relationships (Sheh, 2003; 2010a; Wang & Chee, 2011).

(4) Lifelong Learning

Lifelong learning means learning for life. More explicitly, it involves an ongoing process by which one never stops learning, represented by a voluntary and self-motivated continuous pursuit of knowledge for a personal and professional development (Jarvis, 2014). This has a vital importance in fast-moving and changing dynamic contexts that always change and thus require new knowledge to develop, use, manage, and share in order to learn how to learn for the entire lifespan of an

individual (Sheh, 2003). In fact, continuous learning is significant for several aims: *personal achievement* and *growth*; enhancing *social fulfilment* and *inclusion*; *competitiveness* and *self-sustainability*; *employability*; and *active citizenship* (EC, 2006; Jarvis, 2014). The concept is based on the idea that a person should never stop acquiring knowledge, that learning is not restricted to childhood or a classroom in young and young adulthood education, and that even as an adult, senior or retired citizen "*it is never too late to learn*", as stated by the European Commission (2006, p. 1). Precisely, lifelong learning is related to the conceptions of adult learning – defined as a "*(...) process whereby* [adult] *individuals acquire knowledge and skills (and much more besides) from different sources, either intentionally or not*" (Jarvis, 2014, p. 52); and adult education – defined as "*(...) an institutional phenomenon offering* [systematic] *learning opportunities to people throughout their lives as continuing education*" (*ibid.*) and "*(...) vital component in a continuum of lifelong learning*" (EC, 2006, p. 2); as ways to go beyond individual adult learning, towards an institutionalized system of lifelong education for a lifelong learning society with learning-oriented organizations (Jarvis, 2014) The term "lifelong learning" has emerged in 1990s and has been spread by the European Union (EC, 2006) to emphasize the continuous process of learning throughout life to build the above-mentioned society (Jarvis, 2014). Although "lifelong learning" is a recent expression, Sheh (2003) argued that Confucianism already stressed this concept in his principles through Confucius' teachings. Indeed, Confucius himself was willing to continuously learn with the intention of sharing his knowledge, as a leader who gives the example and as a transmitter of the ancient wisdom; as he always claimed to be (*ibid.*). As a consequence, education had been strongly emphasized throughout China as a solution for a country with a large population. To cope with the humongous size, Confucius always repeated "*Enrich them, educate them*" (The Analects (13, 9) quoted by Lau, 1979). In this respect, his contribution was very significant 2,500 years ago since China was the first country in the world to develop and arrange a national examination system. For that reason, Confucius is referred as the Great Teacher of China and the first real originator of Chinese education and culture (Sheh, 2003; Wang & Chee, 2011). At that time, education had been extremely emphasized all over China (Sheh, 2010a).

The principle of lifelong learning is based on obtaining knowledge, competency and proficiency for a lifetime even when one is old; being open to discovery, ready to challenge personal knowledge; keeping up to date; never stopping grasping and assimilating new knowledge in order to achieve wisdom. These are practically implemented by adopting an agile learning attitude. Having an attitude of learning means listen and observe first; and then learn from others by asking questions if

one still cannot comprehend (*ibid.*). Additionally, by unceasingly learning; being capable of absorbing knowledge from a multiplicity of sites – by treating learning as a natural process as well as natural event; and by practicing the concepts and principles attained to internalize and master them. In fact, the lifewide dimension of lifelong learning refers to the different sources in which learning can occur. The power to learn from sources like established providers of education – such as teaching institutions, schools and conventional educational systems; training centers; home-based learning; the community; the workplace – as well as from oneself and other people, conscious to be always able to discover and gain an understanding of new concepts and guidelines from every situation in life, from major to minor ones; this by achieving learning as an individual process as well as a group phenomenon (EC, 2006; Jarvis, 2014). Accordingly, one can acquire knowledge from an internal perspective from own mistakes, behavior and experiences as well as from an external perspective from other individuals and by listening and understanding their mistakes, testimonies, experiences, and knowledge and observing their behaviors. Confucius believed that there is no limit in learning from others and one can ideally absorb teachings and insights from anyone, it is just necessary to be open and curious by asking questions and giving nothing for granted (Sheh, 2003; 2010a). For instance, an effective leader must be strongly committed to learning from various sources, eager to assimilate from self and others, even by getting lessons from the followers through their knowledge and behavior. This, in order to improve oneself and unselfishly spread own knowledge and experiences to share wisdom and help improve and grow followers as well. Indeed, not only a truly wise leader learns from others but also teaches others (Sheh, 2003). Fundamentally, great and wise leaders always see themselves as lifelong learners who actively learn in order to share. In other words, they incessantly learn from self and others in order to teach and be taught. Confucius argued that knowledge is something that one person cannot fake; thus, he distinguishes different practical conducts in learning and teaching to get an effective influence (*ibid.*). In learning, Confucius put an emphasis on own proactive initiative; sincerity to what a person knows and not knows; awareness and ability to say "I do not know" in an agile learning approach (*ibid.*). In his words,

"*To say you know when you know, and to say you do not when you do not, that is knowledge*" (The Analects (2, 17) quoted by Lau, 1979).

Confucius believed that,

"*Learning without thinking is labor cost; thinking without learning is perilous*" (The Analects (2, 15) quoted by De Bary *et al.*, 1999).

In fact, "*(...) if a person uses his eye to observe, his ear to listen, his hand to experience but fails to employ the mind, then it is a waste of time and effort*" (Sheh, 2003, p. 50). Furthermore, to engage in active learning a person has to probe critically, reflect carefully, differentiate clearly and practice intently. In teaching, Confucius' dedication was towards the elimination of some main obstacles, *i.e.* a biased mind, arbitrary judgements, stubbornness, arrogance, superiority and conceit of knowing everything, since he was determined to gently teach and lead the disciple along within the right culture and the right environment and then circumscribe it with rites and rituals (Sheh, 2003). Mencius built on that and stressed on the ability "*Be a Learner and a Teacher*" by being able to share and exchange knowledge among people as one is a center of relationship (*ibid.*). In fact, with more people there will be more knowledge circulating amongst them. Hence, relationships help boost lifelong learning with more people to teach and to learn from. One more aspect of learning to consider is not to fear making mistakes since mistakes are also a significant part of the learning process. The only biggest mistake is made when someone is unable to learn from own mistakes but keeps making them (Sheh, 2003). In Mencius words,

"*Even a sage makes mistakes. The difference between a wise and unwise person is that a wise person will make amends while the unwise person persists in his mistakes and even covers them up*" (Book II:B:9 quoted by Lau, 1970).

Learning and educational achievement improve the life quality of people, enhance their technological and managerial abilities, and boost the industrial productivity and the economic success which allow to achieve global competitiveness. In view of that, to Confucius, individuals can be classified into four rank of orders according to their willingness to learn:

"*The highest order: people who are born wise; The second order: people who become wise through learning; The third order: people who are born dull but learn to overcome it; The lowest order: people who are born dull yet refuse to learn.*" (The Analects (16, 9) quoted by Lau, 1979).

(5) Moderation

The last principle is related to finding and keeping the equilibrium between positive and negative - rather than striving to eliminate the bad and cultivate the good - and in general between the two opposite extremes (Sheh, 2003). It is based on the concept of "*Zhōng Yōng*"（中庸）or "The Doctrine of the Mean", *i.e.* the principle of Central Harmony second key foundation of Confucian teachings (Sheh, 2003; 2010a). In fact, the golden mean forms the underlying principle for all other values in maintaining a balance and treat the Mean as the perfect virtue, emphasizing the middle

path of human thought and action in order to be in harmony (Sheh, 2003). For an harmonious, peaceful and balanced life, it is important to understand the extremes but practice the moderate (Fan, 2011; Wang & Chee, 2011). Like a bamboo - strong but flexible, a "*Jūn Zǐ*" leader is firm in his principles but flexible in his approach (Sheh, 2003; Sheh, 2010a). It is fundamental for a Confucian leader to balance his words with his actions, by doing first before preaching (Sheh, 2003; 2010a). Additionally, this principle is related to the principle of reciprocity defined also as "Golden Rule", *i.e.* do not do to others what you would not want done to yourself; sacrosanct ethic emphasized in all Confucius' teachings (Sheh, 2003; 2010a; Fan, 2011; Wang & Chee, 2011).

3.6.3. Chinese Transformational Leadership and Behaviors

A new perspective of leadership is provided in China by the model which also provides a clear understanding of how best the practice of transformational leadership integrates with the Chinese traditional wisdom to account for the dynamics of a leader-follower relationship in the contemporary Chinese society (Lin *et al.*, 2013). In short, Chinese transformational leadership integrates Transformational leadership and Confucian philosophy. Chinese transformational leadership is an effective style for the leaders of Chinese companies (Ao, 2016). Based on research, Chinese transformational leadership under the Chinese context has resulted in outcomes like improved employee trust, well-being, creativity, satisfaction, and commitment. Like transformational leadership, Chinese transformational leadership involves four dimensions which include charisma based on courage and passion, moral modeling based on freedom from corruption, altruism, hard work and fairness, individualized consideration based on showing concern to families and individual employees and vision articulation based on providing direction and clear vision to employees (Ao, 2016; Lin *et al.*, 2013). However, the four dimensions' attributes of transformational leadership are boosted in Chinese transformational leadership due to Confucian behavioral attributes. As an initial research developed by Sheh (2003; 2010a) ten behavioral attributes of Chinese transformational leadership have been developed on the basis of the four dimensions of transformational leadership and the five pillars of Confucianism.

Figure 3.7 Ten Behavioral Attributes of Chinese Transformational Leadership

(1) Visionary Leadership (VL)

"Chinese transformational leaders possess a strong sense of purpose in leading their organizations" together with "a vision of a desired future state by keeping long-term perspective". They are "focused, sharp and quick in reacting" and "good at identifying and exploiting business opportunities", they "seek opportunities in every crisis while others see dangers". They "(...) also possess several personal qualities as having a photographic memory, insightfulness and the ability to quickly grasp ideas and information".

(Sheh, 2003: 144-145)

VL1 "Leader provides the organization with a broad perspective"

VL2 "Leader develops a strong vision, mission and corporate culture for followers to adhere to"

VL3 "Leader dares to think or dream 'big'"

(Sheh, 2003: 159-167)

(2) Execution Power (EP)

CTLs execute rapidly. "(...) the key to success depends on how well the plan is eventually implemented. They should have a "strong sense of purpose (vision) and "good execution power (action)." that has to be "a flexible one too".

(Sheh, 2003: 146)

EP1 "Leader is able to translate vision into a reality"

EP2 "Leader demonstrates role model and provides good example for his people to follow"

EP3 "Leader works long hours and maintains enthusiasm"

EP4 "Leader is action-oriented"

EP5 "Leader serves as a living example (preaches what he/she has already practiced)"

(Sheh, 2003: 159-167)

(3) Inspire the Employees (IE)

"The Chinese leader believes in inspiring the followers such that they will be able to motivate themselves without pushed to do so. As a source of inspiration, the Chinese leader is capable of applying situational leadership style in managing a wide variety of people."

(Sheh, 2003: 148)

IE1 "Leader is able to articulate and communicate well"

IE2 "Leader uses motivation to excite and stimulate people"

IE3 "Leader emphasizes the explanation of the rationale and benefit of his action or change effort"

IE4 "Leader makes use of communication as a tool to heighten the acceptance of difficult tasks"

(Sheh, 2003: 159-167)

(4) High Sense of Achievement (HA)

"The Chinese leader possesses an extraordinarily high sense of achievement, (...) it is also a prime source of power, self-esteem and status." These "leaders see change as a challenge and feel a sense of achievement once the change is successfully implemented."

(Sheh, 2003: 149)

HA1 "Leader communicates high expectation to his followers"

HA2 "Leader has a great sense of achievement in whatever he does"

HA3 "Leader has high and positive self-regard (high self-belief and self-worth)"

HA4 "Leader demonstrates high level of energy and personal excitement to lead the change process"

<div align="right">

(Sheh, 2003: 159-167)

</div>

(5) Willingness to Take Risks (WR)

"(...) Chinese leaders believe that taking risk is part and parcel of all businesses. To them, no risk means no return. With respect to risk – taking, the Chinese leader is only prepared to take calculated risks."

<div align="right">

(Sheh, 2003: 150)

</div>

WR1 "Leader sees change and risk as a form of challenge"

WR2 "Leader perceives risk positively and sees it as an opportunity"

WR3 "Leader usually takes calculated risk"

WR4 "Leader has high tolerance for ambiguity and uncertainty"

<div align="right">

(Sheh, 2003: 159-167)

</div>

(6) Lifelong Learning (LL)

"The Chinese transformational leader believes that education is an important tool for personal and organizational development (...). As such, the Chinese leader knows that self- transformation and self – renewal will bring about the energy for continual change."

<div align="right">

(Sheh, 2003: 150)

</div>

LL1 "Leader commits himself as life-long learner"

LL2 "Leader believes in training and development"

LL3 "Leader creates a good learning and thinking environment in the organization"

LL4 "Leader has high tolerance for mistakes"

LL5 "Leader always serves as a teacher for personal and organizational development"

(Sheh, 2003: 159-167)

(7) Moral Character (MC)

"(...) the Chinese transformational leader strives to earn the trust of his followers by maintaining good moral character and self – discipline while at the same time exhibiting honesty, integrity, reliability and sincerity."

(Sheh, 2003: 151)

MC1 "Leader strives to be trustworthy and trusted (obtain complete trust) by his followers to gain their full commitment and build long-term relationship"

MC2 "Leader maintains good moral character"

MC3 "Leader shows loyalty, morality, righteousness, faithfulness, altruism, honesty, courtesy, consciousness"

MC4 "Leader shows and expects high sense of honesty, integrity, reliability, and sincerity"

MC5 "Leader is value-driven"

MC6 "Leader always keeps his promises"

MC7 "Leader exercises through virtuous examples rather than authority and violence"

MC8 "Leader pays special attention to his/her character"

MC9 "Leader possesses the highest moral sense"

MC10 "Leader emphasizes on humanity and not take advantage of the followers' weaknesses"

MC11 "Leader diffuses and inculcates right conduct among his/her followers"
MC12 "Leader is selfless"

(8)   Belief in Relationship (BR)

"The Chinese transformational leader is commonly known to be more relationship-oriented than task-oriented." He "treats all his employees like a ´big family´ and truly treasures the relationships with all his employees."

(Sheh, 2003: 152)

BR1 "Leader exercises high level of perseverance, determination, endurance, tolerance and patience"

BR2 "Leader believes in people and relationship"

BR3 "Leader creates a cordial, relaxed and friendly working environment"

BR4 "Leader is always sensitive to people's needs and careful in dealing with people"

(Sheh, 2003: 159-167)

(9)   Human-Heartedness (HH)

"The Chinese values of kindness and benevolence have made the Chinese leader more compassionate, sensitive and personalized in dealing with people both inside and outside the company."

(Sheh, 2003: 152)

HH1 "Leader exercises high level of 'humanism' which includes good faith, kindness, magnanimity, and benevolence"

HH2 "Leader shows love and compassion"

HH3 "Leader believes Man to be by nature kind and good"

(Sheh, 2003: 159-167)

(10)   Moderation (M)

M1 "Leader exercises a moderation between patience and tolerance, and courage, charisma and discipline"

M2 "Leader is firm in his principles but gentle and flexible in his/her approach"

M3 "Leader always stays flexible"

M4 "Leader acts according to the environment"

(Sheh, 2003: 159-167)

Source: Figure by authors (2018) from Sheh (2003; 2010a)

(1) Idealized Influence

Moral Character

Human-heartedness

Belief in people and relationships

(2) Inspirational Motivation

Lifelong Learning

(3) Intellectual Stimulation

(4) Individual Consideration

3.7. Bringing it All Together – Theoretical Toolbox

4. RESEARCH METHODOLOGY

The following section will provide an elucidation of the methodology used in this thesis. Research methodology is a systematic plan or procedure for conducting research, which defines the specific techniques used to select, identify, process and analyze information about a particular research topic (Saunders *et al.*, 2016; Malhotra *et al.*, 2017). In explaining the structure of the methodology used in this thesis, we will consider *The Research Onion* developed by Saunders *et al.* (2016) which is presented in the following sections.

4.1. The Research Onion

Proposed by Saunders *et al.* (2016) *The Research Onion* is used to create a structured approach to the methodology of a research study. The structure of the model gives a direction forming the underlying assumptions and choices which are existing prior to the data collection and data analysis of this research. Thus, before conducting the data collection and analysis, the outer layers of the research onion's structure must be carefully considered, as they will support the reasoning for choosing the methods to collect and anlayse data. Indeed, by starting from the outer layers and working inwards towards the core, the research design of the thesis will remain coherent and appropriate. Concretely, data collection techniques and analysis procedures used in the research wil be accepted in an appropriate and clear way, in harmony with the broader philosophical direction of the research.

The research onion is based on the following six layers (Figure 4.1): (1) *Research Philosophy*, concerning the 'world view' on which the research is based on, including how knowledge is understood and developed; (2) *Research Approach*, deciding on the scientific approach to theory development; (3) *Methodological Choice*, referring to the type of research to be considered

quantitative and/or qualitative, mono or multi-method; (4) *Research Strategy*, emphasizing the scope and the particular procedures used as methodological link between the philosophy of the research and the research methods chosen; (5) *Time Horizon*, concerning the perspective of time used to answer the research question; (6) *Techniques and Procedures*, regarding the actual practices for the administration of data collection and analysis (Saunders *et al.*, 2016).

Figure 4.1 The Research Onion (Source: Saunders, Lewis & Thornhill, 2009)
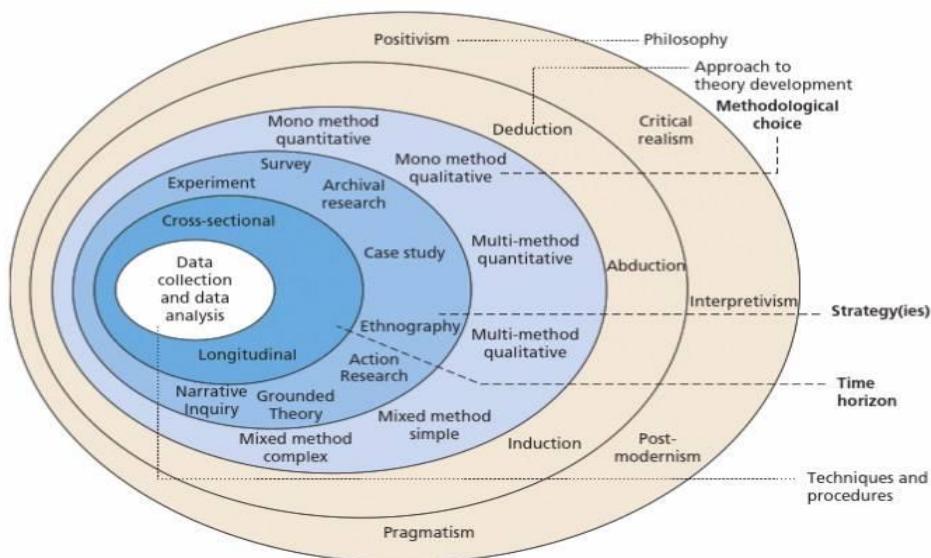
Source: Saunders *et al.*, 2016

By adopting this framework, the research question can be answered through an understandable and proper research approach. In the following sections each layer of the research onion will be considered in application to our thesis. The first two layers, *i.e.* research philosophy and research approach, will be the foundation for the other four layers, which in turn will describe the research design and at last contribute in answering the research question.

4.2. Research Philosophy

The first outer layer of the Research Onion, Research Philosophy, consists of a system of assumptions and beliefs about the logic through which scientific knowledge is developed and built (Saunders *et al.*, 2016). It deals specifically with the study of foundations and implications of science aimed at answering questions about it (Aitken, 2009; Saunders *et al.*, 2016). The choice of research philosophy depends on the researcher's conscious or subconscious assumptions made

during every stage of the research, involving "*(...) assumptions about human knowledge (epistemological assumptions), about the realities* [encountered] *in* [the] *research (ontological assumptions), and the extent and ways (...) own values influence* [the] *research process (axiological assumptions)*" (Saunders *et al.*, 2016, p.124). In developing the research these types of assumptions have been formed at every stage. The relationship between a theory and truth is at the heart of science and as researchers we took it deeply into consideration in our world view. Accordingly, based on assumptions made to develop knowledge, the appropriate research philosophy chosen for this thesis is *Pragmatism.* Saunders *et al.*, (2016) define *Pragmatism as* a research philosophy based on the complex flow of processes and experiences assuming "reality" as the practical consequence of ideas; it focuses on problems, relevance and practices. It is a value-driven research sustained by reflexive doubts and beliefs of the researcher. It emphasizes practical solutions and outcomes, and problem solving and future practice as contributions (Saunders *et al.*, 2016). In other words, theories, concepts, ideas, hypotheses and research findings are not considered as an abstract form but in terms of their role as "*(...) instruments of thought and action*" (*ibid.*, 2016, p.143). Therefore, pragmatist philosophy provides a theoretically sound base for analysing and clarifying the data collected through the practical reality of this thesis.

4.3. Research Approach

The second layer of the onion is Research Approach to theory development which involves the choices of reasoning and the logic behind creating research. Reasoning refers to a person's capacity to make sense of things and establish facts and verify them to rationally work through the facts, data, information, and beliefs (Saunders *et al.*, 2016). It involves drawing conclusions and judgments from the premises and facts or coherently thinking through perceived premises to come up with a logical conclusion (Fischer & Gregor, 2011).

The choice of the approach is among being *deductive*, *inductive* or *abductive*. *Deduction* is based on starting a research with theory developed from academic literature in order to design a research strategy to test the theory; *Induction* is focused on "*(...) collecting data to explore a phenomenon* [to] *generate or build theory (often in a form of conceptual framework)*" (Saunders *et al.*, 2016, p.145); whereas Abduction combines deduction and induction moving back and forth and thus it is applied when "*(...) collecting data to explore a phenomenon, identify themes and explain patterns to generate a new or modify an existing theory which* [is] *subsequently* [tested] *through additional data collection*" (*ibid.*, p.145).

Our choice in this thesis is based on conducting research through an *abductive approach to theory development* where the use of deduction and induction will be alternating. Inductive inferences will be developed, and deductive ones will be tested throughout the research. Indeed, induction will be favoured by analysing small samples and collecting data in order to gain deeper insights about the research to conduct which will be tested through additional data collection through a deductive reasoning. The form of reasoning applied in research will imply the different ways of considering collections of statements and drawing conclusions which will be qualitative and then subject to constant future revision.

4.4. Methodological Choice

The methodological choice of the third layer of the Research Onion addresses the decisions that have to be made in the choice of the methods to use to conduct the research. The choice is between using a *mono method* - involving the use of a single technique for data collection - or *multiple methods* - with the use of more than one technique for data collection; and between *quantitative*, *qualitative*, or *mixed methods*, which is the integration of qualitative and quantitative (*ibid.*).

The methodological choice made in this thesis is based on a *multi-method qualitative study* where two qualitative methods will be implemented to conduct the research in two phases. In fact, unlike quantitative methods, a methodological qualitative choice allows us to provide more profound insights and understanding of the phenomenon being studied. Moreover, a multi-method choice has the strength of providing more comprehensive solutions.

4.5. Research Strategies

The fourth layer involves the plan of action of how a researcher will go to achieve the goal of answering the research questions and it is the methodological link between the research philosophy and the choice of methods of data collection and analysis (*ibid.*). Among the several strategies, the one considered the most effective for our research is the "*Grounded Theory Method*" which refers to "*a theory that is grounded in or developed inductively from a set of data*" (*ibid.*, p.193). In fact, "Grounded Theory" is applied to develop theoretical explanations of processes and social interactions in a variety of contexts, counting business and management, by providing a systematic approach to collect and analyse qualitative data (*ibid.*).

4.6. Time Horizon

The final layer before reaching the core of the Research Onion is Time Horizon which involves the maximum length of time for which a research is planned (*ibid.*). This research will undertake a *cross-sectional study*, which focuses on a specific moment in time and seeks to identify a situation at a given moment. Unlike the other perspective, *i.e.* longitudinal study, this study provides a "snapshot" helping describe the current state, instead of a "diary" which describes the evolution and and development of a phenomenon (*ibid.*).

4.7. Techniques and Procedures

The inner last layer and core of the Research Onion which is related to the techniques and procedures employed for Data collection and Analysis. In collecting data a distinction between secondary and primary data has to be done in order to decide which type of data to collect for the research purpose.

4.7.1. Secondary Data

Secondary data covers the type of data that has already been collected for other purposes different from the one related to the specific problem at hand, which in this thesis provides useful insights in the initial stages of the research. As stated by Malhotra *et al.* (2017), collecting secondary data is an essential part in creating a solid research design and it should be re-collected and analysed prior to gathering primary data, as it can provide extended knowledge and insights on a given subject. Malhotra *et al.* (2017) further argue that researchers should focus on collecting secondary data until it no longer assists in answering the research question at hand. The collected secondary data served the purpose of delivering a general overview and important starting point of the research that guides this thesis. The secondary data collected concerns the information found in documents and reports provided by Chinese government, Chinese and Western media, Journals, Books about the future plans of Chinese government. More precisely, in relation to "Made in China 2025" strategic plan, "Belt and Road Initiative", Chinese intention to boost quality in High-Tech and manufacturing products and in country image.

4.7.2. Primary Data

Primary data refers to the data which has been originated by the researcher in order to address the research problem and answer the set research question (Malhotra *et al.*, 2017; Saunders *et al.*,

2016). The primary data was collected by the authors of this thesis by the means of two unstructured in-depth interviews and six semi-structured interviews. This will be further elaborated upon in Section 6 regarding how the research and the methods to collect primary data have been designed.

4.8. Sub-conclusion on Methodology

To summarize, the research methodology employed in this thesis is based on the Research Onion layers developed by Saunders *et al.* (2016). By following the structure, the research philosophy of the thesis is based on a *pragmatist* perspective where the most important driver of our research design and strategy is the research problem to be addressed by answering the research question, with a focus on delivering a practical outcome. The research approach will be *abductive by* alternating between induction and deduction in order to gather additional information for a theory to be tested while also collecting exploratory data with the aim of delivering conclusions about the potentials of implementing Chinese Transformational Leadership in Western Countries. The methodological choice is a *qualitative multi-method* in order to enable identification of deeply rooted values, beliefs, and behaviors in two stages, which require in-depth and flexible investigations rather than large quantities of data. By using a qualitative exploratory framework, the research strategy will employ a "*Grounded Theory*" method to grasp conclusions from the affirmations and the analysis of the primary data being collected. The time horizon will be *cross-sectional* in order to describe the current state of China and the phenomenon being studied. To conclude, we believe that by following the Research Onion we will illustrate the research carried out in this thesis presented in a coherent and applicable way. Likewise, we believe that the conclusions reached through the research can thus be considered valid, reliable, relevant and of quality.

The following sections will develop in detail the research design created for this thesis and will widely describe how the primary data collection was carried out together with the explanation of how the collected data was analysed.

5. RESEARCH DESIGN

In the following section, we will describe in detail how our research is conducted. We will introduce the process and the choices of the methods and techniques employed to create our

research study. In line with the methodology structure of the Research Onion mentioned above (Saunders *et al.*, 2016), the actual techniques, methods and procedure designed to collect the primary data will be deeply expounded.

5.1. Research Design Process

The research design is our plan, overall scheme and structure conceived to investigate and obtain answers to our research questions. Hence, it will include an outline and program of the research study and how it is carried out in practice through the details of the procedures necessary to acquire the information needed from the collection of data, by considering operational implications of the final data analysis (Cooper & Schindler, 2010; Bryman & Bell, 2015; Malhotra *et al.*, 2017). In short, what we – the authors – as researchers will do. To do so, by following Malhotra *et al.* (2017), our research design will include the following components of the process: (1) definition of the information needed and decision of the overall design type, (2) methods and techniques of data collection, (4) design of the interviews as employed instruments, (5) specification of the sampling process and sample size, and (6) development of a plan for results analysis.

5.2. Research Design Classification

This research design will be exploratory in nature as it "*provides insights and understanding of the nature of marketing phenomena that are difficult to measure*" (Malhotra *et al.*, 2017, p. 70). Exploratory research is indeed an initial step for our research since it is known little about the related problem situation which must be defined more precisely (Malhotra *et al.*, 2017; Bryman & Bell, 2015). Therefore, to gather more thorough information about the resources and capabilities of Chinese companies, which, in turn, could give insights about their internationalization. Accordingly, the research process followed was flexible, versatile, not completely structured and based on an evolving approach which might lead to specific conclusive findings (Malhotra *et al.*, 2017). More specifically, the research design consists of an *Exploratory Sequential Design* developed as *Multi-Phase Sequential Qualitative Research Design* based on a two-phase qualitative research. Therefore, the specific classification of the research design chosen is based on *qualitative exploration* since we believe that qualitative research – compared to the quantitative one – can capture a deeper understanding of subconscious feelings, emotional drives, behaviours, attitudes, values and motivations (*ibid.*). In fact, these can capture insights about inner psychological and complex topics such as perception and associations of China and "Made in

China" products in the mind of respondents as well as understanding of traditional Chinese cultural roots and differences and related leadership behaviors, which are the basis of our research.

5.3. Primary Data Collection Methods: Unstructured & Semi-Structured Interviews

In this section we will describe the choice of the methods used to collect our primary data. As mentioned before, our research design consists of a *Multi-Phase Exploratory Sequential Qualitative Research Design* based on a two-phase research. The first phase is based on conducting unstructured in-depth qualitative interviews with industry experts in order to get valuable insights which provide a direction for the research. While the second phase consists of collecting specified data through semi-structured qualitative interviews with knowledgeable respondents. Hence, primary data was collected through these two methods used sequentially: Unstructured and Semi-structured interviews. In terms of the interview design process, many choices were cautiously considered, which include who to interview, how many interviewees will be required, what type of interview to conduct, and how the interview data will be analyzed (Doyle, 2004).

Unstructured interviews do not involve a specific framework for questioning. The interviewer and interviewee have a conversation about a specific topic in reply to the interviewer asking broad, open-ended questions. The answer to the questions is not established and the interview follows the direction of the participants´ responses (Moyle, 2002). Whereas, s*emi-structured interviews* offer more flexible approach to the interview process with the use of an interview guide for predetermined topics, allowing for unexpected responses and issues to occur through the use of open-ended questioning (Tod, 2006).

Interviews are a flexible and valuable method of data collection and are specifically suitable for gathering information on participants´ experience, underlying beliefs and behaviors. It promotes the collection of large amounts of in-depth data, however, it is relevant to note that it may be a time-consuming and costly method of data collection and analysis.

In the following sections we will analyze more in detail the two types of interviews we have chosen to conduct our research.

5.4. Unstructured Interviews Design

5.4.1. Expert Interviews

In line with the flexible approach of qualitative exploration, in the first phase we carried out personal initial conversations and open discussions with experts in in order to produce in-depth insights and valuable knowledge about the specific topics and the research to conduct. Hence,the unstructured personal interviews were based on asking questions related to initial purpose of the research to clarify about the direction to take. In detail, questions were asked by following a topic guide about China and the process of internationalization of Chinese companies, the investments and the transfers abroad, deeper enquiries about this trend of changing the brand image and perception of China and "Made in China" to reposition them in the mind of stakeholders. Therefore, to have more insights on the desire of China to boost country image by considering the recent trends. Moreover, questions about Leadership Behaviors were being asked. For detailed information about the questions asked see Appendix A. And a list of interviewees can be found in Appendix B.

5.4.2. Sampling Design & Procedures

In determining the sample and its size, *i.e.* "*the number of elements to be included in a study*" (Malhotra et *al.*, 2017, p.417), a specific technique has been chosen. The sampling technique used to select participants is based on *non-probability sampling* which does not consider chance selection procedures in choosing the sample but relies on researchers' decisions (Malhotra *et al.*, 2017). More specifically, the *judgmental sampling* has been employed in the choice of participants. This technique is based on "a form of convenience sampling in which the population elements are purposely selected based on the judgement of the researcher" (*ibid.*, p.421). Our judgmental selection of interviewees was based on the appropriate expertise and the possible valuable insights we could get according to the role covered by the specific person. Hence, as researchers we decided to interview two experts – whose contacts were given by centers for Western-Chinese business relationships – one in Chinese Economic History and Chinese Management and the other one as head of Chinese and Asian Foreign Investments. The sample size is small – but significant in generating maximum insight – because of the nature of our exploratory research (Malhotra *et al.*, 2017; Bryman & Bell, 2015).

5.5. Semi-Structured Interviews Design

The valuable insights collected with unstructured interviews helped us create the following semi-structured interviews design, second stage of our research. In fact, semi-structured interviews with open-ended questions have been selected for the research in order to cover the specific topic areas. The interviews with the selected participants were conducted from two different perspectives - *Leader Perspective* and *Employee Perspective* - to allow the collection of primary data essential for overall and specific understanding of the topic from these perspectives. The questions were envisioned to enable participants to share their knowledge and experiences more effectively.

5.5.1. Interview Guide

The interview guide has been developed in preparation for the interviews, in order to confirm the conversations carried out with the participants are focused on the direction of the specific research question, which is *"Could Chinese Transformational Leadership Overcome Cultural Distance in the Internationalization Processes of the Chinese Companies Under the Re-branding of China Perspective?"*. The guide contains a list of questions, prepared in a particular sequence with the aim to cover specific areas in the interview. They were also constructed in a way that they are align with the proposed method of analysis. The interview guide was divided into 4 sections with the objective to answer the main research question; the questions in *the first section* were prepared to get an opinion about China and Chinese market, how "Made in China" products are being perceived and country reputation. *The second part* of the questions were set to understand whether there is a shift in the perception of the country image and its reputation. *The third section* was designed to get a view about the internationalization of Chinese companies, i.e. entering western markets and cultural distance. Last but not least, *the last section* aimed to intensely understand the leadership behaviors (Idealized Influence, Inspirational Motivation, Intellectual Stimulation and Individual Consideration), playing a major role in answering the set research question.

In conducting the interview, we kept some questions structured with set response categories as well as open-ended questions involving probes which suit the nature of the participant in the research (Malhotra *et al.*, 2017). Thus, probing questions were also used for most of the fundamental questions to gain a deeper understanding of the participants' perspectives and their inner knowledge.

The sampling technique implemented for semi-structured interviews is the same that has been employed for the first phase of the research, *i.e. judgmental sampling*. In relation to the purpose of this paper, our selection of participants was based on the role covered and type of company they were working for. The interest was in interviewing a broad variety of respondents, but also being able to compare the answers across them. The aim was to interview leaders and employees with knowledge about China and Chinese Leadership. More precisely, individuals working for Chinese companies and Western companies in partnership with them or that are present in China. The choice of the possible interviewees has been made on the basis of the recommendations provided by the by the Head of Chinese and Asian Investments expert during the first stage of research as well as on information gathered through the professional social network LinkedIn. Hence, as researchers we interviewed six respondents, categorized in four leaders' perspectives and two on employees' perspectives. The research is conducted across countries and cultures and sampling in a complex international study with hard-to-access participants can lead to small sample sizes. Accordingly, our sample size is not large but it is significant in generating enough data and insights to accomplish the purpose of the research paper and answer the research questions, in line with the nature of exploratory research (Malhotra *et al.*, 2017; Bryman & Bell, 2015). A full list of the interviewees is found in Appendix B.

5.6. Interview Setting

All the interviews except one took place in a university building of Copenhagen Business School, the other interview took place in Spain, because the respondent - expert in Chinese History and Business - was attending a conference at that time. Before conducting the interviews all respondents were enlightened about the research topic. The interviews lasted between one hour and three hours. During each interview, the two researchers were present, one in charge of conducting the interview while the other one wrote down the salient parts and recorded the interview.

5.6.1. Face-to-Face and Telephone Interviews

During the primary data collection process face-to-face and telephone interviews were carried out. Telephone interviews were conducted due to the geographical distribution of some of the respondents. According to Bryman & Bell (2015) this type of interviewing is likely to have certain benefits. As Trier-Bieniek (2012), stated telephone interviews are seen as "*a more time-efficient and*

researcher-friendly tool for conducting interviews" (p.630), which is also confirmed by Vogl (2013) that telephone interviewing also help reduce costs. In contrast, face-to-face interviewing is accepted as accumulating substantial time and cost, due to the need to travel to participants, as the widespread advice is to make the respondent comfortable by conducting the interview in a location of their choosing (Doody & Noonan, 2013). Besides that, semi-structured interviews are usually carried out face-to-face, because of the importance of personal contact with the respondents in qualitative interviews, where telephone interviews are often discounted (Vogl, 2013). Even though the benefits and pitfalls the two interview modes contain, both cases were successful in providing valuable information about the research topic.

5.6.2. Audio Recording and Transcribing

In qualitative research, there is regularly a large amount of difference in the amount of time that interviews take (Bryman & Bell, 2015). The participants were being asked for a permission, whether the conversation can be recorded for a transcription and notes were taken in addition to the audio recording of an interview. As Bryman & Bell (2015) state, transcribing interviews is very time-consuming and a long process since the written text has to reproduce what exactly the interviewee claimed. However, interviews were transcribed because by listening an interview all over again many times helped concentrate on the details that were missed initially. Recording and transcribing are processes used to collect and prepare interview data that can then be analyzed using a wide range of different approaches (Allen, 2017). Each of the process include many different considerations for the researcher that may affect the analysis and research findings.

5.7. Plan for Data Analysis

The last step of the research design process consists of development of a plan for the analysis of the obtained data. The chosen approaches to analyse the collected qualitative data are a combination of "*Grounded Theory"* and *Content Analysis*. As also mentioned in the research methodology section, the "*Grounded Theory"* method is a qualitative approach to analyse data that allow to generate new theory which is grounded in the behaviors, words and actions of the participants of the study (Malhotra *et al.,* 2017). In other words, it "*(...) means that the researcher develops conclusions that are grounded in the 'data'"* (*ibid.*, p.251). This approach is in line with the foundation of this research paper which aims to provide a fresh perspective to supplement the limited knowledge from existing theories. Hence, the theory will be developed through a constant comparison of the

collected answers by the means of coding used to categorise the data. Furthermore, the *Content Analysis* method will be used as "*(...) quantitative description of the manifest content of a communication*" (*ibid.*, p.254) when condensing the data in order to "*simplify by summarising and structuring the data*" (*ibid.*, p.254). The analysis will be elaborated further in the next sections of the paper.

5.8. Validity and Reliability of Research Methods

Validity refers to "*the extent to which a measurement represents characteristics that exist in the phenomenon under investigation*" (Malhotra *et al.*, 2017, p.160). Hence, a study is said to be valid if the information gathered answers the research question specified at the beginning of the study and it is what the researchers aimed to do. Reliability refers to "*the extent to which a scale produces consistent results if repeated measurements are made on the characteristics*" (*ibid.*, p.160). Reliability of this research paper is based on the consistency of methodology; qualitative interviews were conducted with the purpose to reach the credibility of answers. Furthermore, the primary qualitative data has been checked by the researchers and compared with the available secondary data gathered from books and other sources. The range and analysis of data has been as comprehensive as possible.

5.9. Delimitations

During the research process we adjusted the direction of our research design due to contingency circumstances that occurred. The research that we initially designed was based on mixed-methods research aiming to combine qualitative and quantitative in a multi-phase and concurrent *Convergent Parallel Design*, where qualitative and quantitative data are compared and/or merged to support each other for a more profound and measured understanding of the phenomenon in an integrated whole (Bryman & Bell, 2015). Accordingly, the planned methods to use for data collection where qualitative unstructured for the first phase and semi-structured interviews – which have been employed in the actual research – conducted together with a quantitative cross-cultural survey in the second phase. In doing so, we aimed at delivering the most valid and reliable detailed research design by using *triangulation*, "*a process that facilitates the validation of data through cross-verification from more than two sources*" (Malhotra *et al.*, 2017, p.251). However, the study related to Chinese Transformational Leadership as bridge between Westerners and Chinese, and Chinese Re-Branding has been consequently delimited to the *Exploratory Sequential Qualitative Research*

Design classification mentioned above. The choice of focusing only on qualitative data collection was made because of time constraint and the difficulty faced on the path in reaching out the specific samples representing the target population desired, *i.e.* Western and Chinese employees of Chinese companies in China and abroad.

5.9.1. Discarded Cross-Cultural Survey

The survey, through the instrument of the questionnaire, was mainly a *Brand Perception Survey* designed to verify and measure the perception of China, its nation-brand image and related "Made in China" associations, together with the elements influencing and shifting its perception as well as the acceptance of Chinese Transformational Leadership. In order to do so, the Nation Brand Perception Survey was developed by integrating items from different questionnaires to understand how China's brand image dimensions vary in 3 scenarios from 4 different perspectives. The questionnaire design was based on:

- Combining: Brand Perception Survey (Qualtrics, 2018; Braaten, 2018; Ama.org, 2018; Reichheld & Markey, 2011), Simon Anholt´s (2006) Nation Brands Index, Avolio & Bass´ (2004) Multifactor Leadership Questionnaire (MQL), Sheh´s (2003) Chinese Transformational Leadership Questionnaire (CTL);
- Built on 4 Dimensions of Brand Image: (1) *Cognitive*, (2) *Emotional*, (3) *Language*, (4) *Action* (Qualtrics, 2018);
- In 3 Scenarios: (1) Current Situation, (2) Made in China 2025, (3) Chinese Transformational Leadership Behaviors;
- From 4 different perspectives: (1) Westerners living in Western countries, (2) Westerners living in China, (3) Chinese living in China, (4) Chinese living in Western countries.

Perceptual maps were considered to visualize the results and the change in the perception of China's brand image from the dimensions of quality, price, design, and innovation.

First, the survey was pilot-tested with short face-to-face interviews to eliminate potential problems in the content of the questions. Then, the questionnaire was created through Qualtrics[TM], Survey Platform Management sophisticated software and was translated in different languages – English, Italian, Bulgarian, Danish and Chinese – due to the nature of international survey for a deeper research across countries and cultures, to consider cultural diversity and overcome participants´ inability to answer, and promote better understanding for people who are not fluent in English

(Malhotra *et al.*, 2017). Subsequently, it was planned to be distributed online and through mobile devices. Specifically, for respondents living in China the survey was made accessible in order to overcome the unwillingness to answer. This has been done through the creation of QR code to be used in the WeChat app for smartphones, the most popular in China for everyday life, and without the use of VPN – Virtual Protocol Network necessary for some blocked western apps in China – to access it (*ibid.*).

As stated above, the questionnaire was discarded because of difficulties encountered during the research process. As researchers we apprehended the complexity of such a long questionnaire which was the reason of difficulties in finding a valid and reliable sample. The survey created with the different sections is attached as might be improved and simplified for future research (Appendix C).

6. ANALYSIS OF DATA

In previous chapters, the literature behind the internationalization and change experienced in and by the Chinese markets and manufacturing industries has been established. This analysis deals with topics such as the impacts of Chinese government changes, cultural differences, leadership behaviors, and others on the internationalization of the Chinese markets. The researcher basis this analysis on the interviews conducted with a number of employees and executives.

6.1. Opinion about China

From the results emerged a confirmation of the Chinese growth in terms of international economic expansion. The first stage of economic transition of the Chinese market happened in the 1990s. In this period the majority of enterprises were state-owned and faced by the lack of skilled and technologically informed labor. Chinese firms resorted to importing technology and transitioned into a market-oriented economy from the planned market economy. During this period, the sprouting technology markets contributed to the development of domestic technology. In addition to the changing state of the Chinese market, the government invested in the formation of agencies such as universities and research institutions which further facilitated FDI inflow to the Chinese market. The inflow of FDI contributed a great deal to China's economic growth. FDI facilitated internationalization of the market through M&A transactions as well as elements such as contracts with foreign franchises, alliances and other forms of collaborations.

When *Jens Velling* from *Mille Food* was asked about the Chinese market, he stated that;

"It is a very attractive market and very big, and our area is very interesting to me. Regarding infant products, Chinese have a higher status and value in China compared to Denmark. In general, food and drink products have great potential in the Chinese market. Our aim is to reach expansion from in-house production to larger volumes" (Interview 4, 2018).

Rene Rasmussen from *Huawei* explains on the perception people across the world have regarding China. He explains that most people were previously afraid of the country and products. However, he claims that though most people fear the country's products. Chinese companies have been selling products to countries offering the services. He also acknowledges that by tapping on the needs of the markets such as through road and other infrastructural development in Africa, the perception regarding China is slowly changing. He states that;

"People are scared of what they know and what they´ve heard about China until now. And lots of countries listen to what US says about China and get scared. They shouldn´t be scared of China. China is changing, they are doing so much in order to get better. Finally, there is a cultural difference. But for instance, if you go in developing countries and say we will do your roads and infrastructure if you buy our products and they will clap their hands and say 'You are actually helping our country', which is what a lot of Chinese companies have done" (Interview 3, 2018).

Erkan Kahraman, the *platform leader* at *P&G*, and from his personal perspective acknowledges the growth of China as an economic powerhouse until recently where the economic growth has slowed down. He also explains that China is increasingly focusing on the quality of products provided. He states that:

"From my personal view, Chinese market was rising during 2000-2001 but started to slow down recently for several years. I think China started to focus now more on increasing the quality of products vs. what it used to be "cheap only". Also, they are focusing on innovational products which can ease the life of consumers" (Interview 5, 2018).

Tonguch Buyukchoban from *P&G* further identifies the potential of China and quotes projections of it becoming the largest country economic wise. He states that given the positive economic projections of the country, any company seeking growth in terms of sales and customer base is focusing on China. He states that;

"China is one the fastest growing economies globally. Besides the rate of global that China has it is also growing on a very high base when we look how many million dollars, they add into their economy every year and I think it is simply the largest. In the next 15-20 years it is forecasted to become the number one economy globally, hence this is how China is being perceived in the eyes of different consumer goods companies" (Interview 6, 2018)

Dan Lin, a *consultant* at *QVARTZ* (Interview 7, 2018) states that China is an interesting market that is being perceived differently in the eyes of different consumer goods companies. So far, they have been mostly operating as producers of goods and then importing them to outside, as the economy grows and the GDP capital is growing too as well. They started to become significant consumers, hence the company that I work for or any consumer goods company believes that they are a significant source of growth.

Sub-Conclusion

The respondents agreed that China as a market is on an upward trend towards growth. The growth of China's potential is attributed to the growing middle-class both in terms of population and purchasing power. Attributed to this projected growth, most industry leaders are interested and are introducing their products to the market.

6.2. Reputation of Chinese Markets

Through internationalization of the Chinese market, Foreign Direct Investments have enabled the introduction of Chinese products globally. As most of the interviewees report characterized by its population, ease of doing business, the Chinese market is a very promising market and is fast growing. The high inflow and outflows of investments into the country are contributing to factors such as China's economy steady growth, economic liberalization effort, the establishment of trade zones and rapid technological development. Companies are therefore continuously seeing potential in the Chinese market as *Jens Velling* notes;

"It is a very attractive market and very big, and our area is very interesting to be. Regarding infant products, Chinese have a higher status and value in China compared to Denmark. In general, food and drink products have great potential in the Chinese market. Chinese Market situation is complicated today, and we are working hard to penetrate the market. Our aim is to reach expansion from in-house production to larger volumes" (Interview 4, 2018).

It is also important to note, *Mille Food* company executive identifies that with the increasing purchasing power of the Chinese people, the demand for high-quality products has increased.

"*Probably, among other things, the focus on healthy and high-quality products for babies is greater in China today after the big scandal of deadly milk powder found to be contaminated with melamine, happened exactly ten years ago. Babies products are perceived as commodities, and after the milk powder scandal in China, everyone was forced to increase the quality of babies' products, and milk powder imports increased considerably*" (Interview 4, 2018).

Erkan Kahraman further explains that *P&G* values their customers in China and have employed efforts aimed at producing quality goods, goods of superior quality in an effort to compete with other products present in the market. This shows that the Chinese market is evolving and transitioning from a market that did not mind quality to a sensitive one.

"*China is a very important market for P&G, and we have our local manufacturing sites in China. We always keep the same purpose of "We will provide branded products and services of superior quality and value that improve the lives of the world's consumers, now and for generations to come." So where ever our product is produced, we constantly focus on serving with the superior quality to our consumers*" (Interview 5, 2018)

Tonguch Buyukchoban (Interview 6, 2018) agrees with *Erkan Kahraman* on the perspective of China being a ready market for goods characterized by the enabling environment set apart by the Chinese government. He explains that initially the Chinese market was seen as the producers of gods and later exporting them to other countries. However, with the increasing GDP per capita income, they have evolved to become consumers of goods and companies are exploiting the opportunity and providing high-quality products in the Chinese market.

"*So far, the Chinese have been mostly operating as producers of goods and then importing them to outside, as the economy grows and the GDP capital is growing too as well. They started to become significant consumers. Hence the company that I work for or any consumer goods company views them as a significant source of growth*" (Interview 6, 2018).

Wáng Yǒngshēng, *Chinese History Expert* (Interview 1, 2018) also explains that unlike the Western markets that are saturated with established businesses, China is ripe and ready for investments. The

Chinese market on the hand has more potential for new companies, more jobs and opportunities for both upcoming and established businesses.

Sub-Conclusion

With the high population, digitization of services and enabling government policies, the Chinese market has become increasingly interesting and appealing for foreign investors. Additionally, contributed to by the increasingly middle class, most of the Chinese are demanding high quality products. Multinational companies are also targeting the Chinese markets as the Chinese people are looking for alternatives.

6.3. Reputation of China and Chinese Products

When asked about the perception of Chinese products in the European markets, most interviewees cited and confirmed poor quality and the element of them being viewed as cheap. In his reply *Jens Velling* noted that in the Western market the quality associated with a product was something of interest;

> "*China is being perceived negatively regarding the reputation of its products and Made in China. The safety and quality of products especially is something that concerns Western ers*" (Interview 4, 2018)

He noted that the cheapness of products was most probably contributed to by fewer barriers for product acceptance as well as increased purchasing capabilities. He also noted that the market is however poised to improve in terms of quality of products;

> "*The Chinese market is becoming more and more open for an increasing range of products. It will grow in many ways, probably one of most impacting will be by boosting its image in order to change the reputation*" (Interview 4, 2018).

In his description of the perception the Chinese products have on the Western Markets, *Rene Rasmussen* acknowledge that in the overall sense are not perceived of having high quality. However, he explains by giving an example, that no one would buy a Chinese phone with preconception that they would only use the product for a few days. The essence of the customer purchasing the product means they believe in the effectiveness, quality and potential of the product to satisfy their needs. He states that;

> "*That depends, I think in general if we talk from consumers´ point of view or us as private people, I still believe that Chinese products are not good enough. So, I still think that people*

see it as plastic to a certain extent. I also think, as people start writing more positive stories like we have this TripAdvisor, all these platforms where comment what is good or what is bad; then everything is going to change. But I still believe that the perception for the quality still isn´t good" (Interview 3, 2018)

Erkan Kahraman also agrees that Chinese products have had a negative perception in the Western but it is changing with time. He says that;

"*Although there had been 'low quality' image with Chinese products, recently some local companies try to optimize the total value of their products via bringing the quality almost on par to European goods and still offering advantageous price given their manufacturing of expense benefits, which believe is the right strategy to support the local supply in long term*" (Interview 3, 2018)

Tonguch Buyukchoban further weighed in on the bad quality perception of Chinese products by the Western ers. He stated that;

"*Chinese products are not perceived very well. Typically, they have the perception of very low quality; hence they are affordable of course. I think the only perception that the Chinese products have right now is the affordable price*" (Interview 4, 2018)

Another respondent, *Erman*, an *employee* of the *Haier's Group* confirms that in the Western market, Chinese products are viewed as cheap and of poor quality. He, however, notes that in recent times, the Chinese companies are re-inventing themselves and developing the products.

"*The world thinks that China´s products are cheap and with bad quality but the companies are already developing and improving themselves and their products and services (P&S). They are getting better and better every day. They are trying very hard to catch up with good companies. The Chinese products are getting really well. They are being perceived positively from Europe*" (Interview 8, 2018).

Erman cites products such as Huawei and Xiaomi which are Chinese companies and have improved to compete with international brands such as Apple and Samsung. Additionally, *Erkan Kahraman* from *P&G* states that he believes China has employed progressive measures aimed at changing the perception of it being a vendor of poor-quality products. He states that:

"*I think China started to focus now more on increasing the quality of products vs. what it used to be 'cheap only'. Also, they are focusing on innovational products which can ease the life of consumers*" (Interview 8, 2018).

Dan Lin on the other hand shares her view and states most Danes perceive European products as having higher quality than the Chinese products. She states that;

> "*Currently, I think there are still many Danes that see Chinese products as cheap products with low quality. However, as more and more products are made in China, it does not seem to be something that bothers people too much. But I think that Danes perceive products made in the west as having a higher quality*" (Interview 7, 2018).

When having an open discussion with *Erman*, he explains that the Chinese companies are not only facing challenges resulting from cultural distance. He elaborates that in the Western markets, most countries are developed and the companies there are also developed. These companies have a very long history and have established and captured their target market. Therefore, for a new entrant Chinese company there is need for a proper improvement in management which translates to Chinese products, so as to catch up with the companies in Western countries.

Sub-Conclusion

Chinese products following the manufacturing wave that happened in the country have been perceived as of having not so good quality. However, as the participants indicate, this perspective is changing with changing times. It can be noted that Chinese products are currently making sales in the international market. Some interviewees argue that no consumer would buy a Chinese product with a notion of changing it the following day. They note that the Chinese products are improving on a day to day basis. This is further in conformity to the change from "Made in China" to "Innovated in China" plans.

6.4. Opinion on Internationalization of Chinese Companies and Cultural Perspective

A country's identity and psychology of a country is largely influenced by its cultural values. A country foreign policy is influenced by the public opinions conveyed through their leaders either directly or indirectly. The existence of a cultural difference between countries is a resultant of different communication styles, cultural values and the people norms. Chinese companies, who have different cultural values and communication styles to the Western Countries experience difficulty in their internationalization efforts. The cultural distance has an effect on organizational processes and multinational companies' outcomes as their ability to invest and operate effectively in other countries is limited.

Rene Rasmussen, quoted a number of instances where cultural distance has or would have resulted into dismissal. He states that;

"What is affecting the business is a lot, because again, when these Chinese guys are sent out, they want to be an "A+ guy", they have to get some KPI´s (Key Performance Indicators) in China. If I go to a company, let´s say I go to Nordea in Denmark and I set up a meeting, then I have a meeting with one my friend from my network to say something about products, now I am in Huawei, stuff like that. When I go there, there probably will be five Chinese guys along with me, they have nothing to do there, they are just going to be there so when they go back, they can just put a tick in the list that they had a meeting with the customer" (Interview 3, 2018).

Rene Rasmussen also cited an instance where the Chinese guys followed a minister of transportation to the restroom. He further argues that though perseverance and dedication are part of the cultural values in the China, there is need for limits. he further notes the tendency of Chinese agents to accompany the directors to meetings and when there converse in the Chinese language which is not recommendable in business transactions. Nevertheless, he notes the upside of these values to the business format and quotes that;

"With the values in our company, as I said it´s perseverance, that means we just don´t give up. If we think we are right, we will try different ways to tell people why our products are the best and I believe that´s a good value. To inspired dedication – I also think that to me it´s the same as leading by example, just doing the stuff, making an extra effort and telling people that, you know when we do the extra effort sometimes it actually pays off" (Interview 3, 2018).

Additionally, he accepts the presence of some element of cultural distance with the Western countries. However, he elaborates on the efforts employed by the Chinese companies to eclipse these challenges. He explains that the Chinese companies are sending people to the Western countries to learn the Western values and then facilitate the formulation of policies that are sensitive and appreciative of the Western culture;

"So, in Huawei and in many Chinese companies they send out their workforce to the Western countries when they open an office. Our office for instance in Copenhagen, I would say probably 40% of people working there are Chinese; but they actually send out to learn about business and how to do a business in that country" (Interview 3, 2018).

In his reply in terms of the effects of cultural distance of the business process, *Jens Velling* from *Mille Food*, he notes that;

"The cultural gaps that we need to be aware of! Of course, there are obstacles, because of the distance, sometimes the communication is affected and also because of the time difference. We have different expectations, communication, what we expect, how we operate in an

organization. That can be a challenge sometimes. But it is also interesting and rewarding to learn from and about each other" (Interview 3, 2018).

In addition to noting the significance of the cultural gaps in the Chinese market, he identified progress in the cultural front;

"*From the colleagues I met in the headquarter in Shanghai, we were leveled and expecting things from each other. I would expect the Chinese business to grow outside the market. In fact, the cultural barrier is becoming lower and lower, expecting Chinese businesses in markets outside China. Attitudes are also becoming more alike*" (Interview 4, 2018).

P&G Platform Leader, Erkan on his discussion of cultural gaps explains that as a company they do not experience business challenges as a consequence of cultural behaviors. He however, agrees that for maximum benefits from internationalization, it is important to have a comprehensive understanding of the market cultural description.

"*Yes, if all people from different cultures and background adopt the same behaviors this can help to establish much more efficient management / decision process / trade especially when working with multinational organizations*" (Interview 5, 2018).

P&G Marketing Director, Tonguch further notes that not only is cultural difference influential to the business process but also easy to manage. He states that;

"*First of all, it is undeniable that the cultural difference plays an important role, it is quite manageable, you can very easily manage those cultural differences. For example, P&G started to operate in Turkey; which is the case and the Turkish culture is totally different than the US´ culture. I think it is not so hard to find the common ground within the company and its employees and customers, the government, because the cultural difference plays an important role in the expectations of the society, in the relationship that you build with people*" (Interview 6, 2018).

He notes that with a comprehensive understanding of a market whether Chinese or European, cultural gaps should be detrimental to internationalization efforts by the Chinese people. *Tonguch* states that;

"*I am not sure whether there is a cultural gap that limits Chinese companies from being successful in Western countries*" (Interview 6, 2018).

Erman, an employee at *Haier Group* feels that a major challenge facing the internationalization of Chinese multi nationals is cultural differences. He states that companies are finding it hard to capture the Western market taste in products. He has the opinion that:

"In Europe, it is not difficult because the local bonds are very strong - for example, like German companies. It is still hard to get the taste of Europeans. For example, what kind of products they really like. This still seems a little bit hard. I think it is also due to the cultural differences" (Interview 8, 2018).

He further suggests that for complete transition into internationalized markets, there is a need for Chinese companies to integrate target countries cultural values into their management style. Through incorporating member countries in management and as part of their employees, the companies make progressive steps towards realizing the internationalization goals. He was of the opinion that;

"The first strategy is to hire local team, local people, to make them be a part of the management, second, Chinese are very curious about European culture; third, the Chinese are trying to improve the management level in a decent way, more value of humans which is above the culture. Additionally, when you work in a company and achieve something and work happily you won´t care about the culture so much, in that case culture becomes less problem if you like the environment you work for" (Interview 8, 2018).

He agrees on the potential of the Chinese market and explains that it growing at an exceptional rate. He also indicates that its economic power is also increasing with the economic status getting better and better. He therefore states that most companies are interested in tapping into the market and benefit from the souring economic growth.

During the expert interview with *Wáng Yǒngshēng*, a specialist in *Chinese economic history and business*, he establishes that it is easier to enter the Asian markets such as Vietnam as the cultural values are almost the same. He explains that as China has almost similar culture and business models in the Asian countries it is easier for China to grow and expand in these markets.

Sub-Conclusion

A people's culture has significant influence on their behavior, conduct of business and other aspects of their lives. Cultural distance exists when the cultural values between individuals, organizations or countries differ. The Chinese companies are challenged by this cultural distance when establishing market in the international markets. Given that the cultural values of the Chinese people are different from the European market, the companies as noted by the participants find it hard to capture the taste of these markets. However, by employing efforts aimed at learning the cultural values of the Western ers, establishing common ground despite the cultural differences the Chinese

companies are redefining the opinion about them and their products. Generally speaking, it emerged that cultural differences are lowering when referring to China and Western countries.

6.5. Leadership Behaviors

6.5.1. Idealized Influence

Efforts of transformational leadership have been employed in the Chinese market. Under idealized influence leadership behaviors, emphasis has been on stressing the importance of commitment, purpose as well as ethical consequences of decisions.

Values and Ethical Considerations

When prompted with the question regarding the values and ethics displayed by the leadership Nordic Huawei sales division, Rene Rasmussen stated that they have adopted an executers perspective at the company. Under this perspective, the company was more interested in handing out tasks other than coach or lead. He stated that;

> "*Our leaders, let's call them 'executers', doesn´t mean they kill people but they are very focused on actions, probably more than leaders I know. It is much more about handing out tasks than coaching and leading, which is most important for leaders, showing the direction than coaching people and making them feel comfortable in that area that they are responsible for, more than giving them tasks. This is more tasks than coaching*" (Interview 3, 2018).

Erkan Kahraman cited integrity, feeling of ownership, the passion for wining as the value that have invested in all people at P&G. in their system, Erkan explains that all employees at P&G worldwide including China, are leaders with an assigned responsibility. He Explains that;

> "*Integrity, Leadership, Ownership, Passion for Winning, Trust are common values of all P&G people worldwide. We always try to do the right thing and operate within the letter and spirit of the law. We are all leaders in our area of responsibility, with a deep commitment to delivering leadership results. We all act like owners, treating the Company's assets as our own and behaving with the Company's long-term success in mind*" (Interview 5, 2018).

Erman, an employee of the *Haier Group* agrees that among the beneficial values and ethical measures the company upholds are such as honesty, innovativeness and employee self-development. He states that;

"First of all, it is being honest to your customer, to your boss and employees. Second is being innovative and self-development, to do what your boss asked for like more empowerment for the employees and more responsibilities" (Interview 8, 2018).

He further describes that in the Chinese perspective, these values are summarized into a Yes or No affair. In this approach the customer always takes Yes and efforts such as self-development and innovativeness as well as the managers efforts are aimed at accomplishing customer's needs. *Erman* stated that;

"I think there are three values: the first one is like "Yes" and "No" this is how we call it here, which means that the customer is always "yes". We always need to listen to them, their opinions, they are always right, if they are not satisfied, it means the fault is yours and you need to improve your skills, because the market is always changing and so does the customer´s mind. Second one: development values, always telling yourself to be better, to be innovative. Third one: our management, in our company all the staff can make a team themselves and can connect with the customers directly" (Interview 8, 2018).

Trust and Commitment to the Business

Rene further explained that in an effort to gain the trust and commitment of his subordinates, he involves them in the problem-solving criteria through enlightenment. He states that;

"Well, the most important for me is enlightenments, again it is what are we doing, why we doing it, who will be involved, when we are going to do it, what is the result or the problem we are going to solve and what is the risk. Then, the main thing is engaging people right, making people feel part of solving the problem" (Interview 3, 2018).

He further explained that he employs efforts such as inviting a member of the board of directors who injects insight on how they are conducting their business. he also acknowledges though the gesture may seem as manipulation, it achieves the long term of goal of increased cooperation in his unit. He says;

"I bring people in on board and I always tell them to criticize the work we do. We try to narrow down the problem, but we do it together. Some people will call it manipulation, sometimes I actually don´t know and I need some input from people, so that I can take a decision but sometimes you actually know but you want people to definitely be part of it so everybody understands exactly why we are doing this, so that means everybody will pull together and know we are together solving this problem" (Interview 3, 2018).

Erkan, on the other hand, explains that by cultivating a sense of ownership, responsibility on the people at the *P&G company*, they create a basis for building trust. More so, he explains that;

> "*We have a compelling desire to improve and to win in the marketplace. We respect our P&G colleagues, customers and consumers, and treat them as we want to be treated. We believe that people work best when there is a foundation of trust*" (Interview 5, 2018).

Additionally, *Erkan* explains that the *P&G group* adopt the transformational leadership approach in growing the trust amongst the people at the company. The transformational leadership involves a give-get situation where they recruit the best professionals in the field and through training facilitated by the company deliver the best to the company. He states that

> "*The focus we put is to hire the highest potential people and as managers to coach and train them to become great leaders. One of the methods I adopted and believe is online to our strategies of "growing people" and also "deliver the best." This method well balances the give and gets from employee and manager sides and has been very useful to me when leading my team. It definitely requires to have the best potential people in your team but also puts equal accountability on the manager how to efficiently and effectively lead the team and deliver the business needs*" (Interview 5, 2018).

On the other hand, the Marketing Director of P&G, Tonguch, argues that for a team working together, it is essential to create a trusting environment. By creating an environment of trust the leaders shows his interest in the team and acts as the bond between members. He states that;

> "*The first thing I try to do is create a team from scratch, it does not matter which team but I make sure to create an environment of trust where everybody feels accountable, part of the team, and no matter what the situation is feels free to voice his/her opinion. Everybody knows that they will not be judged negatively, if we disagree for example with the superiors, who have high rankings in the company*" (Interview 6, 2018).

Moreover, the *COO* of *Mille Food*, notes that at the company, trust and respect are the most dominant values. *Erman*, employee from the *Haier's Group*, explains that the leaders at the organization pay attention and value the employees concern and opinions respectively. He states that the leaders;

> "*First of all, they pay attention to the employee, secondly, they value our opinions, they let us write notes every day so they can catch up with our ideas. We prepare weekly reports which include our opinions and they check our reports and give us feedbacks*" (Interview 8, 2018).

Moral Character

Under moral character, *Rene*, the *Sales Director at Nordic Huawei* agrees that it is vital for leaders to have a sense of good moral character. However, he explains having a good moral character is not necessarily described by having the same mindset and characters. He states that;

> "*Yes, definitely. But I don´t mean that leading by example in the sense that people should do the same thing I do, and think the same way I do, because I actually believe that we should be very very different*" (Interview 3, 2018).

He further explains that other than follow the Chinese way where orders originate from above and are imposed on the junior leaders, he preferred deliberation on the challenges facing them as a company. He states that as he prefers when the junior leaders ask questions and clarifications as he does. In his opinion;

> "*So, I need somebody else to be very strong here and say to me "But Rene, haven´t you thought about this?" My team believes in me, because they ask the questions they care, they really want to be part of this and they know as I said to them to question everything, I say to them, because I need you to attack everything we do, so we assure that nobody attacks us afterwards*" (Interview 3, 2018).

This framework as *Rene Rasmussen* explained worked for him as his group employees were committed and stuck around for long periods of time with more effectiveness attained.

Jens Velling from *Mille Food* believes that in the absence of moral characteristics such as honesty and reliability one cannot be guaranteed managerial success. He states that;

> "*I think without moral character you will not be successful as a manager. If someone is not honest people do not accept him. If a leader is not reliable and honest, no competent employee, no good employee will want to join. And I believe it is the same in China*" (Interview 4, 2018).

Tonguch Buyukchoban on the other hand states that moral character is among the most important traits of human beings. He believes that human beings respond more to the leader actions other than the message. He is of the opinion that;

> "*It is very important, the most important trade of human beings, and it is not only linked to your relationships with your manager but also the relationship with your parents. Human beings do not learn when you talk to them, they learn through imitation. If you are not a good example, no matter how much emphasis you put into high model qualities whenever you talk to people, it will never work. I think it is quite important, but I think it is not only important in business related environment*" (Interview 4, 2018).

Sub-Conclusion

The ideology of upholding elements of moral character is further entrenched in the Chinese cultural values. Results show that having high moral values and ethical proper behaviors are fundamental for employees as well as leaders. In fact, emphasizing moral values and ethical considerations leaders boost their reputation and diffuse trust and commitment among followers.

Kindness and Generosity

The elements of kindness and truthfulness have had a significant influence on the Chinese economies. *Jens Velling* acknowledges the importance of kindness and acts of generosity in both Denmark and China but does not attach a particular significance to it. On the other hand, *Tonguch Buyukchoban* acknowledges the relevant significance of kindness at the workplace. He further explains that it pays to treat people in the same regard one wishes to be treated. He states;

> "*Very important. I don´t see any difference between work and personal life. I think it is very important. I make sure to treat people, the way I want to be treated by them; it doesn´t matter whether it is in business or personal life*" (Interview 6, 2018).

He further explains that by treating work colleagues as family, he is closer to achieving success using the analogy that in an environment of trust and respect, it is easier to troubleshoot problems. He says that;

> "*In today´s world you see your co-workers more than your family. Of course, they are a family. If you can create that environment of trust and respect it is much easier to deal with any problem*" (Interview 6, 2018).

Rene agrees that kindness and generosity play a huge rule in shaping leader-follower relationships because of the mutual care and respect.

Belief in needs and relationships

Rene Rasmussen believes taking care of people's needs at a workplace is synonymous to having an enabling work environment. He states that;

> "*If you don´t take care of people´s needs in the working environment, you will not have a very nice working environment and we are all individual. And that´s again respect for people and finding out actually why people go to work, what motivates them to do the effort that you want them to do and that is extremely important*" (Interview 5, 2018).

Rene Rasmussen believes that modesty in leadership is important and consequential.

Jens Velling also recognizes the importance of valuing needs and relationships at the work environment. He further explains that it is the recognition of these needs that serves as motivation to his people. He states that;

> "*It´s extremely important, I emphasize these values and elements to keep people motivated. With this kind of attitude, you get more productive and start the cooperation between them*" (Interview 4, 2018).

Sub-Conclusion

Kindness and Generosity together with believing in people and relationships are fundamental principles to follow. Leaders emphasize the importance of values such as commitment, kindness, having moral character and the ethical consequences of decisions. By employing these values, the transformational leaders in these companies are guaranteed of success in their internationalization efforts.

6.5.2. Inspirational Motivation

Inspirational motivation is an element of transformational leadership that is aimed at articulating business visions to followers. The articulated visions are usually appealing, provides meaning for assigned tasks and acts as a buffer to followers in regard to future goals.

Enthusiasm and Optimism

Rene Rasmussen from *Huawei* notes he is very optimistic about things and people. He acknowledges that the constant need to learn and adjust to dynamic situations involving people and surrounding affairs is a driving factor. He states that

> "*Personally, as I said I believe in lifelong learning as a person, both the skill set you need, in order to be a working person. I believe in, even though it was a phrase that people laughed at many years ago that* **"The only constant is change!"** *and we have to be willing to change all the time both in the way we do things, the way we think, in order to survive out there and having a job. So, to me it has always been learning, a lot of things to learn from other people*" (Interview 3, 2018).

Jens Velling from *Mille Food* also agrees that it is of vital importance for a leader to be both enthusiastic and optimistic as he sets the goals for those below him. He states that;

> "*I think it is. Probably, essential. If I were pessimistic my employees would also lose their optimistic view. If I lose my motivation it is unjustified to be here as a leader. It is central, if I*

didn´t believe in any possible development of the company I could not cover this role and I do not have any reason to be here" (Interview 4, 2018).

Erkan from *P&G* notes that the company capitalizes on its employees' enthusiasm and optimism as competition increases on the market. He further details that it is through motivation that the company achieves innovativeness among its people. He states that;

"*It is obvious that the goals of the companies become more and more stretch given the higher value competitiveness in the markets. Companies are focused on growing while becoming more competitive on value products (higher quality and lower cost). Given that fact the future is not going to be easier however I am confident that the goals will be achieved via shifting more focus on innovation*" (Interview 5, 2018).

Tonguch acknowledges the importance of motivation through provision of an optimistic outlook and declares it as one of the vital elements needed from a leader. He states;

"*Yes. Creating an optimistic outlook for the future is one of the important rules of the leaders, so I believe it makes a difference when it comes to people. I think 4 out of 10 people can make that difference in their lives. It is a difficult potential for a business´ growth which makes me optimistic and I always try to be optimistic about every situation*" (Interview 6, 2018).

In acknowledging the importance of optimism in a business, *Dan Lin* a *consultant* at *QVARTZ* certifies that leaders at the business are optimistic and enthusiastic. She further explains that it is through this enthusiasm, together with other employees, that they achieve targets. He says that;

"*Yes, they are quite optimistic about the future. They are quite professional and never lose temper. They are always enthusiastic, which also helps us in completing the given tasks*" (Interview 7, 2018).

Erman, an employee at *Haier's Group* also identifies the element of enthusiasm and optimism in the senior leaders. He further explains that the two values witnessed in the leaders motivate them into achieving assigned tasks.

Sub-Conclusion

Leaders have employed efforts aimed at ensuring their followers feel motivated and optimistic in executing their duties. They have employed efforts such as formulating extensive visions, and drafting strategic plans that are futuristic and in line with the vision. More so, when the leaders remain optimistic, enthusiastic to learn something new that might better their understanding of at hand goals, they further encourage the employees.

Lifelong Learning

Most of the interviewees agreed that having a lifelong learning perspective is fundamental for leaders to assimilate knowledge and diffuse it to the followers.

Rene Rasmussen explains that he believes in the essence of lifelong learning where an individual is completely acquiring skills on how to deal with people and market situations.

> "*I love being around people talking to people, learning from people, watching what they do and why they do it, because to me that´s a lifelong learning. I am very positive for the future, not only for myself but also for this country (Denmark) for the Chinese in that matter and for the world, even though many people have a tendency to look negative on a lot of stuffs that are happening, but I do believe it´s an evolution and we are going in the right direction. Personally, as I said I believe in lifelong learning as a person, both the skill set you need, in order to be a working person*" (Interview 3, 2018).

Rene Rasmussen explains further that he is constantly inspired by the need to grow and develop an understanding of why people do the things they do by asking questions. From the understanding of the circumstances leading to certain behavior conducts, managers are able to strategize on ways to capitalize on the market. *Rene* explains that;

> "*So, to me it has always been learning, a lot of things to learn from other people. The functional thing like you read a book, right, everybody reads, no not everybody but you can sit down and read a book and some people understand it and some people don´t and you can learn something and this is how you put on a tire on a car and stuff like that. But to me it´s also a matter of growing as a person and understanding better why people still do things differently than I do and why I react to things the way I react*" (Interview 3, 2018).

Rene further illustrates the need learning when he gives an example of when he enrolled for a Master's degree. He explains that he was not after the education but after evolving as by capturing the young guys question the theoretical basis of the published books, he was able to evolve and readjust his leadership skills. He gives this illustration;

> "*For instance, I enrolled for a Master's degree in a Business School in Belgium, Brussels and I explained to my course mates that I was actually there to listen to them when they question what´s in the books and come with all these new ideas, because I can learn from that and I can use it and my leadership skills in the way I treat my organization how to set new goals and stuff, some has learned from you*" (Interview 3, 2018).

Sub-Conclusion

Lifelong learning is emerged as an interesting perspective that leaders need to keep in order to get knowledge to share with their followers and let them grow. Important is be curious and ask questions to get information from every source.

6.5.3. Intellectual stimulation

Erkan Kahraman acknowledges that *P&G* values intellectual stimulation as it is only through them that innovativeness that is of vital importance to the company can be achieved. P&G capitalizes on achieving exquisite products that are products of innovative people and thus intellectual stimulation held with the highest of regards. He states;

> "*Intellectual stimulation is the only way out and as we stimulate our people to be innovative (on product shapes, formula and the way we operate/manufacture) we also structured this via establishing specific function (Innovation Diamond Management) under each category organization structure. We expect/make this function to assess all the dynamics in the markets / categories and deliver innovative and competitive Initiative Masterplans that will establish the bare bone of our growth strategies*" (Interview 5, 2018).

Rene also agreed that he advocates for creativity by providing challenges other than solutions to his team regarding company encounters. By encouraging

> "*I give them a challenge, but I don´t give them a solution. Yes, I don´t know whether I suggest it, but I encourage it. What we learn today and we look at this product and say wait a second this is gone wrong and this is going to go wrong in our company, maybe we should improve this product, so we can deliver that to somebody else in the organization. To me it´s constant improvement, every second improvement. Every second of the day how can I do it even better than I did before*" (Interview 3, 2018).

Jens Velling states that he employs efforts aimed at achieving intellectual stimulation in his plan though he is open for better prospects in stimulating other people intellectually. *Tonguch* on the other hand, acknowledges the incorporation of intellectual stimulation efforts at the company. He further identifies advantages associated with the stimulation. He states that;

> "*We try to do that together whenever we have sessions or meetings. First of all, we put every problem on the table then we exchange our thoughts and ideas, make sure we look at the problems from different angles and try to solve them together*" (Interview 6, 2018).

Dan Lin also identified elements in the company where bonuses were eliminated in an effort to revive creativity amongst the employees. More so, she explains that through constant encouragement towards achieving creativity in their daily encounters, they are motivated to achieve assigned tasks. Erman who is also an employee notes that, their creativity at the company is tied to the market. Lows and the need to acquire more bonuses inspire innovativeness and creativity among the employees. She states that;

> "*As I said, there is no management right now, we connect directly with the market. Technically, we don´t have a leader in the team, it is like the market is our boss, as I If the market response is high from the offered products, we get more bonuses and rewards but if the market response is low then we don´t get any rewards. We have to be innovative and creative all the time, in order to keep the good work and get paid more*" (Interview 7, 2018).

Sub-Conclusion

Under intellectual stimulation, transformational leaders use job autonomy, encouragement, and empowerment to stimulate the creativity of their followers. When employees are creative and innovative, products obtained from the companies are of high quality, are unique and will therefore have some competitive advantage over other products.

6.5.4. Individual consideration, coaching and teaching

Rene acknowledges that he deals with people in his plan individually in an effort to maximize on results. He states that;

> "*So, what you do is, you have this feeling of what is going well and what´s not going well in the department. What I always have done is, I spotted some people in the organization, who know the team well and are involved with everybody. They are like my "temperature feelers". They sometimes come to me and say "You know Rene, I can see that Hele hasn´t actually been in a good mood the last week, I think she has got some problem with her boyfriend or her kids are sick or whatever*" (Interview 3, 2018).

Velling and *Tonguch* agree on the importance of associating with people in their group individually;

> "*I think yes. Based on the individuals' level and profile and also the way the current individual´s working in the company, the time might change. Enough time doesn't mean the same for everyone*" (Interview 6, 2018).

Erkan elaborates the 5E systems used in the interaction between leaders and members of their group. In the first phase, the leaders Envisions the future; Engages members of his group in

developing and owning up the vision, he then Energizes people with resources in an effort to realize the vision, the leader then Enables themselves and others to achieve the vision and then finally together with his team members develops Executable plans in delivering strategy. He explains that P&G strictly adheres to the principles of growing within. He states that;

> "*P&G is still one of the biggest pioneers for "GROW WITHIN". As stated earlier we hire the best potential people and focus on coaching and training them to become the "Great Leaders" of future*" (Interview 5, 2018).

Erman, an employee to the *Haier's Group* further accepts that the company has invested in training and coaching its people in an effort to maximize on results. He states that;

> "*We have a half year of training, during that time we work in different departments to do the rotation, so you get to know the whole business. We keep learning and improving ourselves*" (Interview 5, 2018).

Dan Lin also explains that at their company every employee has a mentor who charts the way forward for them. He explains;

> "*Yes, everybody has a mentor. So, they spent quite a lot of time to explain us the tasks. If something is not clear*" (Interview 7, 2018).

Sub-Conclusion

Leaders employ different mechanisms to achieve loyalty from employees. Teaching and coaching are considered fundamental in a lifelong learning perspective. As explained by these leaders, achieving loyalty from employees helps companies maximize on the results obtained. Loyalty from members of Western countries also goes a long way into boosting the image of the Chinese companies and products.

6.5.5. Overcoming Cultural Barriers through Chinese Transformational Leadership

The COO of Mille Food believes that by adopting these leadership behaviors the Chinese companies are guaranteed success in the international markets. The platform leader at P&G, Erkan agrees that having a common ground established through models of transformational leadership where people adopt similar behaviors is important in traversing different cultures. Tonguch though he disputes the ideology that the success of Chinese companies in Western markets is limited by a cultural gap embraces that adopting these leadership behaviors in Chinese multinational companies can result in positive results. Rene from Huawei also believes that by adopting transformational leadership behaviors including humanism and motivational behaviors, Chinese companies stand a

better ground to overcome the cultural distance in Western markets. Jens Velling also agrees that by taking up common values and mannerism with leadership behaviors based on humanism and leadership ethics, it is easier to lower the cultural difference between Chinese companies and the Western markets. All the participants therefore agreed that Chinese companies' success in the Western market is tied to the capability to overcome the cultural distance for every individual company.

6.5.6. Changing the Perception about Chinese Products through Chinese Transformational Leadership

Rene Rasmussen provides a comprehensive explanation of the importance of leadership styles and their impact on the business process. From his examples, he insinuates that the way leaders behave and conduct themselves in a business environment is very impactful to how employees conduct themselves at the working environment. The conduct of leaders is further extrapolated to policies, where in situations where the leaders are positively influential, the business is bound to make more, and the contrary is also true.

Erkan from P&G group believes for China to effect change in the desired areas such as changing the perception of Chinese products being cheap and of poor quality, the leadership styles need to also to change. As the changes are massive, the need strong leadership skills to execute and ensure they are efficiently rooted in the organization culture. He states that;

> It is certain that China should break the "Cheap & Poor Quality" image about their products. As it is obvious that a big change needs to be driven (focusing on quality improvement but maintaining the competitiveness in the cost) this has to be kicked off and managed by strong Leadership! So, strong leadership will play a key role on efficiently and effectively driving the change which can help reverse the current image of Chinese products.

Jens Velling from Mille Food follows his peers in management and explains that a product is more than just the physical presentation. He explains that a product is a combination of factors such as behaviors towards employees, management styles, organization culture and others. He explains that, it is important that the leadership styles be in agreement with the organization's strategy. He explains that;

> The product is going more and more beyond the physical product: it is becoming more intangible value. A product is more. It is storytelling, comprehensive values, management style and how the company is behaving towards employees and treat them. If you look at the

management style how it adds value to the product. All can be towards the employees, towards the product. Willingness to buy Chinese products increases if the product is perceived good, if perception is right, after communicating the whole tangible and intangible characteristics of the product. If the perception is positive people are more willing to buy.

Erman, an employee at Haier's Group explains that, if transformational leaders of Chinese multinationals adopt an open-minded mindset, it might be influential in changing the perception of Chinese products in the Western markets. He further explains that a change in leadership is important in facilitating success of Chinese companies in Western countries. He explains that;

I think if they wish to adopt and are open-minded, then yes. But I also believe that it can be difficult to adjust to such a different culture. I think it would be something in between the two kinds of leadership behavior to begin with. I am not sure that changing leadership styles is directly related to a better perception. There might be other factors that is influential as well e.g. product innovation, product quality and presence in Western world. Currently, Chinese presence is often cheaper products. If China can show that they can lead within e.g. technology innovation the perception could change.

Jens Velling of Mille Food believes that the definition of a product is more than its physical representation. He believes that a product is a definition of a company's values and ethics, forms of inspirational and intellectual motivation and stimulation respectively, leadership and management style in elements such as idealized influence. the optimal combination of these leadership attributes is the ultimate recipe for success in any Chinese multinational pursuit of change in Chinese products perception. It is therefore in order to say that so as to boost China's image and brand name, as Rene explains change in leadership styles is imperative. By integrating moral characters, level of kindness and generosity, management styles and other features of target markets with the Chinese culture, Chinese multinationals are bound to change the perception regarding Chinese products.

When discussing elements of changes in the leadership behaviors of Chinese transformational leaders Erman explains that the only way to capture the taste of the Europeans is by learning more from them. So as to acquire this knowledge, the Chinese transformational leaders should hire more local teams for both marketing and management positions.

Sub-Conclusion

As the participants reveal from the interviews, the management style adopted by leaders may be influential in determining how a product is perceived. Leadership styles that are more employee-oriented are bound to project good perception about the product sold by the company. Furthermore, a change in leadership style is needed if efforts employed towards changing the perception regarding China and Chinese products is to be successfully implemented.

7. DISCUSSION

7.1. Overcoming Cultural Distance in Western Markets

Cultural distance exists between countries, organization, and individuals due to their differences in communication styles and values. Culture values influence the leadership behaviors of transformational leaders as they affect their effectiveness in leadership. For the Chinese companies to overcome the cultural distance experienced in the western countries they operate, they need to first understand the cultural values of the local people and operate in a manner that demonstrates respect and appreciation for their cultures.

The application of Chinese transformational leadership by the Chinese companies can play a great role in overcoming the cultural distance to operate effectively within the countries. The Chinese leaders can overcome cultural barriers faced in the western markets by being open-minded and willing to learn the mindset and leadership styles of the westerners in order to develop effective working relationships with them. Through the application of transformational leadership, the managers of Chinese companies entering the western market can address the cultural distance between them and the local employees working for the companies and consumers of their products based on these dimensions. For instance, by identifying and effectively meeting the needs and concerns of the local people and the Chinese companies can gain their trust and successfully operate in the market. The performance of local employees can also be improved through inspiration, motivation, and empowerment thus gaining their loyalty Hence, the leaders of the Chinese companies focus more on the needs and concerns of the local employees and customers and develop appropriate strategies to ensure their satisfaction and gain their trust. Their internationalization is then promoted as they can effectively invest and operate in the foreign countries. Although cultural differences may not totally affect the leadership behavior of foreign leaders, they influence the expatriate of some aspects of their leadership style. Through the application of Chinese transformational leadership by the Chinese companies entering the Western markets especially the

U.S and Europe, internationalization challenge of cultural distance can be overcome leading to effective investment and operation within the foreign companies.

Across different countries the influence that people's culture has on the type of leadership is similar to how leaders influence their followers through their beliefs, values and attitudes. In most international markets, foreign leaders vary their leadership styles to conform to the cultural values held by local followers. An example is the harmonious atmosphere in the Chinese society which prompts foreign leaders to manage conflict by giving more concern and care to followers. Hence, it is imperative that the management of Chinese companies operating in Western countries be influenced or find a bridge to gap created by the distance of the culture in those countries.

China can exploit a new leadership model which is a clear depiction of how the best practice of transformational leadership integrates with the traditional Confucian values of Chinee culture. The Chinese transformational leadership has therefore resulted in improved employee trust, well-being, creativity, satisfaction and commitment. However, though these dimensions align with the Western model of transformational leadership it is the complete integration of cultural values that can mark the success of Chinese companies internationalizing themselves.

The Western markets are developed and so are the industries in these markets. The companies in the European market as noted from the findings have been in the markets for long and therefore have a comprehensive understanding of the cultural values of these people. They have therefore capitalized on these values to produce products that fit their needs and concerns. For the Chinese companies in order to have a taste of the European market they first need to employ efforts aimed at understanding these values. They then adapt the values to their Chinese values and come up with optimal values that will capture the market. This values maybe acquired through hiring local sales and marketing staff. It is also imperative to hire locals in management posts so that they can introduce the aspects of Western management styles.

For success in internationalized markets, transformational leaders need to have a comprehensive understanding of the characteristics of different cultures. These leaders also need to display sensitivity to the unique cultures and also display leadership qualities that are appreciative and displaying a sense of understanding of different cultures. The display of understanding and appreciation to unique Western cultural values by both leaders of Chinese companies and the companies through business operation mechanisms is important in achieving internationalization goals.

7.2. Influencing Perception on China's Image Through Chinese Transformational Behaviors

The label Made in China' that Chinese manufacturers maximized on for a long time to capitalize their sales has changed fortunes to label them as manufacturers only focused on quantity while assuring quality. Unfortunately, for most European consumers the preference is on quality, and thus the notion of affordable prices does not make the products competitive. The Chinese manufacturers together with the government are, therefore, as indicated by the results focusing on rebranding the label from made in China to Innovated in China. These rebranding accompanied by innovations and the make of quality products is aimed at changing the global perspective of Chinese products and convince them of the quality economic growth in China. As cited by most interviewees, Chinese companies have provided proof to the world that China is capable of producing high-quality products.

In addition to the Chinese government and manufacturers desire to change the perception about their products other factors also add to the pressure. For instance, with increasing purchasing power, the Chinese customer is expecting and demanding quality products. China is, therefore, shifting from the historical perception of its products being cheap and not of such a high quality to a market growing increasingly in quality of products.

By applying the essential elements of transformational leadership highlighted, the executives of Chinese companies entering Western market can address the menace of cultural distance. For instance, through identifying and effectively meeting the needs and concerns of the local people at these markets, the Chinese businesses can gain their trust leading to successful operation. Additionally, by improving the performance of their local employees at these target markets through motivation, inspiration and empowerment, the companies acquire their loyalty. With acquired loyalty and trust, the Chinese products stand at a better chance of penetrating the Western markets.

From the findings, we can claim that Chinese transformational leadership behaviors may be a contributor to the change Chinese companies are targeting, considered as a communicator of country identity impacting reputation and country image of China. The perception that Chinese products are of poor quality has contributed to the continued failure in grasping the Western market. It is therefore imperative for the transformational leaders of the Chinese multinational companies to employ efforts aimed at understanding the Chinese market. A comprehensive

understanding of the tastes and preferences of the Westerners will give the Chinese products some sense of competitiveness in the European markets.

Conclusively, it is the optimal combination of these significant elements that guarantees success of internationalization efforts made by the Chinese companies. This success is tied to China brand image and the perception of its products. A change in perception is result of leader-employee relationship, loyalty, trust, kindness, good moral characters, enthusiasm and optimism which are all adapted from the transformational leaders with the ability to motivate, inspire, stimulate and influence their followers through actions.

8. CONCLUSION

This paper set out to address the following problem statement for the research question *Could Chinese Transformational Leadership Overcome Cultural Distance in the Internationalization Processes of the Chinese Companies Under the Re-branding of China Perspective?*

In determining whether this model of leadership behaviors can be accepted and implemented in Western countries during the internationalization of Chinese companies, an analysis of the determinants of the behavior has been conducted. Chinese transformational leadership, integrating the notions and behaviors of Transfromational Leadership and Confucian philosophy at the foundation of Chinese cultural values, represents some accepted leadership behaviors worldwide. In fact, the Confucianism pillars (*Moral Character*; *Human-Heartedness*; *Human Relationship*; *Lifelong Learning*; and *Moderation*) reflect some dimensions of ethical leadership and charisma/value-based leadership behaviors used cross-culturally as well as the four behaviors determining 89% of leadership effectiveness worldwide. Despite the cultural distance existing between China and Western countries, the acceptance of Chinese Transfromational Leadership can become a bridge between the two sides of the world, since based on human values accepted worldwide and boosted with these behaviors.

Chinese leaders can implement this leadership style since it is in their blood as cultural value in the form of Confucian philosophy, to overcome culture differences considered a barrier to internationalization. With the implementation of Cinese transformational leadership Chinese companies could be able to overcome the distance bringing success to their expansion strategies.

Moreover, interesting to note the implementation of Chinese transformational leadership, if properly communicated, can be source of communication of China brand identity which can impact the China brand image. In a moment of time when China has the ambition to become the world's

superpower, this communicator might affect the perception of "Made in China" related exports, shifting the reputation and the positioning that the country is aiming to change with the recent Re-Bradning strategies – like "Made in China 2025" and "Belt and Road Initiative" – to emphasize overall quality, reputation and positive associations related to the country.

In conclusion, the path to become the first economic global superpower that China is following is very aggressive and it might be successful for the future Chinese control, yet the country has to keep into consideration the past and the history that are now part of Western perceptions. Ony by meeting expectations from both sides and focusing on common values the world can be dominated by an either Western or Eastern superpower as a whole.

9. RECOMMENDATIONS

Communicate that they are using Transfrmaitonal Leadership Styles plus Chinese values because the wording Chinese trandormationl leadership might impact negatively the perception communicate through job offers, cartelloni in azienda, every type of communications

Act as trandomationsl leaders by following the behavioral attributes, make a list and practically behave like that its hard to chage a behavior but step by step possible

Commnuciatiors of brand idenityt stretegy to build strong brands erase negative associations and create new ones revitalize China as a brand and the related "Made in China" effect

10. LIMITATIONS OF RESEARCH

In developing our research we attempted to follow the possible specifications for conducting the study. However, there still exist some limitations in our research paper which might have impacted the quality of our findings. First of all, the formulated research aims and objectives might seem too broad, they could have been narrowed by considering a specific Chinese industry or a specific company in order to increase the level of focus of the research. Second, we are aware of the fact that we do not possess extensive experience in implementing the methods to collect primary data. Hence, there is a possibility that the conducted interviews might be imperfectly implemented. Third, by considering the nature of qualitative research a small sample size is considered valid and reliable due to the deep insights that can be gathered. However, a larger sample might have produced more diverse and accurate results. Moreover, a greater diversity of interviewees with

emphasis on Chinese Leaders and Western employees working for Chinese companies might have produced more nuanced findings. Fourth, our research was limited as a consequence of lack of previous studies in the research area. Indeed, there was very little prior research on our specific topic since we focused on Chinese Transformational Leadership in Western countries and recent Re-Branding of China which can be considered as contemporary and evolving research problems. Fifth, we are aware we lack experience in conducting research and producing large academic papers. Hence, the depth of discussions can be compromised in many levels compared to the work of expert scholars. The identified limitations of our research discussed in this section might give opportunities and inspiration to other researchers to further deepen the study conducted in our paper. As researchers, we eventually learnt that there is no research which can be considered as perfect but that can be good enough, because there will always be research limitations useful for the future.

11. FUTURE RESEARCH

From different angles of analysis, internationalization has been closely related with the new dynamism in the industries where companies are approaching globalization. The internationalization of Chinese companies is a wide field with a number of influencing factors. The leadership in these multinational companies is one of the factors that influence the success these companies achieve ion their venturing of other countries. By considering the impact that globalization is having in internationalization of coutries and companies, studies comparing leadership across countries and cultures have to be conducted in future in order to improve and strenghten the results of our research.

Leadership styles are influential in the internationalization processes of Chinese companies. This research specifically deals with the impact of Chinese transformational leadership on creating a common ground for Western and Asian markets with a interesting sub-research about the shift in the perception of China as a brand in Western markets and globally. Further research can therefore be focused on establishing the influence of other factors external and internal on the internationalization of Chinese companies. Additionally, these research focuses entirely on the Western markets. However, internationalization efforts include venturing into other countries in the world and in other cultures in order to better study whether the research we conducted can be applied in different contexts. Further research can therefore be directed to establish the factors

influencing the entry of Chinese products to other markets such as Africa, Latin America and others.

Additionally, the survey created - and then discarded - to measure the shift in the perception of China as brand by determining the brand image perception in different scenarios and perspectives can be improved and adjusted in order to conduct a quantitative research which can measure how different stimulus including Chinese transformational leadership can affect the perception of China nation brand. Hence, fuure research can be implemented to conduct deeper studies aiming at understanding the huge and fast-growing Chinese economy developments.

12. REFERENCES

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13. APPENDICES

13.1. Appendix A – Interview Guide

Interview Guide

CHINA, "MADE IN CHINA PRODUCTS, CULTURE, INTERNATIONALIZATION
1. What is your name and current position in the company?
2. What is your field of expertise?
3. How long have you been working in this field?
4. Can you tell us more about the company you work for?
5. What is the company´s opinion about Chinese market?

    5.1. What is company´s opinion about the Western market?

6. What is your personal perspective about the rise of China and the Chinese market?

    6.1. What are some of the external factors affecting market development?

    6.2. In your opinion, how China and Chinese Market are being perceived by Western people?

    6.3. Is there any shift in how China wants to be perceived? (E.g. changing country image strategy)

    6.4. What do you know about "Made in China 2025" and "Belt and Road Initiative"?

    6.5. What do you think are the consumer attitudes towards Chinese products & services?

    6.6. Do you think the sensitivity towards quality, design and price of the offered products & services has been increasing?

    6.7. What are the drivers for consumers to purchase "Made in China" products?

7. What is the relationship between the company and the Chinese market?
8. Are there any obstacles in the relationship from both sides?
9. What are the main differences in working with Western markets, i.e. Europe and USA, and Chinese market?
10. To what extent cultural difference affects the business of the company? In what way and how the company deals with it?
11. What is your personal opinion about the internationalization of Chinese businesses?

LEADERSHIP BEHAVIORS
12. Since your title as a "Director" is considered a leading position, would you mind sharing your point of view about the general Leadership behaviors in your division and in the company by answering the following questions?

Idealized Influence

    12.1. What are the most important values and ethics you and your colleagues demonstrate as leaders? Could you give us an example of these?

    12.2. What methods have you generally used to gain commitment from your team? Were those methods successful in building trust, respect and admiration towards the leaders?

    12.3. How have you influenced employees to follow your strategic vision for the Organization? Do you ever emphasize the goal of collective sense of mission?

    12.4. Do you think it is important for a leader to maintain a good moral character for the employees? E. g. honesty, reliability, sincerity.

12.5. Is it important to show kindness and generosity to your employees?

12.6. How much is it important to believe in people´s needs and relationships in the working environment?

12.7. Is it important to be modest as a leader?

12.8. How it is important for a leader to be firm in his principles but flexible in the approach?

Inspirational Motivation

12.9. Are you enthusiastic and optimistic about the future and confident of achieving goals?

12.10. Are these encouragements being attractive for the people around you?

Intellectual Stimulation

12.11. Do you usually stimulate your teams to be innovative and creative by getting them to look at problems from many different angles?

12.12. Do you suggest new ways of completing tasks and assignments?

Individual Consideration

12.13. Do you pay attention to each individual and spend time teaching and coaching?

12.14. How have you encouraged learning and development of employees?

13. Do you believe that these "Leadership behaviors" can be adopted by Chinese Leaders when operating in Western markets? And when entering new markets?

13.1. Can this be considered as a way to overcome a cultural distance between Western Countries and China?

14. Do you think that by changing the leadership style of seniors in a Chinese company, employees would shift the perception about China and be more willing to buy Chinese products and use Services? Can this shift in the leadership style change the perception of China among western employees?

15. In your opinion, can this be considered a starting point to boost the change in the country image of China its perception among Westerners?

13.2. Appendix B - Transcripted Interviews

1. **Interview with Wáng Yǒngshēng (王永生) expert in Chinese Economic History and Chinese Business**

Location: *Barcelona, Spain*   *Interviewer:* **A**   *Interviewee:* **W**

A: Hello, I am Antony! Thank you very much for your time, and can I record the interview, if you don´t mind?
W: Of course!
A: Can I kindly ask you to introduce yourself?

W: Hello, I am Wáng Yǒngshēng (王永生) from China, my English name is Hanson Wang and I am an expert in Chinese economic history and Chinese business.

A: Thank you. With this interview I would like to ask you some questions about China, it is history, it is business activities and Chinese leadership, by considering your valuable expertise in order to get some insights and valuable knowledge useful to find the best direction for the Master's Thesis. Hence, we can get an initial insight that we can follow to deepen our research. Is it fine with you?

W: Surely!

A: Thank you so much! We are talking about China, that is conquering the world now…

W: Well, not the world but Europe!

A: Okay, Europe. And it will conquer the world soon?

W: Well, most likely.

A: Interesting. Let us talk about the three Chinese waves in history. The first wave of Chinese coming to Europe was after The World War II?

W: Yes

A: And this is because there was a cultural revolution?

W: No, no, that is the second wave. The first wave happened after WWII because China and Europe, most of the countries in Europe, were quite aligned to fight against Germany and Japan.

A: Why Chinese came to Europe for the first time?

W: This was because during the WWII many Chinese were working for the national governments of Europe. And moreover, Europe can get cheap labor from countries like Africa, Asia where they work on very low salary and then they stayed in Europe.

A: In Europe? After war?

W: Yes, that was the first wave.

A: And the second wave of Chinese coming to Europe?

W: It was in 1970´s and 1980´s, because that time there was a cultural revolution and that time was really bad, the gorvernmental rules altered and people start coming out of China and come to Europe and once they were there, they started to bring their families and relatives in Europe and that´s why you say why there are so many Chinese around and why they have their family business here, like in the bars, shops and small businesses.

A: That's really interesting, basically Chinese came to Europe because they had lack of trust with the Chinese government at that period, that's right?

W: Yes, they didn´t trust the government.

A: And then they start coming out of China and bring up their families there and eventually started their family business?

W: Yes, from generation to generation they work in bars and cafes, restaurants, small and medium enterprises like that.

A: I am noticing this trend of Chinese owning cafes, restaurants, bars like for example in Italy there were only local italians who were owing these businesses, then from the last 10-15 years, many Chinese started owning these kinds of shops and small businesses and then Italians were forced to give up, as Chinese were quite competitive, frankly speaking.

W: Yes, it was like that.

A: They had Italian products, Italian coffee, Italian hairdressers, everything typical Italian, Italian restaurants but owned by Chinese with competitive prices. Hence, I do not know how Italian it could be.

W: Maybe, it was because of Chinese ways of thinking, we save money and we save every penny that we earn, hence that way we could able to save that big amount of money that we could buy something expensive like we can buy a shop. Westerners spend the money they make but in China, we save the money we make. So, we save money for big or awful things that can happen, like

maybe if we fall sick, we need to spend a huge amount of money on ourselves because the government doesn't guarantee us, we can be treated very well. We are not sure about the future.

A: So, it is like, you don't have a health support from your government and you have to save money for your health.

W: Yes, exactly and also, we save a lot of money to maybe make a huge investment in the future, like to buy the bars, shops, and other businesses.

A: What about the banks? If you can ask for the loans?

W: Oh, it´s not in our tradition. If I need money, I will borrow them from my friends, my family, my relatives and I won´t go to a bank.

A: Very interesting. Thank you.

So, in Italy Italians gave up, kind of, in owning Italian restaurants, Italian hairdressers, Italian coffee shops, Italian bars, Italian everything. Most of what you see in italy is italian but owned by Chinese, so it can be difficult for Italians that they might lose the culture as Italians since traditionally cultural family businesses are owned by foreigners and they don't have the same culture as Italians. Or Maybe they do, because by being foreigners they better can notice Italian cultural features different from them and can see the difference from their own culture. I would not know. But I now see the same thing here in Spain when we were walking across the street, we observed that all the cafes, shops, bars were all owned by Chinese selling Spanish products and they were all family businesses. I think that these shops were owned by the Chinese and this is because Chinese came with the first wave after WWII and with the second wave in 1970-80s?

W: Actually, these kinds of shops are mainly owned by Chinese who came with the second wave in 1970-80s who bought all the bars, clubs, cafe and restaurants and also many Chinese restaurants.

A: Do you mean Chinese restaurants? Or Spanish restaurants, which are owned by Chinese?

W: Both, then the third wave came after 2008.

A: Oh yes, that what I was talking about. In recent years there is a sort of boom of Chinese in Italy, everything now is Chinese-owned in Italy, so the third wave was in 2008?

W: After that.

A: And the second wave happened because of lack of trust of Chinese in their government during cultural revolution in that period and they wanted to go abroad, right?

W: Yes, for a better life, to make more money.

A: Outside of China?

W: Yes

A: So, what about the third wave which started after 2008?

W: You know, China had Olympic Games that year in 2008 in Beijing. Also, it was the year when Chinese reached a certain amount in a way that the middle class of China started to explode.

A: To explode?

W: Yes, it is like they had more money that they don't want just to survive abroad, they want to enjoy their lives abroad. In a way that they are not just immigrants, but they want to have some fancy restaurants and fancy business. From 2008 you might have noticed that there are more and more Chinese people who are going and travelling abroad.

A: Yes, that what´s I am talking about! In past 10 years I have seen like a boom of Chinese shops and these were too competitive that Italians had to give up their ownership and this could be because of your culture, right? In a way that Chinese save money a lot and they spend less. But in Italy I saw this wave of Chinese people coming more frequently.

W: It´s all about Chinese capital, because in 2008 Chinese people had earned enough money in their own country and then they could do some investments abroad or maybe enjoy their lives abroad and something like that, as they have their economic conditions to do so.

A: Okay. So back to the discussion, in 2008 you had your Olympic Games? And what happened?

W: Well, Olympic Games were just a symbol of it and in 2008 we reached a certain amount of GDP per person when we started buying cars, maybe have enough money to travel abroad.

A: In 2008 you reached a certain amount of GDP per person? Is it the highest GDP you reached in the past?

W: No, no, of course not. It is going higher and higher and then more and more Chinese are going out.

A: Yes, exactly, but I didn´t get why from 2008? And how you reached that certain amount of GDP in that period?

W: It is because it is a cumulative process. It´s like China's economy is going well for many past years and that year was like a transition year. Before that, Chinese people were a little bit poor but after that the number of rich people exploded.

A: Why in 2008?

W: It is a cumulative way that it reached there at some point.

A: What is 2008 for you? Why you said that 2008 is the year of transition? For instance, in the Western world we had totally the opposite, because we had the financial crisis in 2007 and 2008.

W: Oh yes, but it didn´t affect us.

A. Yes, exactly it didn´t affect you but it was totally opposite for us. It affected us in a really really severe way, in a way that the people started to commit suicide because of the financial crisis and a lot of entrepreneurs started to leave their jobs, they did not know how to pay their employees and everything was going in a really bad way, in the US and Europe, but for you it was totally the opposite? We were falling, and you were rising, right?

W: No, it was more that in 2008 we were maintaining the economic scale in terms of money to fight the economic crisis, so it was good chance for the Chinese companies to come to Europe and the US to buy everything at cheaper prices because you needed us, you needed the money.

A: Oh okay, so our financial crisis was your opportunity to come to Europe.

W: Yes, kind of.

A: That´s so interesting. So, it was a really bad period for us and you took advantage of that situation?

W: It was like, the financial crisis happened because you borrowed a lot of money from the banks and the leverage was quite high in the western countries and things happened. But in China everyone wants to save their money. For me for instance I would like to save at least around 50-60% of my salary otherwise I will not feel safe. But the financial crisis also affected Chinese economy and Chinese companies.

A: But in a good way?

W: No, also in a bad way but it was more like we went little bit down, but you went so much down. Hence, we had a relative advantage over the US and Europe.

A: Oh, so that is why you started to come to Europe as we needed your money?

W: Yes, exactly. Because of the financial crisis you started to sell your bars, cafes, restaurants and shops at low prices to get the money.

A: Oh yes, that´s why they started to sell their shops and their small businesses to Chinese people who had more money.

W: Yes, exactly.

A: Can I ask you, how do you know all these things? What are your sources of information?

W: It´s my field of expertise and it was written in some journals with academic papers and also in some newspapers, tv shows, and something from the internet, it was everywhere. You can always check for more information online in order to verify it.

A: I never considered this kind of perspective and it is really interesting. But still I did not really get the point of why only in 2008. You said you were maintaining but why you reached the certain

amount of GDP per person in that year and during the Olympic Games. What's the relationship between all of these things?

W: Well, 2008 is a big year for us. It had been a really important year for us because before that we were very poor, nobody knew us.

A: It´s just marketing and communication that showed yourself to the world, through the Olympic Games?

W: Yes, to show China to the world. After that, China started to become more and more international and also got it is identity as China, you know, as a strong country. Chinese newspapers described 2008 as the best Olympic Games as we grew up stronger.

A: Oh, this is a kind of Big Event and I wrote my Bachelor's Thesis on the Big events as marketing strategies for nation brands and city brands. As Big Events you have Olympic Games but also Expos, International Exhibitions, to reach international audience. You also had another big event. In 2010, in Shanghai you had the World Expo.

W: Yes, exactly.

A: So, in 2008 you had a big event which allowed China to be known and to be famous internationally. This was just communication and marketing strategy to communicate the brand of the nation and then in 2010 another big event to show more the grandiosity of the country. But everything started in 2008, right?

W: It is because at that time the products were quite cheap to buy, very low quality and gradually we started to produce with high technology. Also, you can search the graphic of China GDP, where you could find some turning points in the various years like in 2008, 2010, 2013 and so on, when something happened.

A: And why? Like you think one turning point was in 2008 because of the Olympic Games?

W: Yes, maybe because of financial crisis as well.

A: So, in 2008 Olympic Games and Financial Crisis. You took advantage of our financial crisis and you communicated your brand and you used your financial strength on us, right?

W: Yes, right.

A: China basically improved marketing strategy and financial strategy to be known and to lend money to Europe, right? That's why a lot of people sold their shops to Chinese as they needed money and you had money?

W: Yes, exactly.

A: So, the third wave of Chinese coming to Europe was from 2008.

W: And I think until now. It is still continuing, and I think it´s until 2016 and around that time since during this time I observed that many Chinese students started to go abroad in universities and they stayed there.

A: Chinese students?

W: Yes, it´s like before they go to Europe, US or England and they tend to stay there but now that China is opening to more and more opportunities the Chinese students after getting graduating abroad, they prefer to come back to China, so I believe since 2016, people prefer to stay in China rather than go abroad.

A: Because you have better conditions now?

W: Yes.

A: Interesting. So, you said in 2008 you had a certain amount of GDP per person and middle class started to explode and they went abroad. But you have mentioned that there was an another turning point before in 2013. Why? What happened in 2013?

W: I think it was another financial crisis, but I am not sure about this one. I read somewhere that there was a turning point for China in 2013 but I do not remember the exact reason.

A: What do you think about this ongoing trend? You think China will stay in Europe, in Africa, will go the US and stay or will stay in China?

W: I think Chinese will stay wherever they could earn more money.

A: So, they will go everywhere where they could make more money.

W: Also, there are more and more rich people in China and poor will find markets in Europe or maybe in Africa where they could possibly earn more money to get rich.

A: So rich people think that Chinese market is quite huge but there is still huge amount of poor people there.

W: They will go anywhere abroad where they have the possibility to earn more money maybe in Europe, in the US, maybe Africa. I think nowadays Chinese are going more to Thailand, Vietnam because people see those markets there as they are going to be the next China.

A: Really?

W: Yes, China has now become more developed.

A: Yes, it is more international now.

W: Yes, and the GDP growth rate in China is decreasing now, in 2007 it was like 12%, but now it is only around 6.5% or 6.6%, so the growth rate is going down, also because China has no money for it. It is more difficult to maintain the same growth rate and it is going down, that is why they are trying to find new markets.

A: Why only Vietnam, Thailand? What about India?

W: India is a bit poorer than China and also because Vietnam and Thailand are like China 20 years ago. Hence, culture there is more or less the same, we share kind of similar culture. It is not the same but similar, so you can just apply the way you make success in China in Vietnam and Thailand.

A: Okay, but what about Africa?

W: I think maybe after Vietnam and Thailand, it will be their chance.

A: Because I know Chinese are investing a lot in Africa.

W: This is called long time investment.

A: But they are investing a lot in Africa like they are kind of colonizing it.

W: Colonizing? I don't like the word, it is like a win-win.

A: No, I was just thinking at an article I read talking about China as the new colonizer of Africa.
Do you think that China is growing in terms of internationalization in Europe and the US?

W: I think so, otherwise the US will not want to fight a trade war with China because we are threatening them in many effects but there is a huge difference between China and the US, technically speaking.

A: In favour of the US?

W: Yes, in favor of the US but it is more like traditional technology, it is like industrial technology.

A: That is something you lack?

W: Yes, in past times we were lacking technology and we don't have time to accumulate that.

A: For the required knowledge?

W: Yes, because in AI, robots, mobile payments and all these new technology China is advanced, but in traditional technology China is way behind the US and Europe. Like for example, we cannot produce a car.

A: Why?

W: The engine, is something we cannot produce. For aircrafts also with the big engines, we cannot produce them.

A: So, you were talking about Vietnam and Thailand? Why those specifically? Because they have similar cultures like China and they are in Asia?

W: It´s like South Asia, Singapore is different, but maybe more like Malaysia, Vietnam, Thailand, Indonesia this whole area.

A: You are saying that because China is in Asia and these countries were China 25-30 years ago.

W: No, it´s more like 10-20 years ago.

A: Okay, then China is similar to these countries, culturally speaking.

W: More like similar business models that China had 10-20 years ago.

A: Oh, so they can use similar business models like China 10-20 years ago

W: What China could use to make money at that time, they can invest in similar business, like China did.

A: Okay.

W: Because, you know, nowadays we don't produce too low-quality products like we were producing for instance low quality cheap toys. We are shifting those companies to Vietnam, Thailand.

A: The low-quality products?

W: Yes, situation in China is changing, attention is more towards people. Also, you might know that we were not allowed to have two babies years ago. Now, it is kind of banned because it is like in Japan with many old people and we don't have enough labor. It is becoming more and more expensive to hire labor.

A: You mean the workforce?

W: Yes, exactly. Industries that require a lot of people and the profit is not high enough, they are just giving it away.

A: So, nowadays you don´t produce low-quality products like toys and Chinese are now investing in this kind of business models like they were doing 10 years ago but in countries like Vietnam and Thailand. But then the low-quality products that are produced in those countries will be sold from Chinese companies in Thailand or as the products "Made in Thailand" sold by Thai or Vietnamese companies?

W: Maybe by Thailand and Vietnam companies but we invest money in them.

A: Oh, like owning the shares?

W: Yes, like owning the shares of the company.

A: Okay, another question. So, you said as China is growing and expanding internationally in these countries because of similar culture and business models and moreover, they are in Asia, so it is easier to relate to similar mindsets. That's why they are investing in these countries as these countries are growing but China is not growing at it was doing before.

W: Yes.

A: In 2008 China started to be more international and globally recognized that's why Chinese increased the investments abroad becoming international, right?

W: Yes.

A: But regarding the low-quality products that are "Made in China" and which are sold in the US and Europe, in these Western countries we perceive China as a low-quality country and Chinese products as products with low quality and cheap price. "Made in China" is considered a poor-quality brand. Do you think is it going to change?

W: Yes, is it going to change and the slogan we use is changing from "Made in China" to "Designed in China".

A: Yes, exactly we want to build our thesis on that. So do you think there is this kind of trend?

W: Yes, of course! It is visible in many famous international companies. For example, Huawei used to be much cheaper than Apple but now the have the same price.

A: Yes, true, the price now is almost similar to an iPhone or a Samsung which are like the previous brands, people still continue to buy these Chinese products now.

W: Oh, in China nowadays Apple is the most famous and popular one and then Huawei and then Samsung. It used to be Apple, then Samsung, then Huawei but now as mentioned before Huawei is more popular followed by other two or three other Chinese brands.

A: Exactly, Huawei and the new Chinese brands like Xiaomi and Vivo are coming to Europe. You have an Apple and in China most people still have Apple but in Europe people are turning into Huawei and Xiaomi.

W: Because these companies will ask for cheaper prices to go into the market, to penetrate the market, so that people can know that brand and then they increase the price increasing the quality.

A: Yes, true. In Europe Huawei is actually costing like an Apple.

W: It is the same in China.

A: Interesting.

W: They have different periods. The most important intensive one is when they increased the price and the quality same as Apple.

A: Yes, they also have quality now, it is like the prices are still lower than the competition, but the quality is improved.

W: Yes, exactly.

A: Hence, we cannot talk about low-quality products from China anymore?

W: No, we still produce lots of low-quality products and other things, because high quality is consuming money and we don´t have enough money to produce them all, we will give it up.

A: Okay, so Chinese aim at changing the perception of "Made in China" products from low-quality, low price, poor products to a new perspective "Designed in China", so the quality is improving and prices also.

W: Yes, it´s like all cars and airplanes that they could not make but now they have their own cars and aiplanes.

A: Oh, you have your own cars now?

W: Yes, but some parts of it we need to import.

A: But still, China is growing so fast and it is growing internationally, you said they want to change and spread a different perception of their national brand, right?

W: It´s not what we want to, but we have to. Otherwise we cannot support the workforce anymore because it is more and more getting hired now, so we need to provide more profitable products.

A: Okay, but now you are changing the influence of China is perceived, right? Like from "Made in China" to "Designed in China". But also, the government is coming up with these kinds of policies and new initiatives.

W: Yes, exactly like "One Road, One Belt" initiative. China wants to play a different role in the world. It is like China wants to be a main actor.

A: The main actor?

W: Yes.

A: What about "Made in China 2025" plan?

W: It is a plan by which the government certifies different technologies which they consider of high value. Those areas where they are planning to strategically invest more money, like for example astronauts and airplanes. It is one of the policies that helps China reach from "Made in China" to "Designed in China" by focusing on 10 high technology areas.

A: Okay, so this kind of design in China is related to high technology products and businesses and China has to change the perception of the Chinese businesses, products and companies in order to survive because they have to hire more expensive people and they need more money. Hence, because of that they are shifting from a low-quality perception to high quality with still average competitive prices? Do you agree with that?

W: Yes, I agree.

A: There's this kind of trend going on?

W: Yes.

A: Ok. Another question. What do you think about the leadership style?

W: You mean politics? Or…

A: No, I mean in the companies. Okay one question first, you said that China and it is government are trying to change the national brand of China in order to shift this perception and image of China, right?

W: Yes.

A: So, these policies and initiatives are a result of government and there is a political change, right?

W: Yes.

A: Do you think there will be cultural change in China, in Chinese culture?

W: Yes.

A: In which sense?

W: I think Chinese will gain more and more confidence, it is like on a path where we fancy western products, western culture.

A: So, you are having your western culture in China?

W: Yes, now it is like we are good, we are doing better, we have this kind of feelings flowing across China, and sometimes overconfidence. During the US and China cold war, in China there many people using words on the internet, not afraid of saying to fight with the US now, with different views. But The benefit that China can have is lower than advantages that China can have if the trade war starts.

A: So, the costs will be higher than the benefit is?

W: Yes.

A: What do you think about the change from "Made in China" to "Designed in China", it will affect the Chinese living in China, policies and culture?

W: I am not sure about that, personally, as the changes are happening gradually and slowly, so it does not feel wrong to me.

A: Okay, do you think where will be a change? Thanks to shift from "Made in China" to "Designed in China"?

W: In a way you will see more and more Chinese brands. And now we have more and more our cars and we have more Chinese car brands, we have like two Chinese car brands it is like if a person wants to have it like for poor people who can't afford to have expensive cars. But they also have some okay cars. So these kind of cars are more and more in demand now. In a way you could see more and more Chinese brands.

A: Okay, actually China is also improving his brands in China among Chinese, the knowledge of low-quality products is now shifting is kind of one perspective to the other

W: As a part it is bad, we don't want it now we think oh, no it is good actually and it is good and cheap so yes.

A: So, this is what the brand of China will be?

W: I'd say good and cheaper brand as western brands or maybe it is like.

A: On average and cheaper, okay so China is on a way to improve the quality of the cheaper products. From "Made in China" to "Designed in China". And this may affect the Chinese culture and also the organisational culture?

W: Yes, the Chinese, we don´t value the patterns and we steal and copy products from the US and Europe as we also wanna get involved, but we also need to think in our own way of thinking and working.

A: So, they have to change their way of thinking and working?

W: Yes, to be the part of the world.

A: Okay, so these kinda change will lead to cultural shift and also oraganisational shift

W: Yes, for Europe, they value contract a lot, which was not the case in China, their business is not that transparent as in Europe, but they are working on that to make it more transparent and more standard in a way, becoming more and more legal and transparent.

A: What you think about the leadership style of the Chinese companies?

W: It has it is some advantages and it is disadvantages, it is like to be honest, there are so many reports and statistics of economy in Europe and Japan that are dead.

A: They are dead?

W: Yes

A: Why?

W: Because life quality here is good but it is for grownups because there is no growth rate , like your dad have a good job, but business it is not expanding there is no positions like there are many students who are getting graduated but there are no new jobs or promotions but in China there is growth in the business and we need more people to work with us, so we have new opportunities and maybe you will get really high salaries after one or two year of promotion so it is like, like in China my own life goal I want to be a middle management provision.

A: What do you think about in Europe?

W: Guess, I will be in the same position as your salary may go a little bit higher but not that much.

A: Okay.

W: Like in China in 5 years you can say your salary will go double or triple high.

A: Oh, that's a lot, so the standard of living of Chinese will be higher and China won't be a called as a cheap country anymore

W: I guess cheaper, but the population is a big advantage per person, we can sell more goods by lowering down the prices per person, so if in Europe you start a shopping mall or a cafe, you have limited population so you need to charge more to one person so yea, in China population is our advantage.

A: so it will of same level, wíth cheaper prices but same level of European tough life.

W: And there is another reason of why Europe and Japan are considered as dead, not Japan actually they are also like many people, but in Europe, your life is too good, you guys are not at all motivated.

A: Because we have our comfort zone? And we don't want to get out of that.

W: Yes, it´s like in China you are 7 days, 24 hours ready for work as long as they force you, but here it is totally different.

A: Okay.

W: In China, life is to make more money safe money and for future, but here is more like to enjoy life, you cannot compete in this thing.

A: You think there will be a shift of this mentallity?

W: Yes, we are on the way there and you are already there

A: You know that you are in a bad position at the moment and you need to arrive at that position and you feel motivated to get there but for us, we are already there so we don't want to move.

W: Maybe it is good for your old generation as they already have it but for young generation your life is good, but it is not changing more. I know many Europeans are struggling with this, especially in Spain

A: Yes, in Italy as well that why I don't want to go back to Italy as it has really bad possibility for markets.

W: And business is all set and there is no new business for new and young generations, but in China there are more new companies, more jobs, more opportunities and we want to hire more people, but we don't have enough work force

A: So, that´s why you are higher from international

W: Yes, I think so

A: Actually, I'm still not clear about the point when you said you know that you are in a bad position at the moment and you need to arrive at that position and you feel motivated to get there but for us, we are already there so we don't want to move.

W: The age is a time where you compare the economy

A: Oh, it is a metaphor?

W: It´s like in 30 people in Europe says that I have already done much in life and I want to die but in China people at 50 thinks we have still so much to do and live more.

A: In 30 but not 40, oh you want to have a life where you don´t have to work much and enjoy life like in Europe and western world as you don't have it, you are putting a lot of efforts for that

W: Yes, nobody wants to work that hard, if we need to work hard in order to survive and the competition in China is very high around millions of people

A: So because of this shift in organization and culture, how is it going to effect the leadership quality? You think they will change as well.

W: No, it is like because since people are getting richer in China, they are now getting better life quality and they don't want to work that hard, so as per the leadership, the company should not only offer higher salaries, but also other benefit is.

A: Social benefit is?

W: Yes, something like that, maybe they don't want to work more or something like that, or they should have weekend as free.

A: Like in a human style but you think there will be change in the leadership quality in China and abroad because of this shift in China from made in China to design in China?

W: Yes

A: But in what way?

W: It´s like that in the US, Chinese will have a chance to be the manager and owner of the companies and other countries, the other countries will work for us.

A: Oh, you don't want to work but you just want to invest and earn.

W: Yes, something like that

A: So you think this kind of change will effect the internationalization of the Chinese companies?

W: I think so

A: In which way?

W: Do you want to work in Chinese companies?

A: Maybe

W: But can you work that hard?

A: No

W: Yes, maybe they are changing so may not have to work that hard, so you can work there

A: Okay

W: There is something like that

A: But this change in the leadership quality will make a change in the marketing strategy or maybe bring a new market?

W: I think so.

A: For small businesses?

W: Maybe, yes it´s a little bit difficult, if we want to enter new market, we need to make several changes because of the pronounciation, language barrier

A: But it´s an international market, so maybe they will change the brands, or the slogans or name of the comapany to enter the new market

W: Let´s make the most people

A: They shift according to the majority

W: Yes, Chinese are very flexible, we change according to the customers demands and we can adapt everywhere, and we maybe change our leadership strategies for our own benefit is. So, yes.

A: Alright. Thank you very much for you time!

W: You are welcome.

2. Interview with Rasmus Bjørnø, Head of Investments Promotion in Asia

Location: *CBS, Solbjerg Plads*   Interviewer - **A**   Interviewer – **H**

Interviewee - **R**

A: Hello! We are Antony and Hasibe, the two guys who contacted you regarding our thesis.

R: Yes. You are more than welcome.

A: Thank you.

H: Thank you. Thank you very much, we appreciate that.

R: No worries.

A: Before we start, we would like to ask for your permission to record this conversation.

R: Yes, sure. No problem.

A: Thank you. First of all, I would like to ask, "What did you work in Shanghai, what was exactly your position there?"

R: I was Head of Investments Promotion in Asia.

A: Okay. From Denmark?

R: Yes, from Denmark. I was helping Chinese, South Korean, Japanese and all Asian companies to invest in Denmark with the intention to create jobs in Denmark.

A: Oh, okay. That´s very interesting. Can I tell you about our thesis and our directions for the thesis?

R: You´re most welcome.

A: Thank you very much. Our main idea was to see if "a shift in the Chinese leadership could be used as a way to internationalize Chinese companies to overcome the internationalization and Westernization challenges?" Because we thought maybe China now wants to change the perception of China with the new initiatives, like they want to be perceived differently from poor quality and cheap prices/products to good quality and maybe cheaper prices/products, and we wanted to see if there is this kind of trend. In order to do that actually we thought that maybe it´s better to split our direction in two main directions, so first analyzes: "There is this shift in China in Chinese relationships with international countries and in general if China wants to change the perception of China with this initiatives and there is this trend of Chinese shift, the perception of the Chinese products", and then second: "We want to see if this shift we can, maybe it might lead to a shift in the national culture and the organizational culture and see if this shift can be used to change the leadership styles and enter new markets and new countries to internationalize Chinese companies, so we wanted to analyze this and we even just want it to check if there is this trend. Whether our ideas are right or wrong or if we are going on the right direction and we wanted to interview some Chinese companies to have a perspective or what they think about it and maybe also have some surveys among Chinese and Western people to see what they think about it, and in general interview some industry experts like professors or also consulting companies. We hope you have some suggestions about this broad topic.

R: I do have a lot but I think you are kicking in an open door. I mean you are making it a bit too easy for yourself.

A: Okay

R: I think whether there is a change in, of course there is change, the Chinese leadership has very clearly stated that they are moving to an innovation society and they are building a modern crossed society, built on consumerism. Throughout the next couple of years that is clearly stated in whatever policy papers you want to read that, most likely the 2025 plans.

A: Yes, exactly.

R: Their ambitions for the Chinese industry and the Chinese industries that will be the key industries for them and the leadership in the coming years. I mean everything you said in point one is already stated this. So basically, you are just stating the obvious.

A: Ok, okay.

R: This is what they are trying to do. They are trying to build the society that is based on consumerism and products, a whole market based on quality products. They are trying to move away from China being the factory of the world towards an innovation-based society. They are pouring tons of money into all kinds of innovations, especially in blue ocean areas, where they don´t see Western companies having the obvious advantage at that moment. A good example would be in the car industry where they know that is probably not likely that they will be existing companies on the internal compartments of cars, but they still have the upper hand, potentially they have the upper hand with the electronic vehicles.

A: Okay.

R: So, they focus their energy in the electronic vehicles space at the moment. And they have selected a full range of industries where they are trying to do exactly the same things.

A: Okay. So, they did it through "Made in China 2025", right?

R: Most of that stated is obvious. It is stated in an obvious way in "Made in China 2025" and there is a ranking of industries, a list of industries they are focusing on, a list of requirements or local contents within the product types. So, for instance the maritime industry has 70% local contents, requirements.

A: Okay.

R: And so forth, the aviation industry as well. Most of this is already listed very clearly. You don´t need to do any interviews. You just need to read the existing material.

A: Oh, perfect.

R: And then when it comes to the culture...

A: Yes.

R: Think about moving abroad for the Chinese companies. They have been busy doing just that already in the first wave where they were basically, just going abroad buying just about any kind of industry, including football club, real estate, hotels and so forth.

A: Yes, exactly.

R: The Chinese government now cracked down methodly on that and made it very easy for those state-owned companies and private companies for expansion abroad within a certain number of industries. So, they´ve already decided what industries, they´ve made a local list for Chinese companies to invest in and again hotels, real estate, entertainment, tourism and few other sectors are very high on that list and football clubs as well.

A: Okay.

R: So, focus is on going into industries that matches what´s stated in the "Made in China 2025" plan, geographically what is stated in "One Belt One Road" or "Belt and Road" initiative.

A: Yes, exactly.

R: Then of course also to a certain degree within the relevant industries that would add value to both "Made in China 2025" but also in an innovation society, so very much tech-focused investments.

A: Okay. So, these types of industries real estate, football...

R: They are not losing anywhere. It is widely valuable as well.

A: Okay.

R: But some of the most spectacular examples are some Chinese companies and currently five of the big ones that are being scrutinized for having made these investments into, too many of these investments, into areas that are not considered strategically relevant. So probably these are the main reasons behind the clampdown of some of these investments. But there is no doubt that the trend of outgoing Chinese investments will continue and grow in the future but it will be more strategic. It is much harder for Chinese companies to get financing funds and investment support at the moment.

A: Okay. So, this investments in strategic industries can allow sort of change in the national culture and how China want to be perceived and also Chinese want to be perceived but at the same time they will change the national culture with sort of change because they are kind of internationalizing themselves, they are becoming more the main actors they want to... they will probably change somehow.

R: That´s probably where you are taking the step too far.

A: Okay.

R: What we see is a dramatic trend of investments abroad whether that changes company culture, that´s not necessarily happen. Some of them become more internationalized but a lot of them also continue operating the way they always done, it makes a huge difference between the different companies, by different companies I call successfully expended worldwide, partially US and those which are based on the Chinese management philosophy there is almost a 100% Chinese management in the company and it´s seems that will continue in the future. So, decision-making power is absolutely focused on Chinese leading management, where as you have a company like "Ali Baba", with a completely different style where there is a lot of foreign top management people. They are also in the decision-making level, especially in the regional levels. And they are bringing a lot of foreign specialists, a lot of foreign consulting companies and so forth.

A: Okay.

R: And then you take the whole group of other Chinese technology companies which are currently expanding more rapidly abroad and you will find difference in each of them. So, saying that going abroad will lead to a certain change in the way Chinese companies run the business, the way Chinese companies are positioned and so forth.

A: Okay.

R: You might be able to find examples but you also easily be able to find examples of the opposite. Especially, state-owned companies change the way of running business just because they go abroad. So, you have to distinguish between state-owned companies and private companies that you want to make assumptions.

A: Ah, okay.

R: And within the private companies you have to distinguish as well, depending on managerial style and so forth. There is a difference between the all Chinese companies. They all tend to do it their own specific ways.

A: That´s why we wanted to see this trend could lead to a sort of changing maybe not radical but gradually speaking on change of national and organizational culture just in future we will see this because I was thinking maybe since they generally want to change the perception of China or maybe this will affect their behavior and the behavior will affect the culture and vice versa. But we were not sure about it, so we wanted to investigate it. We want to see whether there is this trend and

if this trend is influencing these aspects of Chinese life and in general with the culture, the companies and to see if this can be used as a strategy to enter new markets or not.

R: But you are talking about change in national culture and then you are talking about strategy for entering new markets. Those are completely two different things.

A: Yes, we were just thinking that maybe since the leadership style might change with the change of the perception, because of the change in the culture, so if they want to change or if they want to be perceived differently maybe they want to show that they are changing somehow the behavior and this can lead to the change in the leadership style.

R: What kind of change in the behavior? I mean there are 3-4,000 journalists in London that try to change the perception of China in the world. They are doing a lot but that definitely unnecessarily reflects company behavior.

A: Okay.

R: Companies´ behaviors mainly work in a way that generates income. Apart from certain, maybe state-owned companies that also have different goals. I mean the internationalization of China and Chinese companies have been on the growing for years and that´s a lot of influence from abroad already, that´s a lot of Chinese that have been educated in foreign universities bringing back a lot of influence already. Roughly, millions of foreigners living in China as experts, teachers, students and so forth; also, to a certain degree they have an influence to the Chinese society, so all of these are already taking place. So, you are in a very very big variables that are very hard to quantify.

A: Okay. So, you don´t think that there will not be a way to use this willingness to change the perception of China in the Western countries just as a way to... to use it strategically to internationalize better or to go abroad.

R: I am absolutely certain that the Chinese companies are doing their best to internationalize. And do it better and better, they have seen a lot of failures among their colleagues and pears and they are trying to avoid these failures, they are trying to copy the ones that have been successful and trying them in the foreign markets. But each company is different and each company is looking for a different way of doing this. So, to generalize it the starting point might be different and difficult.

A: So, every company is using a different way to internationalize.

R: Yes, of course. Some of them take on foreign management in the countries they expend to and some of them don´t and some of them continue the Chinese managerial style in these companies and maybe have local employees reporting to managers in China that don´t speak English, this is not different areas, different issues depending on the individual company. And they are all facing different obstacles, many of them have little experience working internationally. And come from a culture that´s completely different or a business culture at least that´s not completely different or how we do business for instance. Some of them become successful and a lot of don´t when they try to expand but there is an overall policy push for a change in the behavior of the Chinese companies. I think it´s different, there is an overall push a higher quality perception of China you can totally argue that.

A: Okay.

R: I keep going from "Made in China", "Factory of The World" to "Innovated in China".

A: Yes, exactly. This is exactly what we have talked about. I was told from "Made in China" to "Made by China" or "Designed by China" like different terms.

R: Yes, there are a lot of terms about that but the overall trend is moving away from the "Factory of the world" to a perception of China that is an innovative country that can bring innovative products to the world. Right now, they are very proud of e-commerce, Fintech Group, high speed trains and few other sectors, where China has really been successful. They can actually successfully expend abroad, lead and sell the products outside of China. Those companies are continuously developing innovative solutions for Chinese customers.

A: But in my opinion, there is this trend but still people perceive China in Chinese products as bad quality and low-price products, so when they buy Chinese products they still think "Oh. It´s a Chinese product".

R: That´s for a reason. There are a lot of people thinking this way, but Chinese products but they are getting better. You also need to take in account that many of them apply complete difference; the final products that you roll-up to the market, many of the Chinese companies produce a product and get a prototype and then sell it cheaply to the customers knowing that it´s maybe delivered maybe not, but you get it a lot cheaper. And then they start selling and innovate what they have sold already and are able to generate income based on the first products. That again can be used to watch the next ones, so they are much faster in time to market. Meaning that cost something on the quality but it also means that they are able to follow market trends to adjust the products to what the market wants as much faster and many of the western competitors but that of course that costs on quality. But being in the Chinese market where competitors become inspired and copy your products very very fast, you need to have a fast time to market. Not the same situation with the Western companies where most of the products are mainly based on quality. So, you have to also distinguish between the different business models of the Chinese and Western companies and the Chinese and Western markets. The Chinese market is extremely competitive, and the Chinese companies are very good at working within that very competitive framework. And they may try to use that business model abroad and then you come across the perception of Chinese products being bought with bad qualities simply because they have to have a fast time to market to be able to compete with the equally fast competitors. My overall suggestion would be to make a more detailed and nuanced, clearer hypotheses before you go out with this.

A: Okay.

R: Because sending out a questionnaire based on what you have presented so far will give you useless answers back. So, you probably need to narrow your scope of analyses a lot more actually something more tangible.

A: Yes, this is a bit more challenging, because in the beginning we just wanted to analyze the... since we always analyze the challenges of internationalizing the Western companies and when like going to China and India and Asia in general, we wanted to see the opposite direction the challenges of Chinese companies to internationalize themselves so being more Western.

R: And that is a huge and interesting topic and you could easily write good papers of that alone. There is no need to bring in the Chinese government strategy for internationalization or changing the Chinese way of thinking or acting.

A: Okay.

R: Based on this. Chinese companies and the internationalization processes are a very interesting and a very huge topic itself.

A: Yes, exactly. This is why we wanted to narrow it down a little bit because internationalization of Chinese companies is really broad and we have to narrow it down so that´s why we can give this as a first step and then we can see like a different perspective of these internationalization processes and since they may face these challenges, and according to this trend that China wants to change the perception we thought maybe according to this the culture maybe affected and this can affect the leadership styles and this can be used as a strategy to enter new markets or place for some companies but we started from this big broad topic of Chinese companies that just wanted to internationalize but still we thought Western people still think that Chinese products are really bad quality but China wants to push to move forward and just to change the perception of China.

R: Yes, a lot of companies are successful in doing that. Some of your classmates probably have "Huawei" at home.

A: Yes. Everyone.

R: Yeah, everyone. It´s a very good phone and probably does a lot more than my iPhone does.

A: Yes, probably. I also had a Chinese phone, which is not "Huawei" or any common brand but...

R: "OnePlus", I guess.

A: No, it´s called "Oukitel".

R: Okay. I am not aware of that one. But there are tons of brands and they do produce a good quality but again you have to look into the different brands and different companies and the mutual strategy.

A: Yes.

R: Because yet Chinese companies are facing tons of challenges when they go abroad but they range from everything, from language barriers, cultural barriers, branch barriers to increasingly sceptic European Union; but there are a lot of different obstacles and not all the companies are facing the same obstacles, but all the companies are facing the same challenges, all of them have different strategies for the internationalization. I would say that most of the methods have a different strategy, so there are a lot of things to look into that area.

A: Okay.

R: So, my suggestion would be going back to the drawing board to come up with more specific hypotheses and discuss how to check or to work with that; because in sense of internationalization you write that is going on at the moment and the Chinese government has focus on doing that and changing the perception of Chinese products as well, whether that means a change of the management for easy going into internationalization.

A: Okay.

R: In terms of your questions about Chinese companies. There are a number of Chinese companies already present in Denmark, so you start from doing the interviews and take it your involvement to CBS, so the number of companies that you can start by approaching in Copenhagen already. Ranging from the state-owned companies, "COSCO" and "CRRC" are already here.

A: Okay. "COSCO"?

R: Yes, "COSCO". The big shipping company.

A: And the other one, sorry.

R: "CRRC" that produces trains.

A: Okay.

R: That are the two state-owned companies that already have a present in Denmark and then you will find a lot of private companies, obviously the biggest one will be "Huawei", you have "Asia Info" that supplies a lot of products to "Telenor", you can find most of these on the list of the "Chinese Chambers of Commerce in Denmark".

H: Yes, we have tried that actually, but they wanted us to pay them to give us the list. We already tried this.

R: Then try CBS and see what members they have: some of these Chinese companies are members there as well.

H: Okay.

A: Yes, we wanted to have this list of the Chinese companies that already invested in Denmark but the Chambers of Commerce told us that we have to pay a fee and since we are students, they offered us a discount. It was like 200 euros. We couldn´t afford it.

R: It´s not that a huge list of bigger companies. So, there is no need to pay for that. There are in Copenhagen, I have just mentioned the bigger ones of them. There is certainly a lot more that you can find in "Mille Dairy" that there is a lot of production of milk powder in Denmark.

A: Sorry. What is the name?

R: "Mille Dairy". It´s a Danish-Chinese company operated by Chinese in Denmark.

A: So, "Mille Dairy". It´s a private company.

R: It´s a private company.

A: Okay.

R: There are in general very few state-owned companies in Denmark. Just a few, I doubt that you will find more.

A: Ah, okay.

R: Most of them have a strategy of buying big companies abroad then expanding from there. The problem in Denmark is that many of the companies are not for sale. That is why they (the Chinese companies) don´t have that much presence in Denmark; where the private owned companies tend to have a high willingness to fill in so they can set up their own business.

A: The thing is that, we have tried to contact some Chinese companies and they didn´t reply and...

R: Nope. And you will find that they are very hard to get hold of, that they are very hard to get in touch with and they have very low respond rate.

A: Yes, exactly.

R: And that´s very typical for a Chinese company; they don´t like that kind of publicity and they don´t see need for participating in this kind of interviews, so I guess you will have a hard time to get an interview.

A: Yes. So, you don´t have any suggestions, how we can contact them or if you have already any contact that we can get in touch with.

R: Even if I contact them, they wouldn´t respond to that. It is very hard, you need to find some Danish employees in these companies maybe they ca participate. And they are most likely to give you the non-Chinese version of what you are looking for. It is very hard to get hold of these Chinese companies and to get them to participate. You can try to contact the wind turbine manufacturers and "Go Wind" both are in Jutland and have development offices in Denmark, headed by Danish management teams; maybe they will be willing to participate but they will give you the Danish perspective.

A: Okay.

R: But hardly the Chinese. But finding Chinese managers of Chinese companies in Denmark to participate, I doubt that you will succeed in that.

A: Yes. This is our concern. We noticed that they are not willing to help us in this way.

R: No. There is no position in China to participate in this kind of student activities. So, either go to the ones that are managed from the Danes or find a different topic. You will not get the Chinese companies to participate.

A: Okay.

R: But there are Danes sitting in some of them. The CEO of "Huawei" in Denmark has a Danish speaking assistant, you can try to contact him.

A: Okay.

R: Joachim is his first name but I can´t remember his last name.

A: Do you think they are willing to...?

R: They will ask their boss and the boss will say no. That´s just a guess.

A: Then any other suggestions how we can continue our research. What do you think, is it a good idea to interview Chinese and ask them what they think about it, just normal people in general and...?

R: No. That wouldn´t get you anywhere; what you could do is find a Danish-Chinese incubator run by I think it´s in the Capital Region, online near the mermaid and there are couple of Chinese companies, minor Chinese companies most of them probably working all the summer.

A: Okay.

R: So, go down there and talk to Kareen and see if she can set up you to meet with some of these Chinese companies.

A: Okay. Yes, that´s a bit tough.

R: But that´s possible, they generally, the companies are not that big.

A: Maybe we can have some insights that we can use.

R: Yes. That´s definitely a possibility, but again you have to go back to the drawing board and define your thesis topic before you go to talk to them.

A: Yes. That´s true. Do you have any suggestions by chance like how we can narrow down the broad topic of internationalization?

R: Nope. I am not going to write a report.

A: No, because when you talked about before cultural barriers that´s why we thought that maybe we can overcome the cultural barriers thanks to this shift in culture and in general, so if there is a barrier and they might try to there is this shift in the culture maybe they can overcome this barrier of internationalization, so the culture barrier will not be a barrier anymore because of this. That was actually our topic in the beginning.

R: I like your optimistic way of thinking but again you are talking about a country with more than a billion of people, probably talking about more than ten million of companies each of them wanting to internationalize. Most of them having no or very little experience outside of China. I mean for the bigger ones it is easier and the medium-sized are huge companies by European standards and many of them have no idea what to do and just because of that few becomes successful abroad it doesn´t change the fact that it is very hard for most of the others actually to go abroad. So, you are touching upon a big topic. And this is a difficult one. I would recommend you to narrow it down dramatically to something tangible.

A: Okay. That´s our problem right now. We talked to our supervisor and yes, our topic is really big and we need to narrow it down. That was the right direction but actually...

R: You are still biting a very big bullet.

A: Okay. Well, thank you very much.

R: I probably added more confusion for your topic. I am sorry for not providing anything in this case but the responsibility is yours.

A: Yes. Of course.

R: I wanted to provide more insights but it´s your way to go back to the drawing board and give it some serious thoughts as to how you can narrow it down.

A: Yes.

H: Yes, but at least you were able to give us some names of employees and company names that we can...

R: I can give you even more, there are a lot between 100 and 150. It includes all the companies that are listed basically but have no employees and then you have 150 more.

H: That is also a good direction for us, so we really appreciate it. Thank you.

R: No worries.

A: And actually, I have another question because I was thinking, we are focusing on internationalization but more in Europe and maybe the US but we know that China is investing a lot in South Asia, in general Thailand and I guess Vietnam because they see these countries as...

R: In what kind of country China is not investing in?

A: Okay. So, we wanted to focus our topic on to this European perspective, because I noticed that for instance in Italy or in Spain everything is Chinese even the local things you see are owned by Chinese when you are walking at the street you see many Chinese shops, hairdressers, restaurants; every single shop is Chinese or owned by Chinese. And we thought maybe they enter Europe this way. We focus on Denmark, Europe in general but do you think it´s a good idea to talk about Europe and they want to enter Europe more or do you think that Europe for China is kind of that?

R: No, of course not. Europe still represent a lot of technology, a lot of know-how and innovation that are interesting to China and Chinese companies. Most of the Chinese companies invest abroad to gain knowledge, to get products, to get capabilities that they can use in China. Most of them are familiar with the Chinese market and that´s why they have competitors. So, whatever they can invest in Europe is mainly to bring it back to China and make money out of that.

A: That´s interesting.

R: The European market itself, yes there are a lot of market where you can make a lot of money just by stealing the products; from UK to Germany, France, Italy, Spain but going into the Scandinavian market where you have five markets or four markets with five million people. I know that we have the highest GDP in the world and that makes us an attractive market but it is also difficult you have to consider that you speak very different languages. It is a lot of work where you can just give a start selling your product in US with a 300 million potential customers, speaking the same language quite wider than Europe from a market perspective. It depends very much of what kind of internationalization you are talking about. Northern Europe or the Scandinavian Nordic countries will never be the first choice of a market entry for a Chinese company. They might try their chance, if they could get access to competencies or products that are relevant to the Chinese market. Good example is of course the wind turbine manufacturers. Most of the Chinese wind turbine manufacturers are set up there, R&D units in Denmark; where 75% of the world is wind turbines are developed and they know that they can find the best people here. But none of them thinks that they can sell the products here, they don´t see themselves as competitors at the moment, but they know that they can develop these products here and they can easily sell them in China. So, to them the investment in Denmark is based on being able to grow the market in China. And you will find a lot of Chinese companies having that attitudes towards the Northern European countries. Italy is different; there is nothing that Chinese companies like more than a good offer or bargain. And since the financial crisis a lot of companies have become cheap and cheaper on sale in Southern Europe, especially Spain and Italy. There you can see a lot of businesses owned by Chinese Companies. It is completely difficult to narrow yours. You don´t have that in Denmark, we have a very strong economy. And then they haven´t been able to find those good bargains in Denmark. So, they see a completely different structure of Chinese companies here, so again you have to look into the details when you make these. It could make maybe a comparative study up to these countries.

A: Yes. That´s interesting.

R: Or you can look into the Chinese companies that entered Greece for instance. It is a completely different market. You have COSCO Group investing heavily in the Greece harbor, because that is cheap.

A: So, this comparison between Northern Europe and Southern Europe for Chinese companies.

R: There is a huge difference but again you cannot generalize, if we are trying to do that generally they would invest in Northern Europe because of the access to competencies, where in Southern Europe in general find bargains, as a consequence of the financial crisis you will find companies that are attracted to the Chinese companies but probably not too many of the others because they are affected by the global crisis. And therefore, we have seen a lot more investments probably of Chinese companies in these areas.

A: Okay.

R: But still you have to be more specific when you look into the Chinese companies when going abroad. There are a lot of reasons for it.

A: Yes, we just thought that we can find a common trend that we could use as a general thing among the Chinese companies going abroad, because of course they are different companies and they use different styles to enter markets, so maybe there could be a way to, a small detail just something all of them use. We know that there is this trend of change, how they are perceived

maybe that´s we thought we could generalize just by seeing a lot of cases and maybe there is a common view about that.

R: I have ben already working for five and a half years with the topic and I have not come across companies that are the same, of course there are similarities but each company is different and each case is different.

A: Okay.

R: They face a lot of common challenges but they also have a different perspective or a different starting point each of them. You have the internationally advanced companies in the Eastern sea regions primarily around the big centers like Shanghai and Delta and you have a lot of companies on the inside that are completely different. They all try going abroad but with a different starting point. Some of them state-owned and some of them private companies, some of them already booked experience and some of them not and generalizing from that the starting point is different.

A: Yes. That´s really challenging.

R: It is, it is.

A: I have been in Chine for my exchange and I was so surprised. I could see how we see China and how I saw China afterwards. I was so impressed, that´s why ½i½ wanted to write a thesis about China but I can see it´s so difficult now.

R: No, it´s not. It is a big and interesting topic. But again, you have to narrow it down. It is nothing wrong to try to write about a huge topic but probably very few of your professors appreciate if you try to generalize about too much and in general people like to be specific.

A: Okay. So, in your opinion we should be back just to the challenges of internationalization.

R: I am not saying that but you should basically try to take away the 75% of what you are trying to figure out and then focus on a lot narrower topic I would say. That would be my general advice.

A: Okay.

R: Because right now you are trying to go from the Chinese government strategy for the perception of China to how Chinese companies internationalize themselves and that maybe a broad view.

A: Is this cannot be seen as a common view for the both perspectives? Like the Chinese government wants to change the perception of China and then the business has to follow the same perspective or they kind of influence each other.

R: The Chinese government obviously has a lot of interest in Chinese companies and they do reflect on their behavior how to internationalize; but it´s more in the way that they look for some of the government strategies, so a lot of them currently trying to invest in and follow the "Road and Belt" initiative, how that is perceived. But since the initiative is very general and has very few specifications then of course the Chinese companies are facing challenges; how they are actually investing according to the "Road and Belt" initiative. They do have a lot of challenges following the government, but it doesn´t mean they always follow the government´s way of going abroad the Chinese way is very much testing the water and if something works, they expend the policy. You can see that they have different ideas in different zones and if one of them work they make it a national policy. But the same thing is going on with companies. You test in different areas how companies internationalize and the good point within will be followed by the others. But you cannot say that the government plan for how they behave when they internationalize. There is a government plan for what they can invest in and that´s it. Don´t overestimate the capabilities of the Chinese government by saying that they are deciding how companies should invest in. They currently are trying to decide how they can find or what they can find in terms of going abroad and that´s roughly where the limit is at the moment.

A: Okay. Yes, I think that this is enough. Thank you very much for your suggestions and advice.

R: I don´t know whether this has been helpful but you are more than welcome to give me a call again.

A: It was really helpful because we like to be challenged and we want to do our thesis I the best way and that´s we started with a broad topic and we thought that we narrowed it down enough but actually I can realize that we have these holes that we have to fill in. We have to see the different perspectives. And just a quick question, do you think it´s a good idea to interview consulting companies or if they can help us somehow?

R: If you can get them to do it that will be fine, but I don´t think you can.

A: In case we need to ask you more questions, can we get in touch with you again?

R: You are welcome to give me a call on this number it´s active until the beginning of August.

A: Okay. Perfect. Thank you very much for your help and time.

R: No worries. Good luck!

A: Have a nice day!

H: Thank you and have a nice day!

3. Interview Questions for Huawei´s Nordic Sales Director, Copenhagen

Location: *CBS, Dalgas Have – Frederiksberg*   *Interviewers:* **A, H**   *Interviewee:* **R**

H: First of all, thank you very much for your time.

R: You are welcome.

H: Before we start, do you mind if the conversation is being recorded?

R: No, no problem.

H: Thank you so much.

A: Thank you very much. So, what is your name and current position in the company?

R: My name is Rene Rasmussen and I am currently the Nordic Sales Director of the company which is operating in Copenhagen.

A: What is your field of expertise?

R: As a Nordic Sales Director my field of expertise are strategic planning, operation management, customer relationship management and new business development. My role also involves a high degree of market monitoring, trend analysis and result tracking.

A: How long have you been working in this field?

R: In this company, since the 1st of October, more or less months in Huawei. But internationally whole my life, about 35 years.

A: You are working for a Multinational Company which is dealing with many products, could you share more with us?

R: Huawei is a leading global provider of information and communications technology (ICT) infrastructure and smart devices. The company focuses on four key areas, which are IT, telecom networks, smart devices and last but not least cloud services. Huawei has a huge range of products and their main object is to sell to pioneers. They sell more then Apple. There is also this carrier part, Huawei provides TDC Group the infrastructure they need. That whole equipment is equipped by Huawei. Except that there is also the enterprise business, they give IT solutions to enterprises a network if you have a cooperation. Everything is used to tie these to have one network, on top of that we sell server application, accounting products. In that server we also sell storage, which is a disc, where you can save all your data. We also sell the cloud which is also one of the key points, as I mentioned earlier. All operations are done depending on the rules and regulations. The company creates maximum value to its customers by providing competitive information and communications technology (ICT) solutions and services.

A: What is Huawei´s opinion about the Western markets?

R: It is a huge opportunity for Huawei. The company was suffering along with other companies. Selling your products on the home market is easier than entering a new market. There are many challenges, strategies need to be made carefully. It needs a lot of preparation, doing continuous research on the new market.

As I said, many companies were suffering to enter new markets. There were 3 top countries – for example, in Africa, the economy was not very good.

As I mentioned earlier, Huawei is a huge IT provider company alongside many other services. There are many different companies that provide network, but they also get the equipment from China. People are scared of what they know and what they´ve heard about China until now. And lots of countries listen to what US says about China and get scared. They shouldn´t be scared of China. China is changing, they are doing so much in order to get better. Maybe you have heard, CISCO got hacked and this affected large internet service providers and data centers across the world. A lot of customer information was exposed to the world. Finally, there is a cultural difference. But for instance, if you go in developing countries and say we will do your roads and infrastructure if you buy our products and they will clap their hands and say "You are actually helping our country", which is what a lot of Chinese companies have done. I don't know whether Huawei has done it, but I know that is what happened. What they also do is that, they have KPR´s stating that they have to visit so many customers monthly, yearly. So, in Huawei and in many Chinese companies they send out their workforce to the Western countries when they open an office. Our office for instance in Copenhagen, I would say probably 40% of people working there are Chinese; but they actually send out to learn about business and how to do a business in that country.

H: Does it mean that they are interested in the market?

R: Yes, they are very interested in learning and Denmark and all the Western countries how we are working and what we think.

H: Is it also to bring this knowledge back to their home country?

R: It is of course to bring back the knowledge to their home country, everybody would do that.

H: Of course.

R: But everybody wants to make money. They are in the industry to make money. But it is also to teach people another way of thinking. How do they think, if we have to sell out products in this country or in this part of the world, how do we target them, how do we make sure to sell out products here; whether that´s marketing or whatever, of course that a huge part of it. But there are more than 180 000 people employed in Huawei, where more than 80 000, that´s 46% of everybody whose employed are doing research and development. If you are looking at the technology, they are not waiting for other players to actually develop the stuff for them, they invest so much money in ahead all the time. So, if you look at the products, they have excellent products, they are cheaper than most of the other products because of the labor force when they produce it in China. But they have a problem breaking in the Danish companies. Some of the problems are: some of are still afraid, they believe that they use money for everything they do and some little scared that when you meet a Chinese guy, it is a little difficult to understand they don´t speak "the English" the way we do. They speak "the Chinese English", the pronunciation is quite different, so it´s very difficult to understand them. Sometimes they misunderstand what you are saying, because they are not very good in English. And if you are a Danish company or a Western company you are used to speak English, because English is the business language all over the world. You expect people to be more fluent in English, if they want to do business with you. You don´t want tell the same things to these guys, right? Hence, they are starting to employ local people like myself, because they know if you want to meet somebody in Denmark you need the local to front.

H: Even though they are not fluent in English, they are still in the center of the world, as a country.

R: That´s true.

A: They are moving with the English problem.

R: If you want to go to China, or if you want to get employed in Huawei you are centralized, it is "the place". We haven´t been living here the whole life but if you go 20 years back, if you got employed by Maersk, it was like you are the top 5% in Denmark. I have been working for Maersk for 11 years and I would say I was the top 5% and I think they made a mistake the day they employed me probably, but it is the same in China. Huawei is just "the place" to be, because the way they treat the world falls. In Huawei what they call an A+ employee means that you deliver actually more than expected then you can come in this group called A+. They have five different groups for employees. Every employee is marked every year.

H: Okay.

R: If you are an A+ employee, you are alleged both to get share in the company, so the owner actually owns only 1,5% of the company, the rest is owned by employees. So, what he does is he says "Well, we need to have so much money to do research and development" and we take the product and we split most of the profit between all the shareholders, so that means if you get a share or number of shares you can have them for 5 years, during these 5 years you get a percentage of the profit. We are talking about many many billions, US dollar in profit every year. Actually, they can make so much money in those 5 years that will actually very well taking care of the rest of their lives. That´s why everybody wants to get in Huawei, everybody wants to deliver better than anybody else, so they are extremely competitive. I am already old, but the other guys are so competitive to get the bonus for 5 years then the company buys the share back and gives it to somebody else.

H: So, everybody has the chance to get a share in the company.

R: Yes, everybody has the chance. And then they get an extremely high salary for 5 years. Well, if the company is doing well of course. But the problem I think with profit sharing is what if it´s a loss sharing. I have never heard about an employee saying "If you lose money, you can take half of my salary". I am a little skeptical, well I am not actually skeptical, many people say they want the profit share then sometimes the profit is really saved for bad times. But this company gives us a lot and I can feel from these guys I work with they are really competitive, but they are also tough, so in China if you get employed by Huawei, they will have you sign that you don´t need any vacation at all. So, you are not entitled for a vacation at all. What they do is they say "Now we have a period where we don´t have much to do, so you can take a vacation". It´s the company that controls when you are off but you are not really entitled to a vacation at all, but I am, because we have a different law. But in China that´s the occasion.

H: In China, they can´t have any vacations.

R: Yes. They have different kinds of rules.

A: Okay, thank you. What is your personal perspective about the rise of China and the Chinese market?

R: That´s a big question. I think, let´s call it the western and the rest of the world we need to be able to compete with the products that come out from China, I do believe in putting restrictions, this is my personal opinion but not the company´s that I work in. I do believe, for instance if you break human rights then we should penalize companies that do that. But I don´t believe in forcing other countries to live the same way that I do and the values I have as a person and the values that I try to give my kids and the culture and values that we have in Denmark. I don´t believe in opposing that in anybody else. When you go into Iraq saying Chinese are not good people or sweet or the Danes are not, I don´t believe in making a revolution for a country. I believe in aiding people where they are and trying to make that country better. But if you look at China, China is so big, right and if you

look at India also, they are so big that you will have areas of that country, where human rights are being violated. Just because of the size of it. Because if you look at how many people need in order to make sure that nothing happens that is bad to people. Then it´s not viable from a financial point of view. I only say to Indian people when I meet them that every time that I read that they have these 5 – 6 – 7 guys have raped that girl of 8 or 9 years old that I find it despicable and I really don´t, I can´t support a country that supports that. But I also understand that half of your evolution from where you were is something, we did maybe 200 hundred years ago in the Western Europe, so I also understand that you have a problem, but you need to dedicate more money to solve that problem compared to strengthen for instance the arm forces. That´s what I say to them, but I really hate when people violate the others, especially girls and women more precisely. I do understand that everybody has a problem, but from my perspective everybody is equal. I have lived in the Middle East for 6 years, so I have seen many things.

H: I would like to say that I really like how Danes help their wives with baby care and household duties. That´s amazing, but that´s not the case in the other countries.

R: No, but there is a reason for that right. If the husband goes to work and if you don´t have an equal salary then it´s much better that the husband goes to work and the wife take cares of the kids because if you go to work and the salary is too low then he can´t stay at home. But in Denmark it is not equal, I still recognize that it´s not equal but it is far better than I have seen and everybody needs to get out of home and have socialize with other people to come home and I think it will heal the relationship. But if you look at the... people are scared of China, well I am not really scared of the armed forces you could say that in China, I can be little scared of the business and they take over so many companies right now. They were spying on people all the time. When I was part of Maersk and they were trying to get in China actually it is a long story how they managed to do it but I think in the future they will continue to have that. Today they have so much money in China, they are so rich in China they can just buy whatever. They have an opportunity to buy knowledge that they don´t have internally. So, where in the old days where they spied and copied everything, they don´t do that anymore. That´s the technology we need, so we will just go and buy a company. Like the Americans have done for a long time and German companies and all other countries. They find somebody that matches whatever portfolio they have and they require them. You will see that happening all over the world that Chinese are buying out so much. In the old days we would say it was the South East, Arabs are going to take over the world. Well, that was 25 years ago and it didn´t happen, so I don´t think that will happen with China, too. They are becoming so commercialized. I wouldn't want to live in a country where they rent a country like they do in China. I wouldn´t want many countries trying to take over Denmark and then do that, even though we are very nice to many strangers.

A: Do you mean that we shouldn´t be scared of the rise of China?

R: I don´t believe we should, because they are doing everything on commercial terms like everybody else. We are smarter than them, if we acquire the right company instead of them then I believe we will continue to compete. I don´t think the will be running the world. They will definitely become a super power, the same level you could say as Americans, actually they loan them a lot of money, right? But they will become a super power unless you say the opposite. So, you have Russia, China and US, probably the three basic powers also financially.

A: What are some of the external factors affecting market development?

R: Well, I think, most of the factors are internal, it´s something China wants. I think they have realized that they have to break out the home market and commercially go into many other countries. As for the external factors – many developing countries get an economy now where they are able to purchase products. I think many of these countries feel that the Western world left them to hang in there. But we actually didn´t do much to build the society for them. I do believe the

Maersk I was in actually did that to a large extent, so if you go into Africa much infrastructure when Maersk is going to contract for internal for instance they will build infrastructures – schools, universities what you have in that area for the local people not for Maersk but for local people as part of the deal and say "We will do this for you", because Maersk also wants them to get a higher education and have more business there and also more products, so it´s not only philanthropic "I am going to help the world" but it is also doing business. I think they have more money now, so they can actually purchase stuff. And then there is a chance for the Chinese with the low – price products, because the hourly rate for working in China is less than the other western countries that they cannot compete with a western pricing of products. I think the financial state and situation of many developing countries have improved so much over the last 15 years that they are actually able to purchase products on hands, that´s the external factor.

A: In your opinion, how China and Chinese market are being perceived by Western people?

R: Well, by Western people, I think the Chinese market if you look at getting into the Chinese market it is very very difficult. There is a rule in China that you are not allowed to own a company, I think more than 49% similarly in the Middle East, if you start a company there it will be owned at least 50% - 50% in China, so as such some companies will see it as a risk going into China, because they cannot guarantee they have full control. Then in many other countries including the Middle East connections are very vital in China you need to know somebody in order to meet the right people and get to send it to the right people and I think that can also be difficult. The language is also very important, we still have many many many huge part of the population that do not speak English, if you want to go in and do your business with the local people coming from outside that speaks either English or Spanish or Portuguese, typically Indian language that we do business in these areas, it is going to be very very difficult unless you have people on board that speaks Chines. In Maersk many years ago, what they did was actually trying to break into that company and they just couldn´t get any connections, they didn´t get any contract to go. So, Mr. Moller took the decision to take in a lot of young kids to come in right out in the universities in Denmark. He gave them a 3 – year education internally something we called MIAC education in Maersk, so while they were finishing in university, they took also a business education in Maersk and when they finished, they were all sent to universities around China and part of that was actually in Chinese. They would end the tasks, spotting who would be the next people with power in China, because they know that they are getting pretty old, the government and everybody who was running the country, so the task they had was to learn Chinese, learn how the society works, finding out who will be the next person in charge, so they did that. They became friends with these people, it was the part of the network these Chinese people have, so when these people slowly grew and got into power then they decided to get the contract. Maersk got a lot of contracts. I don´t know whether they do it today, but many years Maersk continued to that every year – sending young kids to China to spot the next ones. So, when they start to grow old, we become friends with the next level. That´s how Maersk did it. And they took many years to get profit on that. But it took it as a long – term investment and said this "Part of the world is so huge, the market is so huge once they start getting money eventually, we will be there". That´s how they did it. But again, for many other companies is difficult to get in, because many companies don´t have the funding to say "This is a 10 – 15 million investment you want to get in , you want to have an investment, you want to return" so I think, it is very difficult to get in the Chinese market.

A: Do you know about "MADE IN CHINA 2025" plan and "BELT AND ROAD INITIATIVE"?

R: No, unfortunately not. Maybe you can teach me.

A: Yes, we can explain you in a short way. Basically, "Made in China 2025" plan is made by the government, they want to invest in different fields and industries of manufacturing, in order to improve the investment and the return out of those industries. IT is one of the main fields.

R: Well, I think they generally just do that. I didn´t know the specific strategies. That they are investing heavily in some fields, especially high – tech companies. They have a lot of consultancies helping them. For instance, in Huawei we had an IBM looking at the processes, the Japanese coming, right. They actually have the best practices in trying to learn from this and they do it. I normally say you can do it your way and we will do it our way. We have a special way of doing stuff, which is trying to take the best of the various let´s call it religions

A: Do you think there is any shift in how China wants to be perceived in Western countries or in general (as a country, with the products)?

 R: I think as a country they want to be more transparent, more open to want the rest of the world. I think they have realized in order to get in and be loud and also to buy companies, let´s call it the Western part of the world, because that is what they want really. And to get in – they have to be much more transparent and calm down the old ways of doing it. Like they had, I can´t remember exactly but I think 25 years ago beating to death more or less and swearing in China like in Moscow, so generally I think they want to show that they think differently about humans now, it´s not like they did 25 years ago. So, I think they want to be perceived as equal to the values and the way we run our countries in most of the Western markets. They want to be on equal terms in how they run their company and I think the products are getting much better quality, especially the products´ quality increased tremendously. In the old days there was a reason that so if it´s "Made in Taiwan" and you could buy the product for 10 kroner compared to the Danish, Italian or Bulgarian stuff that was 100 kroner, so definitely the quality has gone up and they make sure that the quality is up there. They could get away with it for many years again in the developing countries, because they couldn´t afford anything else but they can´t do that anymore, they know that breaking in and up against German companies, Italian, Bulgarian for that matter the Danish products, they have to be the certain quality or they have to be extremely cheap, so you would prefer to buy 5 of these instead of 1 of the others. But in general, they want to raise the quality. I can just tell you Huawei´s telephones and they are number two in the world, right? If you go back a few years then it was like you know you buy a Huawei phone you look at it and sometimes it works and sometimes does not work, but now it is completely different. So, the quality the way they manufacture the stuff is much more automated then I have seen somewhere else. Actually, they said to me out there, "This is actually a camera, which has a lot of stuff", but if you look at the camera that´s actually three cameras now in a Huawei phone, so it´s fantastic to take pictures with. What do you guys prefer?

H: I prefer IOS it is easier to use, I don´t like working with Android, otherwise I would prefer Huawei´s phones for sure. It is cheaper then Apple´s phones and as you said the quality is quite high.

A: My phone is a Chinese brand, it is not that well – known brand but it is quite good, the battery lasts 2 days.

R: Well, just think about the home market in China, everybody there wants a mobile phone, there are a lot of phones, so building something that actually sustains and people like, they will win the battle out there and they have done it to a certain extent. Then you have a number of smaller companies that are on the market now and try to compete but I think the problem for them would be that the logistics part, which Huawei now has gone really knelled, so the cost of it is all low to produce the telephone would be different for them, because they would have to make huge investments to get that. If it is a small company, you need have a return quickly otherwise you will run out of your business. I think right now they have one in China, that will still be coming telephones out of that differentiate themselves so little on stuff but in general they have don very well. I was actually in the factory where they have produced them, one of them actually they are 15. They have production lines in a huge factory, so there are all these lines and in one production line

where there are 11 people in total from the start of producing the telephone until it comes out and they produce 2800 phones a day and per line.

A: That´s a lot.

R: And the only reason of the 11 people out there is just to see if the machine shows any mistakes that the pattern does not seem the same as normally is, and you take it out and check it, so you have these checking spots. Then you have the robots running around the factory. When you sit down and the machine finds out I don´t have the spare part I need, in order to actually produce the phone it actually sends the signal to the logistics and of the robots goes there and takes it out automatically from the storage and runs back to production line and then there is a guy physically right now but that´s going to be changed, so he takes and inserts in into the machine. When the phone is finished it´s stocked in layers and ethications are implemented and tested on the phones automatically by machines, so when it comes out, it goes into small boxes and then the boxes are moved into the robot and the robot goes away with them and stocks them in the storage. Now we have many phones done, that´s why we are making huge profits. Now, I am actually selling a lot to Maersk, which is going to sign a huge deal with Maersk, which probably already hit the news. They actually want to buy the phones. They say to me "Rene, can I get the phones they are so cheap, what was the price?" and I said "The price is what you pay in the shop" and he said "No, no, no but we are Maersk, we will buy 20 000 – 30 000, we want 50% off the price". It is pretty much Maersk, I have been there. And said to them "You know guys, we actually don´t bother about selling to companies", we sell so many phones that we can´t even produce the number we sell. But if we sell to a consumer our profits might be 2000%. "Now if you ask me to sell it to 50% off the price and with your money would you then sell to somebody 30 000 and then the profit drops 50% and you earn so much money, buy your phones from Apple maybe they can offer you something, but we don´t want to sell to you". That´s actually what I told them.

A: Okay, that´s interesting.

R: So, we are actually looking at ways of making the factories bigger but Huawei also knows that you shouldn´t just make bigger bigger bigger, because at a certain point in time somebody else will come up and you will start losing your market share. Maybe there will be another type of phone that will be more popular, so if we keep expending that´s how we have 50% too much, we expended in 50% too much factory and they don´t want to do that, they want to keep it at a certain level and say "This is what we produce, this is what we can sell, we can expend it a little but we don´t want to expend it with 30% even though we can sell 30% more", because it´s not sustainable and the investment won´t be profitable in couple of years, this what Huawei thinks.

A: Do you think the sensitivity towards quality, design and price of the offered products & services has been increasing?

R: Yes, definitely. Consumers and companies are much more sensitive towards quality, because today you want to get on the moon, right but you just don´t want to pay for it. But you want to have the best of the best, but you just don´t want to pay the top dollar for it. That´s why they have to get the same quality as everybody else for lower price. But what they actually do now in my mind is they actually have a better product and then they just sell for a lower price. And now more and more consumers have different interests. Again, some of the products, I mean phone, to me it is very much related. For instance, "Apple – a lifestyle, Apple at home, wherever, I just have an Apple phone", but you used to that operational system and I know that they won´t give me a Huawei telephone, they won´t do that and they want me to buy my own, that´s why I keep my iPhone. It took me a while to get how it´s working and this disturbs my work life, so for now I am fine with Apple. But I recognize that actually Huawei products are better than Apple products. If you look at especially the camera part. As private people today, when you go travelling you take all these phones you have Instagram, Facebook, Twitter where you have to be at the best and where

you have 1000 followers, so you have to put up something all the time. And that´s how they can differentiate themselves, that´s with the camera, it´s just the highest quality. On the enterprise market with the businesses what they want is something that is similar, so they have systems and networks and solutions that they already have and are all over the world. They want a gadget that can easily go in and they can run their whole systems and network on it. That´s what vital for them and also that it lasts as long as possible. So, if you want to make investment in something, in the old days we said 5 years and then we changed PC´s, you can´t have a PC for 5 years anymore, if you keep your PC that is 5 years old, they will say "Is that your granny?" You still have to make a quality so it looks like this is going to last for 20 years. But we all know that, maximum 3 years and then you have a new PC or a phone. Phone is more than 3 years, so the quality must last a life time, but because of our lifestyle what we signal to people as people, so this is part of my lifestyle "I have an iPhone or I have got the latest one", that signals that I probably can afford it that I am in control of my life and I think many people want to signal that nowadays. The lifestyle is very important to signal that and that reflects on products, because actually you don´t need such a big phone, right?

A: What do you think are the consumer attitudes towards Chinese products & services?

R: That depends, I think in general if we talk from consumers´ point of view or us as private people, I still believe that Chinese products are not good enough. People still remember "Made in Taiwan" and Taiwan is quality to the Chinese and Chinese is quality to the Taiwanese. When people see "Made in China", "Made in Taiwan" it´s like you always buy the stuff for $1, DKK10, and you could buy 15 pencils for 10 kroner. So, I still think that people see it as plastic to a certain extent, but I think it is changing and why I can say that is, you said you use a Chinese brand phone. "You wouldn´t buy it if you thought that you will use it only for 2 days, no matter what the price was", it is also because you think it is actually okay and smart and you can do something the others might not. So, you took a chance and said "I believe that it is only better quality". I also think, as people start writing more positive stories like we have this TripAdvisor, all these platforms where comment what is good or what is bad; then everything is going to change. But I still believe that the perception for the quality still isn´t good. This is the one part and the other part is I also still believe that people think that factories with small children sitting in it that will also have an impact on people buying the Chinese products. Again, I don´t say that doesn´t happen anywhere in China, probably does, because it is a huge country I do believe that in small countries like Pakistan, India they still do it, but China has more control on it than they have.

A: What are the drivers for consumers to purchase "Made in China" products?

R: I think it´s price and when I say price it´s price – performance and from performance I don´t mean it´s faster than everybody else but also if it´s got something the other one's don´t, so it´s like differentiation of the product so again if you take a lot of photographs and your friend got a Samsung and then you buy a Huawei phone and you go out take these pictures and then you put them next to each other and I will say this is my Huawei. Well, I remember the old days when mine was good as you your Samsung. It is a little bit nuisance to say it but it is always nice to be a little successful compared to other people, we all like successes in our lives and sometimes it´s nice to have a product better than somebody else. And I believe that people go for Chinese products, but I still think that´s a quality perfection.

A: What is the relationship between Huawei and the Western market?

R: Well, the relationship is okay for a company that went in the Western countries not that long ago. If you look at the companies that are customers of Huawei. If you take the top 500 companies in the world it´s around 45 - 50% of them, they actually buy stuff from Huawei. A lot of these companies they are not Chinese, Indian or African, they also choose corporations in the West, so some of the Swiss banks they have built all the infrastructure on Huawei products, Deutsche Telecom are running all their infrastructure in Huawei, Fondsbank Group and B&W Group in

Germany are running the infrastructure globally on Huawei, buying Huawei´s products. They have succeeded in getting in to some of the let´s call it "quality brands", what I don´t understand and I said that to our top management when I met them in China "I can´t tell the good stories", because telling the good stories mean that if I go to a Danish company and say "You should buy Huawei and this and that" and you will just listen and say "Wait a second" UBS is one of the biggest banks in the world in Switzerland "Why would I run your infrastructure?", so if we tell those good stories also in the news I think there will be shift much faster than what we actually do. When the Apple X recently came out in London, there was a huge line where people were waiting to get in there to get the phone, what the local guy in London decided, he was in charge in the Huawei´s office in London, he went out and he got a lot I think around ten thousand Huawei power banks that you charge your phone and then he and his employees went with Huawei shirts on and they went through the line "For the first ten thousand it is a power bank from us, you will need it". So, you could say "Is that nice" and actually someone was filming this and it´s actually on YouTube and suddenly it got a huge exposure all over the world. This was just meant to be a local happening, where just everybody laughs, but because it was filmed and put on YouTube then suddenly it was all over the world, Huawei now is making fun of Apple. So, there was also a huge discussion "Do we do stuff like that?" "No, we don´t do stuff like that", but on the other hand if you look at the lots of Apple advertisers they can go around and with their lifestyles. Nothing happened to the guy over there but he was just told that "Before you have things like that happening maybe we should have a discussion on the consequences, because today nothing is local everything is global, whatever you do is global".

A: Are there any obstacles in the relationship from both sides?

R: Right now, the biggest obstacle is "an elephant running around in the US" saying that it is dangerous to buy products from I think it´s Huawei and then a PC provider I can´t remember the name of it. As long as a person who has got so much influence on the Western world is running around and saying "You should all be scared" then of course the bad stories will flow more than the good stories. So, in that sense yes. Apart from that people are gradually realizing that the quality of the products is getting better, some of them are much more advanced than the stuff you can buy locally and for a decent price, without having a child labor then I think things are shifting very very slowly.

A: So, influence is a big part of it.

R: Yes, definitely. Political influence is huge. Playing on what he is doing of course, he is very protectionist, so he is protecting his own brand in the US, so they don´t need to mock that much as long as he makes sure that people but the American product, but he plays on the old fear to a certain extent you could say that you also use that in an elective campaign, I am not saying it´s right or not I have just read it. He is playing on people´s what people perceived be the truth without having facts. So, the political climate definitely whether it is in the Western world, or the political climate for that matter in China, because of that changes then it will be the huge and fastest change in the Western world if that changes. It could be just a small thing that blows up and nobody would buy the products, because of the relationship right now between the US and China

A: What are the main differences in working with Western Markets, i.e. Europe and USA, and Chinese market?

R: The main thing probably is the hierarchy. Especially in Denmark, least in north European Scandinavian companies have a very very flat hierarchy. You have a good idea or you want to change something you can go to the CEO and say "Why we are doing it like this, I actually have an idea couldn´t we do like that" You can actually jump several layers in the organization. And nobody would say "Oh, you should have come to me first". Now in China, if you want to change something, you have to go through the hierarch, in order to actually get up there. Now, I can only

talk about Huawei how I see the company. They said and repeated many times why I was there, you cannot change this company, we cannot do revolutions but we do evolutions!!! We can improve the company but we cannot change it. It is still built on the "four values" that Mr. Ren, he is the founder some 35 years ago in the company he was built in. It is only 35 years old the company, started by riding on donkeys delivering stuff. It is still on these "four values" and he still believes that they are the most important and they will drive it into the Western world. It is a challenge, it is also a company where you need to have friends if I want an organizational structure, they will look at me and say "What do you mean?" "Can I see your organizational structure?" and they will just keep saying "What do you mean?" because we don´t have an organizational chart like we do in the Danish companies or the other companies. There will be like there is the founder, then you have the CEO, CFO, and then you have few other names and below that you have business uniforms. If you want to do something in Huawei you need to make a network, who could actually be interested in following this idea, well it will probably be the European president, then I have to talk to this guy. I can have an idea and maybe we can do whatever. It is not like you take we have many other companies right a good idea, you put it in the mailbox more or less than the management will look at it at say "That´s a good idea, we will talk to this guy", they don´t do that. You need to have a lot of people that believe it is to talk them, like selling something I have to pitch your idea, in order to for them to realize that this might be a good idea to try this. So, in that sense they are "This is how we do it, we don´t change that we are successful, so don´t take change out processes". For instance, I have never been in a company where they didn´t give me a company, I got a lot of stuff in the contract then they send me to China. The first week I was there with the customer, so they paid my full food, of course they do, the next week was kind of a training education for me that means that they don´t pay your food when you come with your bills, they will pay your allowance a day. I haven´t try that before, I have been a director for so many years, so I have always had a company card, here you don´t have a company card. Actually, you should have a good, stable economy, because I am going to China for 3 weeks, so it will be pretty expensive, staying in hotels and stuff; so, when I get back then I can claim my money, but I have to put out most of it, that´s expensive, so they have booked the hotel and the flights but everything else you will have to pay and then you will get the refund. I have never tried that before, but I know some companies do that, but I haven´t been in a situation where I would say "No, I am not going to pay for that" "What do you mean?" "It´s food and I was travelling on your behalf" "No, no, no you get an allowance a day". There are a lot of things that are different. The documentation in the company, 5% of the documentation we have, just the 5% is in English, the rest is in Chinese. Just think about you say "Can I see the marketing strategy for breaking into this market?" then they send me a document and then I look at it and I think what is encrypted over, and they said "Oh, we have somebody to translate it", we actually have an internal translation that I can take it and it actually translates it very very well to English, better than Google translate. We have a tool like that. When I was in China, they said to me "What do you think about it?" To me it´s exciting to be a part of the business that believe that can grow so much and also in Denmark, so I believe it´s going to be a huge success in Denmark. I find this funnier to grow and actually be defensive and just sustained right. I said "That´s fantastic" and then I said "It´s going to be fun watching this company become international". And they looked at me "What do you mean, we are in 180 countries? What do you mean international, that´s not being international" "To me you are just a Chines company that you just happened to work abroad also" and they looked at me "What do you mean?" "Well, the best example I can give you is 5% of the documentation is in English and 95% is in Chinese. Now how many people speaks Chinese outside of China. Not many, so the business language all over the world is English, that´s the international business language, if you speak 5% of that then you are not international. You are a Chinese company happened to work abroad" and they said "Yes, yes but we are doing so much",

because they are really taking people and send them to universities and study English and they become much better all the time but they are just getting there. But they just didn´t like that I told them "This is just a Chinese company that works outside your borders". But many companies are like that, same with Danish companies. Maersk, it is an international company. We have a lot of international people on board, actually more than we have Danes, which is good otherwise it will go down the drain I think, but everything is in English. If I speak to a Dane, if I send him an e-mail, everything is in English, because if they set me the next guy, he needs to be able to take over. Then I went to COWI and I was 6 years in the Middle East, I worked for the company in the Middle East, designing and building two international airports for the government, reporting to the government. And I actually said to COWI, you know they treated it as a Danish way of working "Guys, we can´t do that, we have 500 people employed in an appointed time", where there are not many Danes, but they treated it as a Danish company but you can´t do that. We are an international company now, we have to treat these people differently, because they come from all kinds of places all over the world. You can´t just go in with your Danish attitude and then say to an Indian guy "I expect you to come and tell me if something is wrong". What you tell him what to do then it´s going to do like that. He is not coming back to you and say "It´s wrong". It takes time, how we control people that are covered with a different perception. You are the boss, so by default you are right. I always say "by default" I am wrong. When I have a department, I say "Question everything I say, because I am the only one who can make us fall off the cliff. If you just do what I say, so you have to question everything I do". That´s the most important thing and then the second most important thing is the function to filling out. But the most important thing is to question everything I do. But these Indian guys, they don´t do that, so I said to COWI "You are just a Danish company that works abroad". We have to treat this as an international company when you are 500 people. It´s actually a sizable Danish company, if you take 500 people; so, we have to do the same management structure and policies. You can´t just do they way you do it in COWI, where you go to one Dane to the other, and then you wait for this and that, you can´t just agree with somebody and then you have 15 Indian guys they will just go out and do what they´ve thought you say and not what´s actually right. So, to mention again a Danish company working abroad, it´s the same with Huawei, but they are getting there really fast.

A: What is your personal opinion about the internationalization of Chinese companies?

R: It is that it is going so fast. They are investing so much money in Chinese people to get them educated the way we thin, not because they want to take us over, but because they want to understand how to sell their products and break in to the Western markets. It´s not matter of stealing our own ideas, but it´s trying to understand how we function. This saying where Western companies that want to break into China try to find out how do they work; how do we sell our products it´s the same thing. It´s all commercial, money makes the world. I will keep saying this until the day I die. There´s no humanity in stuff, money makes the world unfortunately.

A: To what extent cultural difference affects the business? How the company deals with it?

R: What is affecting the business is a lot, because again, when these Chinese guys are sent out, they want to be an "A+ guy", they have to get some KPI´s (Key Performance Indicators) in China, where they are being sent to Denmark for instance. You are going to be part of the sales and you are going to have the segment of companies, let´s say top 50 companies in Denmark. One his KPI´s will probably be I guess it is you have to get at least one meeting a week with one of these companies, so this guy now goes to Denmark and has to have 52 meetings that is his KPI not a matter but to get the business all on. He has to have those 52 meetings with the top 50 companies. That´s going to be difficult, he comes here not very good in English approaches with a product, where nobody really understands it, some are little scared, so what happens sometimes I have already experienced because I am old. If I go to a company, let´s say I go to Nordea in Denmark

and I set up a meeting, then I have a meeting with one my friend from my network to say something about products, now I am in Huawei, stuff like that. When I go there, there probably will be five Chinese guys along with me, they have nothing to do there, they are just going to be there so when they go back, they can just put a tick in the list that they had a meeting with the customer. They will sit and while you are still sitting there, they will start speaking Chinese to each other. This guy in Nordea will say "What is going on? What they are talking?" I don´t know what they are talking about, it hasn´t happened to me, but I know that it happened to other people, that´s why I say "This is the culture", because they know that they have to have all these meetings and they can´t get them there alone, so they will just go. Sometimes it´s good and sometimes extremely bad. I can tell you a story, there was another country where we were negotiating a deal with the government. There was this Minister of Transportation and we had somebody in Huawei this is not Denmark it´s not actually Europe at all, this guy we employed was a personal friend of the Minister of Transportation, so we got an appointment with him. With him actually went these number of Chinese guys, so they were just sitting there and he was just telling about Huawei and they were telling about these products, this project that this country was running. In the next meeting they were going to discuss all these products. This time thirteen Chinese guy showed up and the Minister of Transportation started to say "What´s going on?" He was sitting there with his IT guys and the project guys and they were thinking "What the hell is going on here?" So, they were discussing and in the middle of the meeting the Minister said "Let´s have a 5-minutes break, you can have some coffee". He went to the restroom and two of the Chinese guys gets up and walks behind him. I mean, he goes to the restroom and they follow him, standing there and keep talking. One of the values they have is "perseverance". You have to persevere and of the other values is "inspired dedication". You have to be dedicated. But I said to them "Dedication and perseverance is not holding somebody when he is in the restroom!" That´s also a personal respect to what other people that have to be part of it. So, you can´t put in the KPI, but it´s just to show that they all want to go in and talk to a customer and say "I have been at a customer meeting", so they can tick off and potentially become one of the "A+ guys", because you far exceeded your KPI´s. If you look at culture from that perspective, because that´s what they do in China, in China they know if you are a business guy you get approached, you will get approached by 50 different people from the same company that´s just how it is. I was sitting in a meeting yesterday and we were talking to this client and the Chinese guys next to me, it´s a guy who was going to make a recommendation to the Committee in the company and then they will probably choose our products to get the contract. He said "Well I am going to meet, I will recommend your products and I am meeting the Committee on Thursday", then the Chinese guy who was sitting next to me said "Can I have the names of people in the Committee?" and this guy said "What do you want them for?" "Well, I will have somebody to contact them, if they have any questions related to our products". Why would you do that? He is going to do recommendations to somebody we don´t know and he has looked at five different products. He will go there and this guy says "Well, I will have somebody to go in there and talk to these guys", but they haven´t seen our products, it is only the consultancy, and I just said "No, we are not going to do that, so don´t bother" if you are in Denmark that situation would be really awkward, so in that sense they need to understand how we do business in the Western world. Actually, I said to this Chinese guy, who is my colleagues "If I was sitting on the other side and you did that and if I was the part of the Committee, I would disqualify you as a supplier, I don´t care whether you have the best products, if you do like that we don´t want a deal with you, I would kick you out". And I am not the only one who thinks like that, because we have rules and regulations and processes and if you just violate those, the next thing what comes is we don´t pay the money for.

A: What do you think about Chinese values?

R: With the values in our company, as I said it´s perseverance, that means we just don´t give up. If we think we are right, we will try different ways to tell people why our products are the best and I believe that´s a good value. To inspired dedication – I also think that to me it´s the same as leading by example, just doing the stuff, making an extra effort and telling people that, you know when we do the extra effort sometimes it actually pays off. What if we just sit back and say "I have done whatever I supposed to do they don´t want us, they don´t want this", but if you can do more than you should do with dedicated inspiration, so in that sense I think it´s a very good value. Then we have something called customer centric – it is a word every company uses today, if you go to any company, they would have a strategy to become more customer centric, we need to get closer to customers, we need to understand the customers. In the old days you said these are the products they are the best in the world, so just buy them. Now you have to understand, not only Huawei but in many companies that sell services and products what are the issues and challenges this company have? So, how can we with our range of products actually help them solve a business problem. That´s the main thing, trying to understand the business. With so many products, you should offer the best and get closer to the customer. In Huawei it also means that "We are trying to go the extra mile". They gave me an example when I was in Chin, which I actually liked a lot. They were competing with another tele company to actually deliver cables and telephoning network for a client and we actually delivered ours and they were doing their job, so they could see how that was working. They actually were set up in parallel. Now this was out of the rule part it was in a small city in China and they had problems, both of them didn´t work. So, they couldn´t get any of them work. They found out that actually rats were biting through the cables, so the company there called our competitor and said "We have a problem, it doesn´t work and they logged in the system and they said "You have a rat problem, when you solve the rat problem we will come and do it again". The Huawei guys also went out and made a survey, they couldn´t find anything wrong they also found that there is a rat problem that was eating the cables, so we just get back to you. What they did were they came back to the R&D guys and said "This is probably going to be a big problem when we start selling this stuff all over the world, so can´t we make some cables that the rats won´t eat?" They actually made the cables and put something on them that rats hate when they smell I, so they made the cables and tested it and the rats didn't eat it. That´s what they said to me "This is different when we say we are customer centric" and somebody else says, "If you have a problem, when you solve the problem I will come back with my products". And this guy says "We can see the problem, we actually believe that with the technology and our knowledge we can solve that problem, even though it doesn´t have nothing to do with us". That´s how they do it. When there was a tsunami in Japan, the first thing Huawei did was to send all kinds of equipment free of charge to help the Japanese so they can contact people they know. There is still a place in the world, even though they never brag and say anything about it they will go in, whether it´s a war or something they would go in with people and I asked them "Don´t you lose people sometimes?" "Yes, we do! But nobody goes there unless they say I want to go there. We just don´t send people, we ask them first." It is in the culture, if there is something wrong, we want to help people, whether that´s a war, tsunami or an earthquake whatever we will be there. Actually, every day - 24/7, 2600 people from Huawei are in an aircraft somewhere in the world, going to a customer somewhere whether that´s to sell or because they have problems, they are trying to help people. They just don´t say anything about it. Again, why would you tell the good story? But it is like Maersk, you don´t hear all the stuff Maersk do, and Maersk donates cancer equipment and builds stuff all over the world. They never say a word about it, they never do that. They say "This is something we do, we also believe we should give something back to people".

H: Usually people don´t mention about the good deeds, this is why we can call ourselves "human beings". We need to help each other, but I think more people should hear about these deeds.

R: Absolutely, but Huawei doesn´t do it, they just go there. That´s a huge difference in the culture. When I went to this training, when I got up in the morning there was a woman waiting, to make sure that arrive at work, she was checking on me and also making me sign a document that I am there. They were treating me as a kid, but that´s how they treat the Chinese when they get younger, they just have to put the structure. I just said "I am not going to sign this, if you want to sign this just do it, otherwise I wasn´t here". So, the first day, she just put a mark on everything. To me again, it is also something with respect. They do it with small kids to make them learn the structure. Trust is so big here – trust the police, trust each other, where everybody else has a huge mistrust.

A: Trust is also very important in Chinese culture, right?

R: Yes. Trust is very very important. Definitely, but also authority. They trust the guy above them and they also trust that if he says something to them it´s right and they don´t want to change the rules. Like now I am going to a vacation two weeks, actually on a cruise in the US with my wife and in those two weeks my phone won´t work, I won´t have the internet, well I can buy it actually but it cost 2 500 DKK per person, so if I buy that of course my company will get in touch with me, we are in a very delicate situation right now. For instance, Maersk have some deadlines and they really want to stick to the plan, because I had them with me in China "Well, when I was employed I told you that I am going to have a vacation, if you want to pay for my internet and telephone package then it´s okay we can agree on a period you can contact me and I will be available and I will respond to emails and all that stuff and then they say "We don´t do that" and I said "I know you don´t do that, but we are in that situation with all these contract, with our processes but we don´t do that because I have to prove it, we just have to prove that". If I bring the money, they'll just say "No, no, no before it goes to him, it goes to the CEO of the company and then to the European president and then it goes to whatever" and I said "Okay", "We can´t do it", "Yes, but then you can´t get in touch with me" but then "We are in need to get a substitute" "Yes, but you can´t because I won´t do it". "It´s just what the salary you have it", "Yes, but I just don´t want to do it", because I have to get in touch with my wife and she'll say no, so I can tell how the whole process is, it´s just no. Sometimes it´s just rigid and sometimes it really difficult, right? What is 2 500 DKK for them? It´s different than being 2 500 DKK for you, right? If it is actually helping them. If I want to prove I can care less, I can get them from the internet.

H: Yes, of course it is a vacation after all.

R: Yes, but what is vacation. Everything is vacation, everything is worth time now, just when we get a job, it´s a 24/7 vacation, private time, and work time, because you are always on now. Always on, but here I am not.

A When I was in China, I've experienced so many different things.

R: Yes, yes, but it is different in many prospects.

A: I have studied there for 6 months.

R: You did?

A: Do you know Tsungua University?

R: No.

A: It is one of the best universities there, so it was quite interesting being there, because they were always admiring UN. I was also an English teacher there so I was investing a lot of time in teaching people English from 2 years old to older age and I had never experienced something like that. It´s good for both sides because they learn English, even though I am not a native English speaker, yet I can teach something.

R: Much better than them.

A: Probably it is better because I know how difficult it is if you don´t understand the language, so you have to focus in terms of hungry and angry that they sound similar but have different meaning.

R: That´s right and that´s very close.

A: And I let them practice, repeat after me repeat after me and playing games and it´s also good for me to see leadership skills of how to develop them.

R: That´s very nice.

A: Controlling 20 small kids is very hard and Chinese culture is quite different and I was in Beijing so everything was a hassle, I didn´t know Chinese and nobody speaks in English, so I could see that it´s a very big problem, but I could see that they are advancing a lot, they are investing a lot in this, because they know that it´s a weakness for them.

R: Definitely, if they want to bring out China, they have to and they will.

A: And as you said before about the Chinese companies abroad not international companies.

R: Yes, yes. They should say, that they understand us, it´s just they can´t do overnight, right. If you have 18 000 employed you can´t tell them that tomorrow everything will be in English, because most of the technical guys, the technical nerds, they are sitting in the research centers, they are really nerd that come out of the Chinese universities so they are not that good at English but damn good engineers. So, they don´t want to cheat these guys in order to make them there in the engineering stuff, inventing and improving stuff but they want more people in sales and marketing and that´s a barrier to have much better English so that can talk to the customers but more and more engineers are getting much better in English, they actually have 16 innovative centers.

A: Okay. Everything was actually so different, from culture, in the way of thinking and every single thing was so different.

R: There is not many westerners.

A: No.

R: And you see the people are looking at you. You feel like a VIP somehow.

A: I was asked many times for picturing me, in a way that "Can we take a picture with you?" it is something cool and bad at the same time. It is cool for you that you feel proud and important, but it´s bad for them. It shouldn´t be like that they see you as western idol and if you see a Westerner.

R: You are just different. I think you are just different and they don´t see that many different people

A: Yeah.

R: When I was in the middle east, I have got two girls and they both are blonds. And blonds in the middle east, like holy shit. So especially women, Saudi women want to take picture with the blond girls. So, I was in the airport and two women come over to me and ask me "Can we please take a picture with your daughters". And they were sitting there with their blond hairs. So, it is crazy.

A: What is your personal opinion about the internationalization of Chinese businesses?

R: It is going so so fast. They want to understand how they function.

A: Since your title as "Nordic Sales Director" is considered a leading position, would you mind sharing your point of view about the general Leadership behaviors in your division and in Huawei by answering the following questions?

R: Yes, sure.

Idealized Influence

A: We would like to ask you some questions in detail.

R: Yes, yes sure.

A: What are the most important values and ethics you and your colleagues demonstrate as leaders? Could you give us an example of these?

R: Well they are very much, let´s call them "executers", doesn´t mean they kill people but they are very focused on actions, probably more than leaders I know. It is much more about handing out tasks than coaching and leading, which is most important for leaders, showing the direction than coaching people and making them feel comfortable in that area that they are responsible for, more

than giving them tasks. This is more tasks than coaching. They do it the other way, they do it more like they did many years ago, in Denmark at least. Especially, within the Chinese hierarchy. They know that it will not work with me, because I want to know that if we are going to do this I should know why we are doing it this way, it could be another way. I would like to have much more holistic view on it, so they are much more hands on, than they are leaders, if you read a leadership book today more than leadership contains.

A: How do you behave according to this?

R: I just ask questions, because if there are thing I just don´t understand I want to understand why, because if I need to work hard and deliver something I want to understand why we are doing it, what we are going to use it for who is going to get it, which problems are we solving, all these stuff that you would normally tell somebody if you lead them for them to go and do something. There are a lot of questions that I ask and sometimes they hate it but I think in general they actually appreciate it. The boss I have is very open in the way he asks me about a lot of stuff also I think it is because he is finding his own leadership style against the many of teams that are sent out to take leadership training and whatever it is they said this is your responsibility and then they getting close with somebody like me who has been a leader since I was 25 years old, so she/he has a lot to do with me and also with all the other guys in the team the way they behave and react. Being a leader means to understand people why they behave and react the way they behave. I would say to my wife I am probably very good, my intelligence is very much in books I have read many rare books, in hers is much more you could say the more feeling sensitive human part that´s very intelligence is extending much higher than me, so the ability to look at people and understand why they are like they are. So, when your kid comes home from school and cry and says I have been bullied and my wife turned around and said the reason for your bullying means because they feel much worse than you do so they actually have to make somebody else feels bad that´s why they are bullying you. It is not really to put you down, it is just they want you to feel worse than they are, so actually you should feel sorry for them and try to find out why they behave this way. If you try to turn stuff around and it is a completely different picture, so from that perspective she has taught me a lot but I have always been a lot interested in why people behave the way they behave, much more doers than leaders. And again, there is a difference between being a manager and a leader but I know that we shouldn´t go with that philosophy. Normally, people do 15 tasks during the week but this week it was just 5 and it was the same last week probably, so I am trying to get people to talk to them and sit down and ask how they are doing, just to get them open up, trying to understand what makes them work slower than they usually do. It could be many things, but they (Chinese) are not good at that. They have KBI´s, they have these functional things they need to do and that is the most important more than people, because they have so many people anyway they just put in more people where I come the other way around, I want to have the most out of every person I have so how do we get that and I only get most out of them so I use them but how I actually make them grow, how do I make them better, how do I make them successful, how do I make them develop as people not only in the business but also as people that´s how I see a leader much more than just getting the job done; because if you do that the job will be done and it will actually be much better. "If you treat people nice they will treat your business nice". I believe that, if you treat them nice they will do the same, they will actually defend you. So, if I am a leader like that I believe that if somebody is coming to one of my people and badmouth me, they will actually protect me, because I am also there for them when they need me, to send out the positive vibes, the carrots instead of the stick and I have read many management books. It is all my own personal opinion.

A: That is quite interesting. What methods have you generally used to gain commitment from your team? Were those methods successful in building trust, respect and admiration towards the leaders?

R: Well, the most important for me is enlightenments, again it is what are we doing, why we doing it, who will be involved, when we are going to do it, what is the result or the problem we are going to solve and what is the risk. Then, the main thing is engaging people right, making people feel part of solving the problem. Again, I could go in and say to people, we were talking about "Maersk". I have been working there for 11 years, I know exactly how they work, so we are going to do this this and this, but that´s not how I work. We have to approach them, what kind of ways could approach them, so let´s get it down on the board, so everybody can feel, I try to build that. I bring people in on board and I always tell them to criticize the work we do. We try to narrow down the problem, but we do it together. Some people will call it manipulation, sometimes I actually don´t know and I need some input from people, so that I can take a decision but sometimes you actually know but you want people to definitely be part of it so everybody understands exactly why we are doing this, so that means everybody will pull together and know we are together solving this problem. I very much bring people in on board and I always tell to people as I said before, the main thing is to criticize the job we do. It is easy to say we are going to do this because it is going to solve these things but if we do this and we solve these things what can actually go wrong so you look at the consequences, because every time you take a decision you always say no to something. I have taken an education, if had taken this education I would have said no to all these jobs. Every time you take a decision you say no to something else, and to me the yes part of it the decision part when we all know we going to be successful is easy, the difficult part is knowing what is that you said no to. As long as we have as many no´s as possible, then we know how to medicate it if we get into a situation where one of the bad things actually happen, because we thought of it before it happens. it is in the negative part.

A: Were those methods successful in building trust and admiration towards you?

R: I wouldn´t call it admiration. I think admiration to me is a negative word. I think admiration is to put yourself above other people and I don´t do that. When I was in "COWI" I would say: "Excellent alone but outstanding together." We can all be excellent at stuff we do alone but you can only be outstanding if you do something with somebody else. And I would always say that we should all strive to be outstanding because outstanding means that we did something together or with somebody else to be a success, and that´s what I prefer. On the other hand, my mentor throughout my whole life even though I was only 25 years old I always sad: "Success is for the guys who would do the job and failure is mean", because if you do it like that the manager that means you would have people actually dare to take risks sometime and take a decision where they say "We might not do this every time but I actually think this is better and they would do it. Of course, if there is time you should always ask somebody else, I like that you have four eyes before taking a decision, so at least two people should say it is a good idea, but I still want people to be able to take a decision even though they stand there alone and I will back them all the way up to the top and I will never sack them for it, if they could come and tell me why they did it and we learn from that, everybody learns from that. But if they make a success it would never be misunderstanding in front of the CEO and see everything that I did, it would be the individual guys who actually contribute in solving the problem. It would never be me. I just gave them the framework to succeed and if my boss says they are succeeding there and there, so you must be able to succeed you idiot, so that´s how I look at being a leader. You need to let people to succeed, I always said to people, you need to tell me what to do and to a certain extent I actually believe that very much.

A: How have you influenced employees to follow your strategic vision for the Organization? Do you ever emphasize the goal of collective sense of mission?

R: Again, I use involvement, I always want comments, I create an atmosphere and environment where there are no stupid questions. If you are not certain, ask the question because if you are not

certain that there is definitely somebody else that is not certain so you are not alone feeling uncertain. I never criticize people in public, so if you do something I think that was not smart you shouldn´t have said that, you shouldn´t have acted like that I would never do that in front of other people. I would call them in afterwards, because I always believe that "The praise should always be given when there are a lot of people, so praise the person in front of as many as people can hear it, but if you have to tell people off you have to ask them to come to your office". So, they don´t lose a face in front of other people. I am trying to make an environment where it is okay to feel that you have to ask the question, it is okay to take decisions on your own as long as you believe that there are arguments for doing that so let´s try something new and then remember to praise people, not just to praise people but remember to praise people. When I enter my workplace every morning, I always say "Good morning" to everybody, I have done that whole my life, because I believe when you meet people and you smile to them they will get in a better mood, it will refill you. When I was in the Middle East, I did that every morning. I would say Good morning to the receptionist and the guy was just standing there and looking at me, so I was waiting for him to greet me back.

H: It is probably because, they are not used to.

R: No. I was even greeting the cleaning stuff, and this Imam I had this guy in my department, the Arabian guy he was actually the department head and he came to me, he was like the Imam for all these Arabs and when there was any problem they went to him. He came to me, Ahmed, and he said "Rene, Rene I noticed that you say good morning to everybody" and I said "Yeah, yeah that´s correct". "Why do you say good morning to the guy who is cleaning, they are not like engineers?" I said "You know, Ahmed the way I look at people is that if those guys weren´t here, you and I wouldn´t be here. It would be so damn dirty that none of us would actually go into this building, so in that sense they are actually more important than us, because you don´t want to do what they are doing and I don´t want to do what they are doing so they are actually doing the dirty work so the rest of us can feel good when we go to work, so you should actually feel appreciate that some people want to do the dirty work. That´s why I say good morning to them every morning" and he said "Yeah, yeah and left". And to me if you look at also a company as a machinery if I go into the reception I have been in the top management in so many companies I worked in, you go in the morning and stand in the reception and you will smile and you will be in good mood, and then you say hello to people you talk and you take your time to actually sit down and listen to people, instead of promoting yourself.

H: Yes, it´s so true.

R: Then I think that you get much better working environment. I have always said to people my door is open and I actually mean it, so just come in, because I know that I have a lot of work to do also but it is more important that my machine works which is all my people that I am responsible for then I give my job done, so I can get home on time, then I will take it home and my wife knows we have been so many years together, you know work life, balance so there is not much so I will take a day off and I will go somewhere and sometimes it´s busy and I work in the evening, sometimes during the weekend also, but I always do it than maybe late, because I am very good at working from 21:00 to 03:00 in the morning so we do you know what we need to do, then I sat and work for three, four, five or six hours, because I want to be there in the morning if people come and don´t feel good so that´s the environment I create. And again, respect for everybody, I hate when people disrespect other people´s work. No matter where they are in the level. For example, my kids went to this American school in the Middle East and I got in there and the Dean said to me "We are very tolerant school" and I said "You have to explain to me what a tolerant school means, because I know English is not my mother tongue right?" Tolerance to me means, I am above somebody else but I will tolerate them in m presence, so I would have wanted you to say "We are actually a school that has a deep respect for the differences, you know students. To me that is different. Respect

means, we are equal. And we might be different but I respect you as a person, because I know that I can learn something from you and you can learn something from me. But tolerance to me means, I will tolerate you even I don´t like you; you are different. I said, well actually I never thought about it. Well, I am not a native English speaker but to me tolerance to me is something completely different than respect. Actually, I don´t like you are tolerant. They were probably tolerated by the Americans. I really... I hate that.

A: Do you think it is important for a leader to maintain a good moral character for the employees? E. g. honesty, reliability, sincerity.

R: Yes, definitely. But I don´t mean that leading by example in the sense that people should do the same thing I do, and think the same way I do, because I actually believe that we should be very very different. Actually, having many types of people in my organization also in my leadership group; I have leaders under me, so they are responsible for an organization and they are reporting to me, so I am leading leaders. If they were the same thing that I was and thinking exactly the same way I was thinking we would probably go wrong, because we would just sit around the table and smile to each other and all be happy and path each other´s bac, while we are actually going over the cliff. Actually, I do a lot of personality tests on people, to see whether there are different from me, because I need somebody who is different from me, so if you take this again 3/6 evaluation on a problem than I know am good at ¾ of this area, but I also have ¾ areas that I am not good at. So, I need somebody else to be very strong here and say to me "But Rene, haven´t you thought about this?" Then probably I would say "I haven´t thought about this perspective", so you could say it´s actually, it´s not what I want to discuss with people but it is to protect myself, so I don´t take a decision where I do something wrong. When I was the CIO at Copenhagen Airports, I had this guy responsible for all the buildings he was coming in to my department meaning every month everybody was there 80 people and he was sitting there and I was presenting some new strategy stuff when everybody was just asking questions why we are doing that it was better the old way, have thought about this, etc. Everybody was just asking a lot of questions and he saw them as extremely negative so he did his presentation and after it he came to me and said "Rene, you have some problems in your organization", I said "What do you mean?" "If I hadn´t stood in front of my organization, this would be what we going to do and nobody would ask questions, they would just do as I told", and I said "Does it make a big difference the way you run your organization and mine, I can tell you the day I can stand up in front of this group and they have no questions and they have given up on me, so I will resign and find another job, because they don´t believe in me anymore. They believe in me no, because they ask the questions they care, they really want to be part of this and they know as I said to them to question everything I say to them, because I need you to attack everything we do, so we assure that nobody attacks us afterwards. We have the responses to all of it. And he just said "I could never run a department like that!" Though, maybe that was why he lost a lot of people in his organization and nobody wanted to leave my organization, so it´s just a matter of how you ask a person and that respect for the individual for me is so high compared to him just giving orders the Chinese way, because the same here people hate engineers and I hate engineers, his guys just left and of course if I go to an engineer and say "This is my problem and this is how you are going to solve it", he is smart and probably will say "No problem, I will give you a solution to this problem". Then I say "Why don´t you respect the education and then say I have an issue, I have a problem, you can help me to solve it". This is what I believe, to me again it is about respect. Respect for the people.

A: Is it important to show kindness and generosity to your employees?

R: Yes. But of course, it´s also important to be firm, people need to understand that now we´ve gone this far and taking a decision and then we buy the decision and I expect people to support the decision because everybody has been hurt and despite whatever, this is what we are going to do but

I will also say to people this is why we are doing it and this is why we are not doing it the way you suggested. But I expect them to go out be loyal to the decision. If you have any problem with the decision, come to my office and tell me, I am fine with that, but if you go out for example to the marketing department or the finance department and start saying that Rene is an idiot, it means that you are undermining everything we do. It´s not only me, because that means, if he is an idiot then his department is probably doing wrong. So, when your colleagues actually go out and talk to somebody out there they will probably look at me and say "Ah, it´s probably Rene who took the decision and it´s probably wrong we don´t want to talk to you", so now you are undermining your colleagues´ success, because that´s really what´s happening if you have a bad boss. It´s mutual respect and they also need to respect me, as the manager. For example, if we go out for dinner, I have the dinner then I leave because I know when people start getting drunk, all kinds of things happen. Then, they start discussing and it´s always attack on the two things you don´t like about your boss that´s going to happen, so I never get drunk with stuff, I haven´t done that with any stuff my entire life, because I don´t believe in, I am still the boss right. We are equal in that sense, so we are equal and respectful for the people we are but we are not equal when the decision is being taken, the one who will be killed for the decision it´s not them, it´s me. So, in that sense, we can have a lot of fun but there´s certainly a limit and I am not a part of the fun anymore, then they can have the fun. And you will see that one day, if you become managers somewhere. That from sitting around the table and making fun and making all the dirty jokes and all these staff and suddenly this guy is promoted. In the future he walks in the door that´s around the table and you are not part of the fun anymore and if you want to be a part of the fun then you are not going to be the leader then you have to be very special to still have these... that they say what is, it is also the leaders when is this we have to do it right. To me there´s a real balance.

A: How it is important for a leader to be firm in his principles but flexible in the approach?

R: To me most of the approach is up to the individual, I hate doing today what we also did yesterday. There are certain rules and regulations that you have to follow sometimes. But I don´t want people to do it exactly the same way tomorrow. I want people to think that we can improve every day. To me it´s constant improvement. People also need to know that here we are under strict deadline and that means we can´t just have fun the whole day, now we need to focus, so that is the carrot and the stick all the time. But the stick should only be used all the firm it is only used when you feel like you have given too much room for everything and people are spreading too much, instead of being in the borders definitely.

A: How much is it important to believe in people´s needs and relationships in the working environment?

R: If you don´t take care of people´s needs in the working environment, you will not have a very nice working environment and we are all individual. And that´s again respect for people and finding out actually why people go to work, what motivates them to do the effort that you want them to do and that is extremely important. I had a guy when I was in Copenhagen Airports very very good guy and he came to me one day and said "Rene, Rene Claus just got this he got that, you don´t give me areas of responsibility like that you know, I have this stuff I would like to do something more" and I said "Yes, that´s also okay, I don´t have a problem with that, the way I see you is that you leaving so much in you spare time and he was a scout, chamber of a football team and his sons were playing football in this team and I know that most of the days you won´t want to leave on time and definitely you do not want to sometimes pitch in the weekends and I respect that there´s nothing wrong with that. That´s why these are the areas of responsibility that I have given you, because I don´t want to be in risk where we have to be in a big discussion that you have to be there late Thursday or whatever we need to deliver something by Friday. And the other guys, they are more flexible that, so but if you want to do that, because sometimes bigger responsibilities these guys

had, required that we are behind we just have to pitch in, so everybody needs to be there within that group and then we can take two days off next week but we have to be there every evening this week maybe even Saturday, Sunday so the work can be delivered on time. I don´t have a problem with that I said if you want that, and he said: "No, he would actually prefer to do that". Yes but, you can´t actually have both ways. I can´t give you that responsibility and then I can´t count on you. Because if you don´t deliver on time on Monday morning, it is going to reflect on all your colleagues, because now the department didn´t deliver things. And if that happens too often, well then it becomes something like – "don´t give the work to this department, because they never deliver on time". But if you tell me that you are willing to do that, I have no problem, because you are good. He is such a good guy and he know all these stuffs. But I respect that you want to be with your kids that´s why I have done it like this. And he said: "Yeah, let me have a think about it" and he came back and he said he is fine with it. He didn´t want to do the extra thing and I am fine with it. That´s a matter why people go to work. As I said to the Chinese when I was there, you live to work I live to work. That´s a huge difference. They live to work, because they want to have this fantastic living for their kids, so their kids get all the opportunities. I live in a country where we don´t have to do that. We have safety. I have been fortunate enough to earn money during my life time and so does my wife. So, we have the money that can give our kids also a nice life, if something goes wrong. So, I work to live, I work hard on the stuff that I have been focused, but I also want to live. I want to go home, have a glass of red wine. I want to go to the house in Turkey or whatever from time to time. I want to go on a cruise for two weeks. Unfortunately, I am not allowed to do that and so do many people I know that. That´s why they are forced to live to work. My maid, I had in the Middle East, she was Philippine. She had two kids in the Philippines – a boy and a girl. And she was very nice, extremely hardworking. Every few months we had the discussion whether she wants to stay or leave. But once my wife and I talked to her. "Isn´t it hard for you to be here?" Actually, you are only entitled to give her trip back every two years for a month to the Philippines. I gave her one every year but "isn´t it too difficult for you", "missing your kids for such a long time" and she said "what do you mean?" I said "Well, your kids are with your parents, don´t you miss them?" She said "Yes, of course I miss them but what do you mean?" I said "If they were my kids, I would want to see them every day, I would want to see them grow up." And she said "But you don´t understand how it is in the Philippines. My kids that I gave birth to, they don´t really belong to me, they are my parents´ kid, because my biggest job in the world is to earn so much money so my kids they will be raised from my parents and they will go further in life. I want them have an education and everything. So, when my kids grow and they get a work, then I will go home and take care of their kids. So, their kids will be my kids." It is like a skipping a generation. So, for me and for you guys probably you would say I can´t live without my kids but she said that´s how it has always been. So, what´s the problem. And if you start thinking about it that´s the situation she is in, then I understand. She is sacrificing everything for those kids to have a much better life then you did but she also gets a much better life when she starts taking care of her grandchildren. It´s just a matter of saying. For my feelings, I couldn´t really do that but I respect somebody who does. It is really though, but I gave her a PC and internet, so she could skype with them. I gave her some laptops, so she can take them home. Again, out of respect I wanted to give her as much as possible. Actually, the Arabs they came to me and yelled and scream because I payed too much money. HR director came to me, because I needed to do a contract with her, but I was told that there is no need for that, but I insisted on doing it. Because you can have her passport, you can rape her, you can kill her and nothing is going to happen to you, unfortunately. Yes, that is how it is. But I made a contract and she said "No, no I don´t need to sign that" but I said that she has to. "You have to work 8 hours every day, and you have day and half off." Which was a half day more than everybody else and all that stuff. And she never had a contract before. "This is the contract, and if you work more, I

will pay you overtime." She was shocked and she said "Is this my salary?" It was double of what she had before. To me it´s nothing and then we signed it. And then this HR director came into my office. And I am a "big director" down there, top manager of this company, then the HR director came and yelled at me saying "Cancel this contract and give her a new contract." I said "What do you mean?" He said "You are paying her too much money and everything is much more then the other maids get, so we cannot accept that." "What do you mean we cannot accept it?" "You are destroying it for everybody, you are paying so much and then we have to pay more to the others." And I said "Yeah, probably it is fear if you pay more. Everything that is there comes out of my money, so whoever I want to give my money is nothing to do with you. If I want to give her 50% of my salary, I will give her 50% of my salary, so you can take the contract with you and get out of my office, that´s what I said to him." He was cursing me in Arabic all the way out. It was nothing to me, if you looked at how much I earned, but it was more than what she had before plus all these stuffs I gave her – Philippines channels and of course when I was there, she would never go anywhere else, because the deal she had was so good, but again to me it was just respect. There are so many horrible stories I can tell you from the Middle East.

A: I can imagine. Is it important to be modest as a leader?

R: Yes. I believe it is. You don´t see Donald Trump being that. But again, I think it depends on the situation. I believe in situation or leadership if we can call it that. I think some books call it that, that it depends on the situation how firm and modest you are.

Inspirational Motivation

A: Are you enthusiastic and optimistic about the future and confident of achieving goals?

R: No, look at me right now. I am so introvert sitting here like no energy. I am kidding. Yes, definitely I am. Again, it depends from person to person. I love to learn. Learn about myself, even though I am getting old. But I love to go to work every day. I love being around people talking to people, learning from people, watching what they do and why they do it, because to me that´s a lifelong learning. I am very positive for the future, not only for myself but also for this country (Denmark) for the Chinese in that matter and for the world, even though many people have a tendency to look negative on a lot of stuffs that are happening, but I do believe it´s an evolution and we are going in the right direction. Personally, as I said I believe in lifelong learning as a person, both the skill set you need, in order to be a working person. I believe in, even though it was a phrase that people laughed at many years ago that **"The only constant is change!"** and we have to be willing to change all the time both in the way we do things, the way we think, in order to survive out there and having a job. So, to me it has always been learning, a lot of things to learn from other people. The functional thing like you read a book, right, everybody reads, no not everybody but you can sit down and read a book and some people understand it and some people don´t and you can learn something and this is how you put on a tire on a car and stuff like that. But to me it´s also a matter of growing as a person and understanding better why people still do things differently than I do and why I react to things the way I react. And again, as I said when I was young and I was listening to these old guys, you shouldn´t suggest something that somebody else tried, because they have always said "Yeah, yeah it is never going to work in this company a crap like that." And I always... I started when I get a little older, started saying to people to things: one was experience is just a ticket to a train that already left, so I have to find a new way to get to my destination. And again, experience just means you have done the same thig longer than me, because that what experience is. When I was in the Middle East, just to illustrate that I really believe in this, growing as a person and learning from other people I was little bored because I had a damn good organization, everything just worked in that organization. You could say day – to – day tasks, of course there are always issues and stuff, leadership things that you have to overcome. But I didn´t

really have enough I´ve felt to challenge me as a person so actually I decided to take an executive marketing master in a university in Dubai through some, a company, one called a Business School in Belgium, Brussels they ran this education, so I took it. I think it was almost two years education and all the subjects that we were talking about I already knew something about them, I tried it already. All the discussions we had, we were around 28 people and all between 25 – 35 years old, they were really pushing you know they are going to get this big job, they are going to make so much money. I was probably the oldest one. But we had a lot of discussions and I could pitch in and say "In the real world I have tried this and that went wrong and this went actually well compared to the book." And again, during one of these discussions there was this guy who said "Rene why are you here?" I said "What do you mean?" "Why are you taking this course, because every time we discuss something, you´ve already tried it, you can say what are the pros and cons and it´s more like when we have a discussion, we just look at you and ask what´s actually right?" and I said "I hope you don´t do that. I am actually not here because of the education, but you need it in your careers. I am here to listen to you guy, I want to listen to you when you discuss all the stuff, you just came out of the universities all the new stuff you are talking about, the new ideas you have I want to listen to them, because you are the new thinkers, you will come after me and maybe even take my job and that´s fine. But if I don´t evolve and listen to all these bright ideas, the new ways of you come with, all your ideas I am going to die soon, because who needs me then if I don't evolve. So, I am actually here to listen to you when you question what´s in the books and come with all these new ideas, because I can learn from that and I can use it and my leadership skills in the way I treat my organization how to set new goals and stuff, some has learned from you." And they just said, they never heard that some old guy doing that before, why would you waste time and I said "Well you are teaching me, I know these stuffs. I want to teach me all the new things, new ways of thinking." Everybody should do that.

A: Are these encouragements being attractive for the people around you?

R: Well, I hope so. When I have changed my job I have had many people, who asked me whether they can join me again, well in that sense I hope I am doing something right. I am also doing something wrong, of course I am, we all do. But the main thing is to try to understand why you did it wrong and don´t do it again.

Intellectual Stimulation

A: How do you usually stimulate your teams to be innovative and creative by getting them to look at problems from many different angles?

R: I give them a challenge but I don´t give them a solution. I give them a problem or an issue and say what we can do to come up with something.

A: Do you suggest new ways of completing tasks and assignments?

R: Yes, I don´t know whether I suggested it, but I encourage it. Again, I always said that, you know just because we have a product on the shelf and we sold this yesterday, doesn´t mean that it´s the best product tomorrow. So, how can we make this product even better? What we learn today and we look at this product and say wait a second this is gone wrong and this is going to go wrong in our company, maybe we should improve this product, so we can deliver that to somebody else in the organization. To me it´s constant improvement, every second improvement. Every second of the day how can I do it even better than I did before.

Individual Consideration

A: Do you pay attention to each individual and spend time teaching and coaching?

R: Well, if I say yes to that and say "Yeah, I am doing that with everybody, that´s not through right?"

A: Okay.

R: So, what you do is, you have this feeling of what is going well and what´s not going well in the department. What I always have done is, I spotted some people in the organization, who know the team well and are involved with everybody. They are like my "temperature feelers". They sometimes come to me and say "You know Rene, I can see that Hele hasn´t actually been in a good mood the last week, I think she has got some problem with her boyfriend or her kids are sick or whatever." So, I get people that warn me about it and say "I think we have an issue here". Because again, if you are leading leaders then you are not talking always to the guy who is using the drivers somewhere. You are talking to his boss, right. Because that´s the guy I meet with every week when you have a management meeting. But I always and always have taken a lot of time to try to find out what´s going on and I always ask these guys, who is doing well and who is not doing well right now. So, if I am there little late and they are sitting there working late then I can always go down and say "I really appreciate that you work until late and I know that you have been working hard on this and that, and I know that it´s going to be a huge success on Monday when we deliver it, so thank you very much for doing it". Because even though I didn´t know that he/she was working hard on that but I want the guy who reports to me to tell me, because even though he is the direct boss then it´s even better if somebody above him actually notices that. He actually knew that I am sitting here with this you know, just give something. It´s not because it´s me, but it´s because the boss´s boss who actually comes down and say I actually appreciate the hard work you do. I have always done also, not anymore but in the old days this Christmas gifts. It was completely crazy every Christmas but I was in Copenhagen Airports I had hundreds of cards, big things with all kinds of Christmas goodies and I had so much chocolate, I could have taken all home and nobody would have said anything. But what I did was, if I was working late, I walked around and see who is there and I would take two bottles of wine and chocolate and went down and say you know "I know I got it as a gift but the reason I got it because you are delivering every day, so it´s not just fair if I only take with me home, I think you should have this and thank you for working late for me".

H: That´s so nice of you.

R: But I could have taken this home with me, to me this was free if you understand what I mean. But it was better for me to give them away, it costs me nothing, I didn´t have to ask anybody to spend money on this guy I could just take something I got anyway and give it to him and say "You know thank you very much, I got it because I am the boss but actually because you are doing what you are doing, so thank you". Then they would go home and say to their wives "Look what I got from my boss. My boss´s boss came and gave me these". And next time we had trouble and somebody needed to be there. Who do you think would be there? This person, whom I gave the wine and chocolate, and it cost me nothing apart from respect for the job this person is doing and giving me all that time, which is not really paid for, because they could have gone home two hours ago.

A: That´s really good.

H: That´s really nice.

A: The last question related to this behavior is: Have you encouraged learning and development of employees?

R: Definitely, yes. Both personal and functional, for me it´s important. Like when I do development plans, we do this PDP person development plans and all the companies are being in. I always say that two trucks, that´s the truck I need you to develop into, because of the strategy we have, the direction we are going in and as your own wishes for the future, what are your dreams for the future and these might not always be the same but I do believe that you should target to hit both of them. Definitely, the ones that we need but also to give people direction they want to develop into, somebody says I want to be a manager one and you actually want him to be a deep technical staff

next year then start giving this person some basic management forces. In that sense, yes. If you don´t want to do that then we will have discussion also, the person says no I don´t need any development because if you don´t any development you are just going to die in my mind. I don´t tell them that they have to, but I tell them if you don´t want to develop yourself then overtime you will not be needed anymore, not by me and not by any other company, so you have to continue slowly.

H: So, you are saying that you always need to improve yourself and your skills.

R: Yes, constant improvement also with your skills, both as a person and the job you´re doing. That´s why my wife teaches me, especially "the person" thing.

A: Do you believe that these "Leadership behaviors" can be adopted or already adopted by Chinese Leaders when operating in Western markets? And when entering new markets?

R: I think they are very diverse in Western markets. If you go to Germany, I used to do this management talks and I always made this example that "If you go to Germany and you become a boss you go up on the chair and you say, "we all go to the right" and 99 people will go to the right and 1 will stand there for a few seconds but then he will follow to the right, in Denmark it is different; because here you become a boss and you get one chance to get up on the chair and if you say to the people, we are going to the right, if you are lucky 35% will go to the right some people will stand there discussing "I think it is right to go to the left, so let´s try to the left" somebody will go backwards. A big part of it will just stand there and say "Let´s wait here and see what actually is right, then we will do the right thing". So, the difference is that in a lot of cultures like Chinese you are used to getting orders and then go and execute. If you are in Denmark, in some of the other Western countries you need to motivate people, they won´t do it just because you say it. They will do it because they believe in you and they will do it because you have numerous times showing that it actually is a good idea to do it like that; and that they understand why they are doing it.

A: So, motivation is really important.

R: Yes.

A: According to some Chinese values – humanism and treating people in a good way with kindness and generosity but being firm and the good values you have already mentioned are part of the Chinese culture.

R: Definitely, that´s what I am also saying. They have a big management wise, they have generation they need to teach that if you want to go in a Western company then it´s a different skillset when you are a leader or a manager, compared to what it is in China. That´s also why they have so many difficulties as I said with culture breaking in, because they think differently, they treat people differently. But I also heard them, sending people to management courses in the West and they are very interested in asking me also, I have been in the office for 5 days when I was in China and of the first days we were in China, I was sitting with my boss actually. We were having dinner; the customers went to bed and we just sat and he said to me "How do you see all these guys in the department, Rene?" and I said "Well, I have always said to every boss I´ve had don´t ask my opinion if you don´t want it, if you just want me to clap your back then don´t ask me, because if I don´t agree with you I will tell you right away, again respect when you give the message. But I told him "this is how I see the 5 people I sit around with; this guy is like that, this guy is behaving this way, this guy you watch out because I believe this is what is going for" and he was just sitting there and saying "You have been there only 5 days, I have been here since September, I haven´t seen all that". When we go to the meeting, I sit and watch people, how they behave, where they look, I see the body language and this guy, the way he is sitting, he actually doesn´t agree, he isn´t saying it but he doesn´t agree you can see it in his eyes. This guy could care less about this meeting, he is sitting there solving something else. You can really see when you look around the crowd, who is listening and who could care less, who agrees and disagrees and he just doesn´t do does because he is

Chinese and he goes in and says "This is what we have to do and what about that" and he is done. But I sit and think, okay next time I have to sell something to these guys, how do I have to present it. So, I know that they will listen to me and they will also want to do it afterwards and that´s the difference. He doesn´t pick up on that, because he has never learned it. So, I tell him look at these signs. Try to look at these guys when you sit here next time, just look around when they talk, how they talk, how they sit. Then you will realize what people think of the things you are saying and of you as a person, if you look at how they behave.

How can you coach people? How can you make it obvious that you are wrong and they grow?

A: Using these good values and moral character and humanism...

R: I don´t think there have good values, to me it´s good values again. It works for them. They are one of the biggest companies in the world, so it´s been fantastic for them. They have excellent values in the markets they are in, but if they want to break in to us, they have to change the values. Then we can discuss what is good and bad. I think it´s good, this is the most sustainable for the future but I wouldn´t call them good or bad, it´s just different.

A: I was actually focusing on the human part, because it´s also huge influence in the Chinese culture. They also consider humanism in a good way and how they treat people

R: Yes, yes. I think they really want to learn but again if you have been taught to write with you right hand since your childhood, and suddenly people come and say but you also need to write with your left hand, it is going to take you a while, so actually be able to do it good with your left hand. It takes training, it takes years maybe actually to be good at it. It´s the same with leadership and the values there. Everybody is not a leader, not everybody can learn to be a leader. There is a principle, you are promoted on to your level of competence and that happens in so many companies. you are excellent as a technician for instance. But when we promote a technician then he becomes like a top technician. Everybody goes to him and asks. The next level is a manager. You have to manage different technical teams. And this guy was the best in Denmark maybe for doing the stuff sitting down here. He solved every problem, everybody looked up to him, he was fantastic. Now suddenly he is a manager. To me it is the biggest jump you can take in your career, it is suddenly to have people below you, because the one thing is that you are the factory guy, you are equal, they will go to you because they know you are much better as this technology than I am. The will go to you and ask "I have done this but I can´t figure out why this is not working". But when you become the manager you don´t have any time to follow the technology anymore. Now you have to coach people, you have to lead people. You used to be the big star, when you sat at lunch you will come and say "I was just at this seminar and learned about this new technology and I am going to teach you". I can´t do this anymore. It takes half a year than everybody else smarter than you, so a lot of people they actually what I say get promoted until their level of competence. They don´t want to sit there and fill out time sheets and have conversations why do you feel bad. I want to look at this technology, I want to use the latest gadget, so sometimes we do actually something that is very bad for the company by promoting them to become a leader. You have to actually find out, is this guy skilled or not skilled, do we actually believe that let´s let him take a management course and find out is this really what you want, try to coach him and say "what is actually required from you when you go up there? It´s the biggest transformation you do in your career, it´s the first time you get people below you, because it takes half a year than they are much smarter than you from where you were the biggest success before." A lot of people what happens is they find out is not me, then you can´t go down again, because you are a manager "Oh, you are not smarter, you couldn´t even do that", so they actually leave the company. That´s what you have to find out with the various people. What are the skill sets? How you can coach them to understand their opportunities and also sometimes their limitations? How can you make it obvious to them that sometimes you are wrong

and they actually grow and do it anyway? That´s why you need to give them the option, to teach, to take some courses to find out that it´s not me.

A: Do you think CHINESE values can be accepted in Western markets?

R: It is difficult to come with Chinese leadership skills and values, if they do it the way they did it in China, because in many Western countries we wouldn´t accept that. That is also why this guy was asking me, how do I see the organization, because he wants to learn and he has found out that I am old enough and have tried so much, he trusts me enough to ask me without feeling that if he is showing vulnerability then he is probably not my boss but that is not what makes a good boss, that you are not vulnerable actually. I think you should be vulnerable. You can actually use that sometimes to get people to grow. So, he asks me but a lot of Chinese guys ask me "what about this and that", because I tell them how I feel. I tell them "maybe we should look at it like this" and they say "why do you want to look at it like this?" and then we sit and have a discussion and sometimes they think like "yes, this sounds right, I have never tried it before or that´s not how we do it in China". They want to learn, definitely they want to learn, because they can also see there to get much better result. When I joined, there was a guy who joined also. And this other guy he came from TDC, so he said "Don´t we have a breakfast every Friday" this Chinese guy said "Breakfast why?" "Just to sit together and have a talk, little casual and laugh together. We can become a team." He was like "Well, If you want to have a breakfast, we can have it", he didn´t think about we are growing, if you want to have a team maybe we should do something where we all sit together, instead of sitting in small desks. Then he picks up and he can actually see that people are happier. On Friday we had a breakfast and everybody was there, laughing which makes a better atmosphere when you talk to each other. The first time we paid it ourselves, but afterwards it was paid from the company, it became a Friday routine. They want to learn. They can see that it´s value.

A: Do you think that this humanism and motivational behaviors can be considered as a way to overcome a cultural distance between Western countries and China?

R: Yes, in the sense that they are going to lose if they don´t interact with this.

They also know that there are certain ways you have to behave in a country, that´s why they have employed us, because otherwise if they didn´t need us to understand how we do the business, how we behave in the West, they wouldn´t hire me. They would just have sent an army of Chinese up here and they would have taken and sold whatever things we have, then they would go home and then they would send somebody else, so they have realized that we need to adapt the stuff otherwise we cannot break into the market, so you could ask "Are they doing it voluntarily?" "No!" but I actually think they learn from it. They want to learn this, not only because they want to sell the stuff but also because they can see that some of these values are very nice. If they have been cheated like that when they were below in the organization, I think they would have liked that.

A: Do you think that by changing the leadership style of seniors in a Chinese company, employees would shift the perception about China and be more willing to buy Chinese products and use Services?

R: Yes, definitely. Of course, it will, because then they will behave like we are behaving. For example, my ex – wife used to work in a bank, this bank was the biggest that had the most private customers in Denmark. They didn´t have very much business, some of the banks they have all the business. So, this guy said while a dinner, he was the CEO of the bank, we were sitting next to this guy and he said "Yes, they want to break into the business market" and they were wondering and looking at the strategy to do that. When I sit on the outside, if I have my 50 million in my company when I want to go and have a bank account somewhere then I go into Danske bank or these more business-like banks. When I go in, when I look at the guy or the girl I meet, she/he is dressed the way I am, she/he is dressed like a business woman by default I trust this person, it could be the most stupid person in Denmark but they are dressed in a way that the way they behave and the way they

look, it is not disrupting the message. But when I go in your bank and somebody in jeans with a t-shirt where it says f... the world and I come with my 50 million and I think "You are not going to have my 50 million". If you meet somebody, the way you meet them whether it´s your clothes, your values, they are so much different and they actually disrupt the message. So, you look at the person or the things are happening more than what they are saying, which is one of the reasons in Maersk when you are dealing with somebody in Maersk you meet this army, dark suit and only white or blue shirts and in the old days always a tie. So, you met the army when you meet somebody at Maersk, you are going to meet somebody who really understands business. That´s the army power, they knew it when they saw you, you didn´t disrupt the message. They listened to what you said, they trusted you. It´s the same thing here.

A: What do you think it is important to change the perception of the quality of the Chinese products and services in general?

R: I think, the better they are and the more competitive they are on the price and then tell these good stories, so the products can get out and people can actually see these are very very good. Then the good story telling will actually enforce that it´s actually very good product. And you can see that they don´t break down, they are not plastic. They are equally good as everybody else´s products and sometimes actually better. The other thins is that this perception of Chinese taking over the world needs to change a little, so they can see that these guys are actually commercial. This is not a war. That needs to change also, but It cannot change over a night, but it will happen slowly. So, you have to find companies to break into and tell that story, like if I go into Maersk and get a huge contract with Maersk, we can use that globally, if Maersk allows that. This huge company that is in 180 countries all over the world, is now using our products all the way out in the smallest office somewhere.

A: In your opinion, can this be considered a starting point to boost the change in the country image of China its perception among Westerners?

R: I think they are doing a lot to change the perception. Probably in this school, in the university when you were there some of the educations are full of Chinese. They come here, so we actually see that they are not that different, they don´t burb or spit anymore in the trains and stuff like that, like they did in the old days, not that long days ago. So, you can say that the more global the world is becoming and it is, again with Twitter and all these stuffs, they start sending stuff out so we can see that we are equal in many ways and also the way we think. Then I think it will change, bit it is going to take a while. My CEO, when I was in Maersk he said to me "Oh, Rene, do you have a phone, can I get another phone from your department, because I am going to China and I want another phone, I have heard that it´s dangerous having your phone there because of the hacking things". If you don´t want to be hacked then don´t have a phone. It´s not more dangerous going in China than it is. It´s not the Chinese hacking your phone, it can be someone as well in an Eastern country, the US everybody has got hackers. So, we need to change this perception somehow and that can be done only telling the good stories, what´s happening in China, the educational system, how many people they are putting in the universities every year. And then they have to stop I believe having all these filters, you can´t Google in China because Google doesn´t have an agreement with them like Microsoft has on Bing that a certain thing that they can´t Google and they can´t search on the internet. Things like that needs to change.

A: A leadership behavior can be a communicator of a good image.

R: Yes, definitely.

H: Thank you, thank you very much. We really appreciate it.

A: Thank you very much for your time.

R: You are more than welcome. You can contact me if you have more questions.

H: Thank you so much, that´s very nice of you.

4. Interview Questions for Mille Food´s COO, Copenhagen

Location: *CBS, Solbjerg Plads 3*   *Interviewers:* **A, H**   *Interviewee:* **J**

A: First of all, thank you very much for your time.

J: No problem. It is a pleasure and your topic seems very interesting.

A: Do you mind, if we record this conversation?

J: Not at all. You can record it.

A: What is your name and current position in the company?

J: My name is Jens Velling and I am the Chief Operating Officer in Mille Food.

A: What is your field of expertise?

J: I am responsible for operations in Denmark, which means I am responsible for the production, logistics and maintenance. I am not responsible for finance.

A: How long have you been working in this field?

J: Not so long in this company. I joined Mille Food in June, so it´s been 4 months. But I have been working in this field for more than 15 years.

A: Can you tell us more about the company you work for?

J: Mille Food is a young company based in Copenhagen that started few years ago, it was founded in 2012. It is based on Denmark's great dairy industry heritage and built its business on infant dairy product in China. The Mother company is Mille Dairy Shanghai and the CEO is Chinese; he is the founder and owner of the company. Mille Diary is a Company based in China which is expanding and growing our demand. The situation is that due to that, Mille in China is extending and growing. It is a small company which is expanding our boundaries of operations. In fact, even by considering the young age of the company, Mille has already achieved an impressive growth curve in China which the most competitive market within the infant dairy product businesses. We are Expanding our Chinese sales. In fact, we are present in around 10,000 shops all over China today as the best-selling infant formula brand from Denmark in China, and we expect to expand and grow more in the following years.

A: What is the company´s opinion about Chinese market?

J: It is a very attractive market and very big and our area is very interesting to be. Regarding infant products, Chinese have a higher status and value in China compared to Denmark. In general, food and drink products have great potential in the Chinese market. But probably, among other things the focus on healthy and high-quality products for babies is greater in China today after the big scandal of deadly milk powder found to be contaminated with melamine, happened exactly ten years ago. Babies products are perceived as commodities and after the milk powder scandal in China everyone was forced to increase the quality of babies' products and milk powder imports increased considerably. We expanded our production into a high-quality and safe product. Chinese Market situation is complicated today, and we are working hard to penetrate the market. Our aim is to reach expansion from in-house production to larger volumes.

A: What is Mille Food´s opinion about the Western market?

J: Western market is also very interesting but not in our focus right now. It is the Chinese market the focus and we are producing only for China. Even our capacity is limited compared to the huge demand in China alone, that is why we are only focusing on Chinese market. Right now, we're getting notifications for selling products in the Western market and this particular product segment is more interesting and has potential. We are thinking at the western market but not on the short term, China is even more interesting.

A: What is your personal perspective about the rise of China and the Chinese market?

J: I find it very exciting actually, as you know China is in very strong development in everything, financial growth and culture. The culture is getting better. They are conscious and more open to international trade, import-export. In China, also the appreciation for some Scandinavian perspectives is spreading. China is very interesting because of (1) its size, (2) they are developing products and in specific our product used in the West, (3) it is becoming easier to cooperate and communicate in Chinese market and with Chinese colleagues. The cultural barrier is becoming lower and lower, to a proximity with other cultures.

A: What are some of the external factors affecting market development?

J: One important factor is competition. We are not the only company that China finds attractive. Trust on the market leading our products is essential to sell trustworthy and reliable products. If we are not perceived as trustworthy and reliable product, we do not have a position in the market.

A: In your opinion, how China and Chinese Market are being perceived by Western people?

J: China is being perceived negatively regarding the reputation of its products and Made in China. The safety and quality of products especially is something that concerns westerners. Chinese market is becoming more and more open for an increasing range of products. A market where there are lower barriers in terms of getting acceptance for products plus stronger ability to buy products in China because of increased purchasing power. It will grow in many ways, probably one of most impacting will be by boosting its image in order to change the reputation.

A: Is there any shift in how China wants to be perceived? (E.g. changing country image strategy)

J: I was china and one of the reasons why I was there was for the China International Import Expo (CIIE) in Shanghai, set up by Chinese government to better understand international trade. It was a huge conference opened by China. It is largest trade conference of the year, where Confederations of national Industries arrange for delegations of corporations to be exhibiting. This clearly demonstrates a strong focus of the Chinese government for opening for trade. China in general is opening more and more trade, more and more open towards import and export with the rest of the world. I am from a different generation hence I remember China completely differently: open trade was not something associated with China before.

A: What do you know about "Made in China 2025 Plan" and "Belt and Road Initiative"?

J: I am not really familiar with future initiatives of the Chinese government.

A: What do you think are the consumer attitudes towards Chinese products & services?

J: Well, historically it has been always perceived cheap, not high quality but it will change. China is growing increasingly in quality and value and even the domestic market is requesting higher quality too. Along with higher purchasing power. China is an exporting country, it is beneficial producing and increasing in quality and value. Even the domestic market is expecting and requesting for a high purchasing power together with quality change. Poor quality will change. The historical perception is changing, I guess it will change its image and boost reputation by standing for quality and innovation for the products instead of being associated to low quality and low price as it was in the past.

A: Do you think the sensitivity towards quality, design and price of the offered products & services has been increasing?

J: Yes, I think so. It goes along with increasing purchasing power. Many more Chinese are contacting the west because they want value for money. Expectations towards quality are becoming higher and higher and there is more openness with the west because westerners compare, they want value for money. But sensitivity towards quality and value for money is also higher in china today.

A: What are the drivers for consumers to purchase "Made in China" products?

J: In the West, I think there is no specific reason to buy Made in China products. At the end of the day is what you get for your money as a strong competitive asset. Historically, consumers were buying for the lower mix of price and quality. Maybe it will take a little bit of time to overcome the historical driver, but it will change. Quality probably is the key for china to be perceived as a responsive market because quality is the key for China to be perceived strongly. It just takes time to change the perception of historical reputation and image of China.

A: Can you tell us more about the relationship between Mille Food and the Chinese market? (e.g. future plans)

J: We have a large number of local employees in mille dairy. They are located almost all over China, sharing and marketing our products. It is not a western company travelling to China, it is basically a Chinese company in China. More like a Chinese company than a Danish one. In Denmark we have only the production and it is the other way around, with Danish employees and some Chinese colleagues.

A: Are there any obstacles in the relationship from both sides?

J: The cultural gaps that we need to be aware of! Of course, there are obstacles, because of the distance, sometimes the communication is affected and also because of the time difference. We have different expectations, communication, what we expect, how we operate in an organization. That can be a challenge sometimes. But it is also interesting and rewarding to learn from and about each other.

A: What are the main differences in working with Western markets, i.e. Europe and USA, and Chinese market?

J: It is difficult for me. I am not the expert I am more in the supplier part. But I would say Chinese consumers and their behavior, what they are sensitive towards. Even in the small cities, everywhere the differences are high. It Requires local know how of consumer expectations. It Requires know how about China and Chinese consumers' preferences and behaviors and who is sensitive towards Chinese market. The company needs Local domestic know-how about consumer behavior.

A: To what extent cultural difference affects the business of the company? In what way and how the company deals with it?

J: Well, coming back to the cultural gap or cultural differences, in China there is another type of relationships, the relationship in the organization between the higher and lower levels. In fact, there is power distance. In Denmark instead, there is egalitarian power. Everyone in the organization is involved in decision making, there are equal relationships from employee to manager. Everybody considers each other more or less equal and informs in decision making. They have a kind of equal relationship to the managers. You need power and privileges. Hence, sometimes there are misunderstandings in how things have to be executed. In fact, cultural difference and power difference lead to misunderstanding and this requires attention. But also, in this particular area we are very different. The cultural distance in this area is power distance which can lead to misunderstanding and it requires attention.

A: What is your personal opinion about the internationalization of Chinese businesses?

J: I have seen very good terms in china. How fast the country is developing with high income and businesses are developing in the same direction towards high standards. Attitudes are also becoming more alike. From the colleagues I met in the headquarter in Shanghai, we were leveled and expecting things from each other. I would expect the Chinese business to grow outside the market. In fact, the cultural barrier is becoming lower and lower, expecting Chinese businesses in markets outside China.

LEADERSHIP BEHAVIORS

A: Since your title as a "Director" is considered a leading position, would you mind sharing your point of view about the general Leadership behaviors in your division and in Mille Food by answering the following questions?

J: Yes, it is totally fine.

Idealized Influence

A: What are the most important values and ethics you and your colleagues demonstrate as leaders? Could you give us an example of these?

J: Most important values for us are trust and respect for each other, respect for customers. We want to treat people as they deserve, we want to treat them well. "Trust and respect for each other" and "treat people how they deserve" are really important values for us. We want to provide them a motivating workplace, provide the most productive company with fair expectations. The values we share among employees are the same we have in terms of products, that is having a safe product and a high quality. Safe product is number one together with quality. It sounds like a commercial, but this is what we want to do, need to do and our important values. And it is the same in Chinese market, trust and respect are fundamental as well as the attention for safety among employees like in babies' products.

A: What methods have you generally used to gain commitment from your team?

J: We are not producing just wishful thinking, we have the opportunity to grow the business. That is really a selling point, the purpose of what we do every day is producing a safe product. This is a good purpose and value. It is a Scandinavian product which does not have the same trust as in Chinese products. In order to do this, we communicate. Hence, the important thing is communicating, what we do, how we behave ourselves. We have standards to follow.

A: Were those methods successful in building trust, respect and admiration towards the leaders/ managers?

J: I think it comes in what we do, how we actually behave ourselves. The ethic and standard that you communicate. If you start working in an environment with conflict you will lose every trust, any justification to be here as a leader.

A: How have you influenced employees to follow your strategic vision for the Organization? Do you ever emphasize the goal of collective sense of mission?

J: We try to communicate. Maybe not enough but we try to communicate a company that has every potential, development and new tasks. We set up activities which communicate the satisfaction of being part of something successful. The growth journey we are starting is the key for motivation which hopefully will let us grow personally and professionally. As I said before, the growth journey is key in motivation and it is the same for Chinese leaders. The opportunity is attractive and interesting.

A: Do you think the Chinese leaders believe it so?

J: I think so. Perceived as attractive and interesting.

A: Do you think it is important for a leader to maintain a good moral character for the employees? E. g. honesty, reliability, sincerity.

J: Absolutely. I think without moral character you will not be successful as a manager. If someone is not honest people do not accept him. If a leader is not reliable and honest, no competent employee, no good employee will want to join. And I believe it is the same in China.

A: Is it important to show kindness and generosity to your employees?

J: Not in Denmark.

A: What about in China?

J: I don´t think so. It won´t be a problem to show kindness.

A: How much is it important to believe in people´s needs and relationships in the working environment?

J: It´s extremely important, I emphasize these values and elements to keep people motivated. With this kind of attitude, you get more productive and start the cooperation between them.

A: Is it important to be modest as a leader? Humble?

J: Not necessarily. In personal life it is good, but ambition is also important. If it is communicated well as ambition, that is perceived as good and not arrogance and superiority. I would say there should be a balance between modesty and positive ambition.

A: How it is important for a leader to be firm in his principles but flexible in the approach?

J: It very much depends on what you put in it. Then you will lose your credibility as a leader. It will not work in long-term, another way actually executing. It has to be linked to each other. If you have higher expectations, higher ambitions, it is too much, too high you need to adjust.

Inspirational Motivation

A: Are you enthusiastic and optimistic about the future and confident of achieving goals?

J: Yes, absolutely.

A: Are these encouragements being attractive for the people around you?

J: I think it is. Probably, essential. If I were pessimistic my employees would also lose their optimistic view. If I lose my motivation it is unjustified to be here as a leader. It is central, if I didn´t believe in any possible development of the company I could not cover this role and I do not have any reason to be here.

Intellectual Stimulation

A: Do you usually stimulate your teams to be innovative and creative by getting them to look at problems from many different angles?

J: I try to. I wish I would be better but I try to.

A: Do you suggest new ways of completing tasks and assignments?

J: Yes, I do. We are approximately 15 people in the plan.
New set up, not so well coordinated, not so well organized for understandable reasons.

A: Do you think you lead by example in a proper way?

J: Yeah, again I try to definitely.

A: Do you think it is the same in China?

J: Yes, but maybe a bit less. People tend to do more what they are told, it is related to power distance again. If more and more expectations, they would change jobs.

Individual Consideration

A: Do you pay attention to each individual and spend time teaching and coaching?

J: Yes. I think that is part of my job. Some of the employees are close to me. And I try to find time one to one. One to one and my job is to coach them.

A: Is it the same in China?

J: I don´t think so, or at least it is changing compared to the past. There are differences in how managers see their role, it was more a direction management in China.

A: How have you encouraged learning and development of employees?

J: Specific area and value for their work. It is something we try to provide in job development, more expended tasks to people that we believe can take up more. When the time comes you will definitely put them in more challenging position. I also keep in mind people close to me and the feedback should also contain what the development is for.

A: Do you believe that these "Leadership behaviors" can be adopted by Chinese Leaders when operating in Western markets? And when entering new markets?

J: Yes, absolutely. I have no doubt about that. I don´t expect the Chinese and Danish culture to be the same but Chinese can implement these behaviors. If they want to adapt to ways of thinking of

the rest of the world, the can and actually they will. In fact, there is a rush for competent employees and you need to be a competent leader to attract and keep them. You need good management in terms of attracting know-how. Considering know-how, important to consider what will work in a Chinese market and what will work in Danish market. It needs a specific know-how. I don't expect same culture in Denmark or western countries and China, but there is more similarity today.

A: Can this be considered as a way to overcome a cultural distance between Western Countries and China?

J: I believe so. We can definitely develop; the potential is there all below the differences. It can be a bridge between two cultures. Leadership behaviors based on humanism and ethics are something that it is common as human beings rather than in Western and Chinese culture separately. If we develop same values and ways of perceiving each other, the potential is there to lower the differences.

A: Do you think that by changing the leadership style of seniors in a Chinese company, employees would shift the perception about China and be more willing to buy Chinese products and use Services?

J: Yes, that is a possibility. The product is going more and more beyond the physical product: it is becoming more intangible value. A product is more. It is storytelling, comprehensive values, management style and how the company is behaving towards employees and treat them. If you look at the management style how it adds value to the product. All can be towards the employees, towards the product. Like that, the product will not be perceived bad, but otherwise there will be a good perception of the product, good values, higher quality based on the information and the communication of the product. Behaving good towards employees can increase the perceived quality of the products. Willingness to buy Chinese products increases if the product is perceived good, if perception is right, after communicating the whole tangible and intangible characteristics of the product. If the perception is positive people are more willing to buy. At the end of the day, there will be an impact on the perception of the product. Not the first thing but there will be an impact for sure.

A: Can this shift in the leadership style change the perception of China among western employees?

J: Yes, I think so. We probably have some kind of social idea of what Chinese management is. Chinese way of working together, high and low. If the perception changes, the attractiveness will change too.

A: In your opinion, can this be considered a starting point to boost the change in the country image of China and its perception among Westerners?

J: Yes, I think it goes hand in hand.

H: What is your personal opinion about China?

J:

A: Do you find hard sometimes to work together?

J: Sometimes things are executed without informing.

A: Do you like more working in China or in Denmark?

J: More exciting to work with Chinese colleagues.

A: Was it challenging for you?

J: The different culture. It is good to know we are different but important how we are different. I worked in India, China, Switzerland before and it is interesting to understand what is different among people. Moreover, Chinese companies have many strong execution powers. Strong impression from the Chinese side of our company. Less alignments, less waiting, less evaluation and more execution.

A: Did you find a focus on humanism and ethical aspect much more important than here or was it the same?

J: Probably, the same In China. Chinese execute more in opposite of Westerners. We in the west we are better in planning, making good strategies and plans but Chinese are very good in executing and taking actions.

A: Perfect that's all, thank you very much for your time.

J: You are very welcome.

5. Interview With Erkan Kahraman, P&G´s Platform Leader, Switzerland

Location: *CBS, Solbjerg Plads, Frederiksberg*   *Interviewer: **H***   *Interviewee: **E***

H: Hello!

E: Hello!

H: First of all, thank you very much for agreeing to give this interview.

E: You are welcome.

H: Before we start, we would like to ask for your permission to record this conversation.

E: Sure, no problem.

H: Thank you. What is your name and current position in the company?

E: Erkan Kahraman, Global Liquid Detergent Operations Platform Leader

H: What is your field of expertise?

E: Manufacturing and Innovation

H: How long have you been working in this field?

E: For 16 years.

H: That is a lot of time and effort. You are working for a Multinational Company which is dealing with many individual brands, could you share more with us?

E: Yes, P&G has many brands, to name some of the categories, for example: baby care, fabric care, family care, feminine care, home care, hair care, personal health care, oral care. While organizations are mainly built per category it is always very advantageous to get learnings from other categories.

H: What is P&G´s opinion about Chinese market?

E: China is very important market for P&G and we have our local manufacturing sites in China. We keep always the same purpose of "We will provide branded products and services of superior quality and value that improve the lives of the world's consumers, now and for generations to come". So where ever our product is produced we constantly focus to serve with the superior quality to our consumers.

H: What is your personal perspective about the rise of China and the Chinese market?

E: From my personal view, Chinese market was rising during 2000-2001 but started to slow down recently for several years.

H: What are some of the external factors affecting market development?

E: Main reasons could be increasing transport costs, low quality products, long lead times. Locally available value brands which can subside the cheap products ex-China.

H: In your opinion, is there any shift in how China wants to be perceived? (E.g. branding strategy)

E: I think China started to focus now more on increasing the quality of products vs. what it used to be "cheap only". Also, they are focusing on innovational products which can ease the life of consumers.

H: Do you think the sensitivity towards quality, design and price of the offered products & services has been increasing?

E: Yes, for sure. Usually, consumers are searching for high quality and low price products.

H: What do you think are the consumer attitudes towards Chinese products & services?

E: Considering this from the Europe consumer perspective, I believe initially consumers were attracted with the goods which looked the same in quality but had drastically cheaper prices. However, over the time realizing that the quality of majority of Chinese goods is low, demand started to shift to non-Chinese products. Now low – quality service and products is not the preference of the consumer. Currently consumers are looking for optimum value with both price and product quality. Although there had been "low quality" image with Chinese products, recently some local companies try to optimize the total value of their products via bringing the quality almost on par to European goods and still offering advantageous price given their manufacturing of expense benefits, which believe is the right strategy to support the local supply in long term.

H: What are the drivers for consumers to purchase "Made in China" products?

E: The only driver so far would be "cheap"

H: What is the relationship between P&G and the Chinese market?

E: We produce and ship in China. Not different than any other market where we produce and ship. Our purpose is the same "to produce and ship quality products" So we focus on improving the lives of Chinese consumers by making available superior quality products. Definitely, as in all other market we focus to bring to our Chinese consumer the superior quality with a competitive price vs. its same tier peers.

H: Are there any obstacles in the relationship from both sides?

E: As a Product Supply person not much familiar with any obstacles. You may get better perspective from our marketing folks upon your interview.

H: What are the main differences in working with Western Markets, i.e. Europe and USA, and Chinese market?

E: Each market has its own dynamics, political, financial and demographics. Middle East and Africa region is having its own challenges given the FX rate exposures, politics. Even though consumers in these regions is looking for luxury brands especially in Arabian Peninsula as well as economic options where they can survive in financial crises. While Europe is a more stable market its changing more towards e-commerce and easy to use FMCG products where innovation is critical. USA market is also stable but with many competitions impacting. Chinese market is now moving from cheap to quality products. P&G focuses on understanding the consumer needs and improving their lives.

H: To what extent cultural difference affects the business? In what way?

E: It is quite important. While designing for example our laundry products we look at what consumers is looking for. If it is whiteness, brightness, smell etc. Culturally MEA countries are obsessed with whiteness, while European countries focus on consumer experience to be smart and less time consuming. Accordingly, while we keep the overall quality of our products at superior level we may consider fine tunes in formulations based on culturally difference in habits.

H: How the company deals with it?

E: Products are designed specifically to meet specific consumer needs while at bare minimum comply with our global superior quality target standards.

H: What is your personal opinion about the internationalization of Chinese businesses?

E: All companies today are moving towards being global businesses. Chinese businesses to be successful need to focus on higher quality and should change the image of "cheap". There are also huge concerns about cancerogenic ingredients being used in Chinese products.

Leadership Behaviors

H: Since your title as "Platform Leader" is considered a leading position, would you mind sharing your point of view about the general Leadership behaviors in your division and in P&G by answering the following questions?
E: Yes, of course.

Idealized Influence

H: What are the most important values and ethics you and your colleagues demonstrate as leaders? Could you give us an example of these?
E: Integrity, Leadership, Ownership, Passion for Winning, Trust are common values of all P&G people. We always try to do the right thing and operate within the letter and spirit of the law. We are all leaders in our area of responsibility, with a deep commitment to delivering leadership results. We all act like owners, treating the Company's assets as our own and behaving with the Company's long-term success in mind. We have a compelling desire to improve and to win in the marketplace. We respect our P&G colleagues, customers and consumers, and treat them as we want to be treated. We believe that people work best when there is a foundation of trust.
H: What methods have you generally used to gain commitment from your team? Were those methods successful in building trust, respect and admiration towards the leaders?
E: Initially we focus to hire the best people. It does not mean that we expect our new hires to know everything from day one or to be in the same characteristics (as we value a lot the diversity). The focus we put is to hire the highest potential people and as managers to coach and train them to become great leaders. One of the methods I adopted and believe is online to our strategies of "growing people" and also "deliver the best" is "Situational leadership". This method well balances the give and gets from employee and manager sides and has been very useful to me when leading my team. It definitely requires to have the best potential people in your team but also puts equal accountability on the manager how to efficiently and effectively lead the team and deliver the business needs. Leaders, engaged, accountable, helping and guiding people to succeed is well recognized by the employees and is effectively establishing foundation of trust within the team.
H: How have you influenced employees to follow your strategic vision for the Organization? Do you ever emphasize the goal of collective sense of mission?
E: In P&G we are well organized on setting the vision, target and plans according to our Compelling Business Need (CBN). In each of our organizations we have OGSM (Objectives Goals Strategies Measures) sessions run at the beginning of each Fiscal year to support the overall CBN of the company. So, like in the pyramid flow, as we clarify what is the CBN that will make us win in the market vs. our competitors, we establish the OGSM for each and every category, function and organization. At the beginning of every Fiscal Year we have OGSM events where individually all category team leadership teams work together to establish the specific Objective, Goal, Strategy of the team on how to support the next fiscal year CBN and equip it with a Masterplan that links to the strategies of the function. Then this is further cascaded down to department and team level via making part of every individual working plan of the upcoming year. So, at the end of this OGSM process every P&G employee knows and commits specific targets that will contribute to the company CBN. As the Masterplan actions set for the year ahead are built on very well analyzed data and has clear owners identified (set in the workplan of each employee), regular review and support very often enables high compliance to our targets.

Inspirational Motivation

H: Are you enthusiastic and optimistic about the future and confident of achieving goals? Are these encouragements being attractive for the people around you?

E: It is obvious that the goals of the companies become more and more stretch given the higher value competitiveness in the markets. Companies are focused on growing while becoming more competitive on value products (higher quality and lower cost). Given that fact the future is not going to be easier however I am confident that the goals will be achieved via shifting more focus on innovation (new products, new ways of operating / producing, etc..). Accordingly, while we set strong plans on Net Structural Savings we count much on innovation/ automation that will drive smart cost for our company. As already highlighted above, we know what needs to be true to WIN in the markets through our CBN and accordingly work together (all organizations involvement) in details all the innovation, automation, optimization plans to achieve our CBN. As the plans are data based, worked together and part of each P&G employee's workplans (accountability of all), we have the right motivation of our teams to accomplish the targets we set.

Intellectual Stimulation

H: Do you usually stimulate your teams to be innovative and creative by getting them to look at problems from many different angles? Do you suggest new ways of completing tasks and assignments?

E: As mentioned above, this is the only way out and as we stimulate our people to be innovative (on product shapes, formula and the way we operate/manufacture) we also structured this via establishing specific function (Innovation Diamond Management) under each category organization structure. We expect/make this function to assess all the dynamics in the markets / categories and deliver innovative and competitive Initiative Masterplans that will establish the bare bone of our growth strategies.

Individual Consideration

H: Do you pay attention to each individual and spend time teaching and coaching? How have you encouraged learning and development of employees?

E: Initially, I would like to give more perspective on what Leadership means to us in P&G through the P&G's 5E's for Leadership:

- **Envisions** the future - recognizes opportunities; forms a clear vision of what can be achieved.
- **Engages** others in developing and owning the vision and strategies; leverages cross-organization collaboration to achieve best solutions.
- **Energizes** people and resources to realize the vision; creates an environment where others are motivated to do their very best; role models desired behavior.
- **Enables** self and others to achieve the vision by leveraging strengths and removing barriers to success.
- **Executes** - Develops executable plans to deliver the strategy; insures individual work plans are aligned to the plan and establishes clear expectations; holds self and other accountable for results.

H: That is really interesting. Thank you very much for the detailed information.

E: P&G is still one of the biggest pioneers for "GROW WITHIN". As stated earlier we hire the best potential people and focus on coaching and training them to become the "Great Leaders" of future. Respectively establish a culture of Learn, Do and Teach which continuously raises the momentum of learning and capability increase. This enables us with most qualified leaders for the future succession planning (grow / promote within). Coaching is part of daily life in P&G. While we identify "buddies" to our new hires we also have "Mentorship" process where each new hire is

assigned to a "Mentor" that is responsible of the growth/success of the individual. While the process is structured and goes through regular connects, both the mentor and the mentee have responsibility to maintain the touch basis and demonstrate successful results of the employee which at the end contributes to company goals.

Apart of the coaching process, we also have the "Work & Development" process where every P&G employee has a yearly Work & Development plan established, aligned and committed together with employee and the manager. At the beginning of every year, linked to the CBN and OGSM described earlier, every employee works an action plan with clear targets aligned on how to contribute to the business and how to improve the personal / organizational capability. This document is aligned with one up manager and saved in the system after signed by both employee and manager. This document is reviewed at least quarterly by employee and manager to ensure that all is on track or the employee is enabled properly. While it is both employee and manager responsibility to raise the help need and to provide support / demonstrate 5Es of Leadership, at the end of fiscal year there is an evaluation and rating linked to what has been delivered by the employee vs. commitments. Associated to it there is rating given to every individual which is linked to the Performance evaluation process and the Compensation system.

H: Do you believe that these "Leadership behaviors" can be adopted by Chinese Leaders when operating in Western markets? And when entering new markets?

E: I agree that there are cultural differences but this has not been any barrier to us to deploy and work the P&G work processes. We as P&G are already in China and working equally all our processes with Chinese leaders as we do in all other markets. So believe that if you have right processes in place and demonstrate to Chinese leaders the right examples, they will adopt quickly in this fast globalizing era…We as P&G, to speed up the cultural penetration also utilize the Rotation process where broaden our high potential leader through multinational and multifunctional assignment. Accordingly, when the person is back at home country he has already adopted the culture spreads it faster to his/her local organization.

H: Can this be considered as a way to overcome a cultural distance between Western Countries and China?

E: Yes, if all people from different cultures and background adopt the same behaviors this can help to establish much more efficient management / decision process / trade especially when working with multinational organizations.

H: Do you think Chinese leaders have the ability to change the leadership style?

E: Definitely they are capable and have the ability. As stated earlier our unique leadership style is trained and adopted by all multinational leaders. There are ways to make this change / shift faster like having rotation and abroad assignments for people but for sure if it becomes a target for an organization this is proven. We, in the company have strong Chinese leaders active in quite high management levels!

H: Do you think that by changing the leadership style of seniors in a Chinese company, employees would shift the perception about China and be more willing to buy Chinese products and use Services? Can this shift in the leadership style change the perception of China among western employees?

E: It is certain that China should break the "Cheap & Poor Quality" image about their products. As it is obvious that a big change needs to be driven (focusing on quality improvement but maintaining the competitiveness in the cost) this has to be kicked off and managed by strong Leadership! So, strong leadership will play a key role on efficiently and effectively driving the change which can help reverse the current image of Chinese products.

H: In your opinion, can this be considered a starting point to boost the change in the Country image of China its perception among Westerners?

E: I believe so! If you want to change an image, establishing the right Leadership capability and people should be the first step to move forward.
H: Thank you so much for your time.
E: You are welcome.

6. Interview with Tonguch Buyukchoban, P&G Feminine Care Marketing Director, Switzerland

Location: *Killen, Frederiksberg*   *Interviewer*: **H, A**   *Interviewee:* **T**

H: Hello!
T: Hello!
H: My name is Hasibe and next to me is my colleague Antony.
T: Hello Hasibe and Antony.
A: Hello.
H: Hello. First of all, we would like to thank you for accepting to give this interview and sparing time for us. We appreciate it.
T: You are welcome.
H: Before we start, we would like to ask for your permission to record this conversation.
T: Yes, of course. No problem.
H: Thank you very much.
A: Thank you. What is your name and current position in the company?
T: My name is Tonguch Buyukchoban and I am a Marketing Director in a company called "Procter & Gamble" (P&G). I am responsible for global design and European visional delivery for adjusting continent products.
A: Is your field of expertise marketing?
T: Yes, my field of expertise is marketing
A: How long have you been working in this field?
T: I have been working in this field for 16 years.
H: That´s a long time.
A: Yes, a lot of experience. Would you mind telling us more about the company you work for?
T: Procter & Gamble is one of the largest multinational consumer goods companies that operates globally. Mostly work in fabric and own care – detergents, stain removers, dish washing liquids. The second part is paper products – basically baby care and hygiene. We have the diaper products for babies and we have head tampons and we also have adjusting continent products, I am working in this part of the business. Then we have beauty products, like shampoos, conditioners and all hair products, we have also skin cosmetics products and we have also razors which is "Gillette". We are a 65 USD billion company operating globally.
A: Thank you very much. What is the company´s perspective about Chinese market?
T: I cannot talk from the company´s perspective but I can tell you about my perspective.
A: Of course.
T: I don´t work for the Chinese market so I don´t have the data about it. China is one the fastest growing economies globally. Besides the rate of global that China has it is also growing on a very high base when we look how many million dollars they add into their economy every year and I think it is simply the largest. In the next 15 - 20 years it is forecasted to become the number one

economy globally, hence this is how China is being perceived in the eyes of different consumer goods companies. So far, they have been mostly operating as producers of goods and then importing them to outside, as the economy grows and the GDP capital is growing too as well. They started to become significant consumers, hence the company that I work for or any consumer goods company they are significant source of growth.

A: What are some of the external factors affecting market development?

T: You mean the development of the Chinese market?

A: Yes, yes exactly.

T: I think, the biggest help they are getting right now is increasing the GDP per capita. As I can see, they have been spending the last 20 years perfecting their economic model, they started as good producers of cheap products, producing then in an affordable way. They basically became the production zone for many multinational companies. And the economic growth now is triggered, and the purchasing power of people is increasing and it advanced. That also increases the purchasing power of GDP per capita growth. In my eyes, the biggest growth in China is the economy right now. Because when you look at the economy there are two things that can happen; the number of people growing the population might be growing significantly and this might reflect the economic growth or within the similar number of people, the purchase power of people might be increasing. I think China is the second case where you don´t necessarily see very significant increase in population. China is also an aging population, however thanks to the strong growth in their purchasing power of GDP per capita they are becoming a significant growth engine for most of the consumer goods companies.

A: In your opinion, how China and Chinese Market are being perceived by Western people?

T: When you look at the Chinese market, the first thing that any European person who start working in China realizes is the complexity, because when we talk about China which one country in the end and when we start looking in the details it is much more complicated than any country that you would have in Europe. Many different things are affected by the language there is much more dispersed trade environment; for example, if you are looking in France in a consumer goods company, 4-5 big customers would make more than 80 percent of your revenue, the giants of the world, however when you look at the trade landscape of China, it is still quite dispersed so the number of retailers that they need to work with is higher. I think, Europeans started working with Chinese market because of consumer's needs, which is quite different than their investing in Europe, the expectations from the products are quite different but this is not the hardest, also European people working in China to adapt as well. And then the final point is the growing economy, China is in the 4th front of the digital economization. In the past 20 years, we have been always used to feeling the future in Western Europe and in some cases US and that is cascading down to the west of the world but when I see what happens in China now, in terms of digitalization, I think the future is in China, what is happening in China it´s happening in Europe too, the era of digitalization. This is a significant change and difference in landscape in China and West of Europe.

A: Do you know how Chinese products are perceived?

T: Chinese products are not perceived very well. Typically, they have the perception of very low quality, hence they are affordable of course. I think the only perception that the Chinese products have right now is the affordable price.

A: Is there any shift in how China wants to be perceived? (E.g. changing country image strategy)

T: Again, I am looking at it from my perspective. I see some efforts, they are trying to be a brand, for example: the telecommunications sector – the Chinese "Huawei" right now is one of the top 3 brands globally together with "Samsung" and "Apple" in the mobile phone industry. I see that they also have improvements in the automotive industry as well. People are aware of that effort but it is still too early to judge whether they are successful or whether they will be successful or not.

A: Do you think China is going towards this direction of rebranding the "Made in China" concept?

T: As I said I see efforts in this direction in limited cases though, the fact that I am observing limited cases of China, I think it is quite far away. But when we look at the natural growth of economy I think this obviously can be the next step, so they are quite strong in their production capabilities right now. When you look back again in 15 – 20 years they had the production capabilities but the production was usually very low quality. I think the production quality of Chinese products is becoming better. When you look at "Apple" for example its manufacturing its products in China for all the globe. The interview of Kim Cook, the CEO of "Apple" had, he was asked why they are not moving the production from China to US, one of the things he said was that "It is not linked only to the cheap and affordable production but also that they are quite capable in production." I think in these last 15 – 20 years they perfected their production quality, especially for Multinational companies, they became a really strong production engine. I think, the next step for the economy will be – not only staying limited in production but also investing in branding and marketing as well so they take more of the value of the products they are selling.

A: Do you think the sensitivity towards quality, design and price of the offered products & services has been increasing?

T: You mean towards the Chinese products?

A: Yes, the sensitivity about the quality of products from the customer´s perspective in general.

T: I think consumers were always looking for high quality products, I don´t see in general a mindset shift of looking for higher quality products that was always the case. What is changing which is not linked to China though, I think the perception of quality or what makes the products, the quality of products is changing. Again, if you go back 15 – 20 years the quality was perceived differently, I mean it was worse. For example, if we take a look at detergents that clean stains, no matter what the stain is, it is made from the consumer´s perspective with high quality. This is what you are expected to do. These are the basics for producing a product now. But on top of that there are additional things that come into the picture which is defining the quality of work. For example, how the product is manufactured, what were the ingredients that were used, what are the basics of these ingredients, the ecology. I think consumers always learn and ask for what kind of quality they are looking for but there are some additional things; especially in the area of sustainability which is binding to the definition of what a quality product means.

A: Does it mean that, it is not only the quality but also the perception?

T: I think, it is the definition of quality that changes, which was delivering the job in a perfect way and now it is delivering the job in a perfect way plus sustainability concerns in the territory.

A: What is the relationship between P&G and the Chinese market? How the company operates in China?

T: We operate in China as Procter & Gamble and the company sees China as a growth and a strong partner in the future beyond that I don´t have any information about it because I do not work in that market.

A: What are the main differences in working with Western markets, i.e. Europe and USA, and Chinese market?

T: I think it is going down to the previous comment. I think, the Chinese market is much more complicated than what we are used to – Europe and North America. Again, first of all, the consumer meets and paradigms are quite different than what we see in North America and Western Europe; the trade landscape is very different, it is quite diverse. It is much harder, as I can observe from outside to create the necessary distribution of your product, contrary to what is this behavior in North America and Europe. The third thing is digitalization e-commerce, it is much more important place in China versus North America and Europe. If you don´t have an experience in this field it is not easy to create this model.

A: Thank you. In your opinion, to what extent cultural difference affects the business of the company? In what way and how the company deals with it?

T: First of all, it is undeniable that the cultural difference plays an important role, it is quite manageable, you can very easily manage those cultural differences. For example, P&G started to operate in Turkey; which is the case and the Turkish culture is totally different than the US´ culture, I think it is not so hard to find the common ground within the company and its employees. You would have foreigners and Turkish people working together, I think they quite easily deal with that, because in the end those group of people are working for the same goal and are in the same direction, as long as that is the case. In my opinion, the cultural difference is quite easy to manage between the employees. The key difference is with the external stakeholders. For example, the trade partners, distributers, customers, the government, because the cultural difference plays an important role in the expectations of the society, in the relationship that you build with people. For example, in some countries, I work in Middle-East, Africa as well. In those countries, whatever you talk, your every word is seen as a promise, which means that people are trusted with their words. For example, if you go to Middle-Eastern countries, after the meeting you write them an e-mail, saying these are the meetings if you agree or not, the other side considers this as an insult, which is for example a very common practice in Europe, because people are objective about e-mailing each other concerning the meeting dates. They make sure that everybody has the same understanding for the topics, the expectations and the agreements are clear for everyone. I think, there can be one small thing that can make a difference, which is very critical when you are working with external partners versus external companies.

A: What is your personal opinion about the internationalization of Chinese companies?

T: I don´t have any opinion about it. I don´t have any experience with Chinese companies.

LEADERSHIP BEHAVIORS

A: Since your title as "Marketing Director" is considered a leading position, would you mind sharing your point of view about the general Leadership behaviors in your division and in P&G by answering the following questions?

T: Of course. No problem.

Idealized Influence

A: What are the most important values and ethics you and your colleagues demonstrate as leaders? Could you give us an example of these?

T: When you are working with a team, the most important thing is making sure that you create an environment of trust. And I think this is the highest possibility to ensure that you care for your team. The leader of the team is the bond that shows how the team is operating. The first thing I try to do is create a team from scratch, it does not matter which team but I make sure to create an environment of trust where everybody feels accountable, part of the team, and no matter what the situation is feels free to voice his/her opinion. Everybody knows that they will not be judged negatively, if we disagree for example the superiors, who have high rankings in the company. I think number one critical issue is "Trust". First, as advice to you, you are interested in organizational development that there is a "Book Code 2.0, which explains basically explains how to keep people motivated in two days world; because when you look at the first year after the industrial revolution, or the third or fourth year after the industrial revolution, job definitions for people were quite thick; IT or you are a mechanican working in a factory and you are responsible for making one specific machine to keep working but a very big job definition and most of are motivational approaches developed during this time, so if you look at for example how people are being kept motivated in companies today. It is basically following the carrot - stick approach. You

have a carrot if you deliver better and you have a stick – if you don´t deliver better. The award is increased salary, the carrot – getting a promotion and the stick means not getting promoted and being informed from the company. So, after the industrial revolution, the organizational approach is based on the carrot and the stick approach. In my opinion, there is transformation happening, they are realizing that in today´s world job definitions are not as strict as before. They are basically asking people help us understand the best way to prove ourselves in market X. This is a very generic brief. There is no single layoff for that. In this world, there are some important objectives that come in mind, which is called the 3 A`s Model; the first one is autonomy – whether people feel they do not have enough space for themselves, the second thing is authority – to make sure that people have not only the autonomy but also the authority to do whatever they want; and the last one is accountability where people feel responsible for their results. Based on your question, the first thing I try to do as a leader of a team is, to make sure that there is an environment of trust, trust is not earned, trust is given I think it is critical. You start from 100% trust from what they want and what you give them from the first moment, and the other thing I try to do is applying the 3 A´s model; giving people autonomy, giving people authority and keeping them accountable.

A: Very interesting. Were those methods successful in building trust, respect and admiration towards you as a leader?

T: I hope so. It is not easy to judge. It took me this far ,15 years. I could become a brand director, so I think they helped me, yes. I think it works perfectly so far.

A: How have you influenced employees to follow your strategic vision for the Organization? Do you ever emphasize the goal of collective sense of mission?

T: My 15 years - experience was always P&G, and one of the key drivers for the company is being very much data driven. The way I do is, I usually set a vision to my team, I don´t do it myself. After that we have a meeting, so we analyze, criticize everything together as a team and come to a conclusion which we call a collective team vision. I try to create this environment where we can gather as a team and have a collective thinking, and have a final decision together and set it as our productive team vision. I don´t like taking decision alone.

A: How do you think it is important for a leader to maintain a good moral character for the employees? E. g. honesty, reliability, sincerity.

T: It is very important, the most important trade of human beings, and it is not only linked to your relationships with your manager but also the relationship with your parents. Human beings do not learn when you talk to them, they learn through imitation. If you are not a good example, no matter how much emphasis you put into high model qualities whenever you talk to people, it will never work. I think it is quite important, but I think it is not only important in business related environment.

A: So, the imitation is the key.

T: As I said, people do not learn from hearing, they learn from imitating.

A: Okay, so how is it important to show kindness and generosity to your employees?

T: Very important. Those two questions you have asked, I don´t see any difference between work and personal life. I think it is very important. I make sure to treat people, the way I want to be treated by them; it doesn´t matter whether it is in business or personal life.

A: Does it mean that you consider your team as part of the family?

T: This is the only way you can succeed. And in today´s world you see your co-workers more than your family. Of course, they are a family. If you can create that environment of trust and respect it is much more easier to deal with any problem.

A: How much is it important to believe in people´s needs and relationships in the working environment?

T: Of course. There needs to be a sustainable relationship. On top of that, trust and respect help a lot.

A: Is it important to be modest as a leader?

T: Can you define modest?

A: Like, humble.

T: Humble, yes. I think it is important to be humble. I asked you to define modest, because when we are setting a target or vision, I think visions are not meant to be reached in 3 to 5 years. Visions are that inspire you and to go in that direction. If you are too modest, it might become less inspiring, but humility and humble are very important – yes.

A: What about serving your employees? Kind of being servant.

T: I think it is quite important. We also have this concept in P&G´s terminology, which is "Servant Leadership". The role of the leader is to make sure people have enough resources so the job can be done without any issues, which is kind of serving them.

A: How it is important for a leader to be firm in his principles but flexible in the approach? Do you think flexibility is very important?

T: I think flexibility is very important. Especially, being firm with the principles, so everybody knows when the deadlines are and when we need to stop but within that limitation of principles being flexible is very critical.

Inspirational Motivation

A: Are you enthusiastic and optimistic about the future and confident of achieving goals as a leader?

T: Yes. Creating an optimistic outlook for the future is one of the important rules of the leaders, so I believe it makes a difference when it comes to people. I think 4 out of 10 people can make that difference in their lives. It is a difficult potential for a business´ growth which makes me optimistic and I always try to be optimistic about every situation.

Intellectual Stimulation

A: Do you usually stimulate your teams to be innovative and creative by getting them to look at problems from many different angles?

T: We try to do that together whenever we have sessions or meetings. First of all, we put every problem on the table then we exchange our thoughts and ideas, make sure we look at the problems from different angles and try to solve them together.

Individual Consideration

A: Do you pay enough attention to each individual and spend time teaching and coaching?

T: I think yes. Based on the individuals' level and profile and also the way the current individual´s working in the company, the time might change. Enough time doesn't mean the same for everyone.

A: Do you believe that these "Leadership behaviors" can be adopted by Chinese Leaders when operating in Western markets? And when entering new markets?

T: I don´t see any reason why not. It might work but as I mentioned earlier, I have not worked with Chinese leaders or Chinese companies, so I am not very confident about this question but still I don´t see any reason why it will be different.

A: Can this be considered as a way to overcome a cultural distance between Western Countries and China?

T: Could be. But I am not sure whether there is a cultural gap that limits Chinese companies from being successful in Western countries.

A: Do you think that by changing the leadership style of seniors in a Chinese company, employees would shift the perception about China and be more willing to buy Chinese products and use Services? Can this shift in the leadership style change the perception of China among western employees?

T: Unfortunately, I don´t know the Chinese trade for leadership whether they are effective or not.

A: Do you think that by using these leadership behaviors, you as an employee or a leader will you be more willing to buy Chinese products?

T: No. I don't buy Chinese products based on leadership features of an organization, I buy them based on the quality of the product.

A: Would you perceive these leadership behaviors as more quality behaviors related to Perception of quality?

T: No, I wouldn´t, because we are operating in a certain paradigm and a certain country. The cultural environment in China which I don´t know might be very different and require a very different leadership style, so I cannot judge.

A: No, I was talking about in Western countries, if you would see this kind of behavior would be willing to change the perception of Chinese leaders operating in Western markets?

T: I don´t know the Chinese leaders so I cannot make any comment on that.

A: Okay, perfect.

T: I hope I could be helpful.

H: Yes, for sure. It was really helpful. Thank you.

T: Good to hear it. Thank you very much and have a nice day.

A: Thank you very much.

7. Interview with Dan Lin, Consultant at QVARTZ, Denmark

Location: *CBS, Solbjerg Plads 3*   *Interviewer:* **A**   *Interviewee:* **DL**

A: First of all, thank you very much for accepting to give this interview.
DL: No problem. It is a pleasure.
A: Before we start, is it okay if we record the interview?
DL: Yes, of course.
A: Thank you. What is your name and current position in the company?
DL: My name is Dan Lin Chen and I am currently working as a consultant at QVARTZ.
A: What is your field of expertise?
DL: I work in management consulting, so my expertise is strategy and advice to management of corporations.
A: Can you tell us more about the company?
DL: The modern alternative in top-tier management consulting, with offices in Amsterdam, Copenhagen, Hamburg, New York City, Oslo, Singapore and Stockholm. QVARTZ is firmly rooted in the traditional, professional values of high-end management consulting, we founded the company in 2002 with the clear intention of changing the industry "from within". We utilize a unique alternative to the standard consulting model, with less dependence on standard methodologies and more emphasis on listening and giving advice based on the client's specific challenges and opportunities as well as our specific insight and experience.
A: Is it a multinational company?

DL: We have offices in Amsterdam, Copenhagen, Hamburg, New York City, Oslo, Singapore and Stockholm. Hence, most offices are in Europe.

A: What is the relationship of the company with Western countries, i.e. Europe and USA?

DL: We are a company with Nordic roots but global ambitions and activities. Most offices remain in Europe, but our clients are multinational corporations and we follow our clients on projects which means that we work across continents.

A: Are your seniors Chinese?

DL: No. One of the reason is probably because we do not have any offices in China yet. However, one of our engagement partners is Malaysian Chinese.

A: What is the company´s future perspective about Chinese market?

DL: I am afraid I cannot tell what our perspective is, it is probably more a question for a partner. As for now we do not have any plans to enter the Chinese market with an office. However, our Singapore office is a hub which allows us to serve our clients in the Chinese market.

A: What is your personal opinion about the rise of China and the Chinese market?

DL: I think the Chinese market is an interesting fast rising market. It has many opportunities with the rising middle class creating a great potential in consumer's market. However, it is also a complex market that one should be careful to navigate in.

A: What are some of the external factors affecting market development?

DL: I don´t have a confirmed information about it.

A: In your opinion, how are China and Chinese Market being perceived by Western people?

DL: I think Western people is a very broad term, hence it is difficult to say how western people perceive China. However, in general I think people believe it is an interesting market with big potential and fast growth

A: What do you know about "Made in China 2025" and "Belt & Road Initiative"?

DL: I only know about it on a superficial level

A: Is there any shift in how China wants to be perceived? (E.g. changing country image strategy)

DL: I do not know. However, I think China wants to shift from being a copy paste non-technical manufacturing country, to become an innovative technology leader

A: What do you think are the consumer attitudes towards Chinese products & services?

DL: Currently, I think there are still many Danes that see Chinese products as cheap products with low quality. However, as more and more products are made in China, it does not seem to be something that bothers people too much. But I think that Danes perceive products made in the west as having a higher quality.

A: In general, do you think the sensitivity towards quality, design and price of the offered products & services has been increasing globally?

DL: I think it depends on which market you ask. But in general, yes as consumers are having more access to information and are able to do research and compare products online

A: In your opinion, what are the drivers for consumers to purchase "Made in China" products and use services from Chinese businesses?

DL: Currently, I believe it is price. However, in the future it could be more innovative products with high quality

A: What do you think the main differences between Western and Chinese market are?

DL: Different consumer behaviors.

A: To what extent cultural difference is impactful for the company abroad? How the company deals with it?

DL: I was not provided such an information.

A: What is your personal opinion about the internationalization of Chinese businesses?

DL: I think it is exciting that China is shifting focus and challenging American companies. This could be beneficial for consumers.

A: Would you mind sharing some general behaviors of seniors, more experienced and people at higher position in your company?

DL: Using Hofstede - Low power distance and feminine values.

Idealized Influence

A: What are the most important values and ethics your seniors demonstrate at work? Could you give us an example of these?

DL: Low power distance, feminine values with a huge emphasis on culture. Partners don't have own parking nor offices. It is free seating at the company.

A: What methods have they generally used to gain commitment from their team? Were those methods successful in building trust, respect and admiration towards them as leaders?

DL: At our company you can choose your own leader/mentor. It is called followership and it is important to have as a senior.

A: How have seniors influenced the employees to follow their strategic vision for the Organization?

DL: Emphasizing the mission, creating entrepreneurial mindset in every employee. In QVARTZ there are no rules, you just have to act as if QVARTZ is your own company. The entrepreneurial spirit motivates people.

Inspirational Motivation

A: Are your seniors enthusiastic and optimistic about the future and confident of achieving goals?

DL: Yes, they are quite optimistic about the future. They are quite professional and never lose temper. They are always enthusiastic, which also helps us in completing the given tasks.

A: Are these encouragements being attractive for your colleagues and you?

DL: Yes, of course. This also encourages us in achieving the goals.

Intellectual Stimulation

A: Do you and your teams feel stimulated to be innovative and creative? How?

DL: Yes. Our company just removed bonuses and instead are going to incorporate them into the salary as many studies say that financial incentives kill creativity

A: Are you suggested new ways of completing tasks and assignments?

DL: Well, they make easier and funnier for us to complete the given tasks. They encourage us all the time.

Individual Consideration

A: Do you feel your seniors are paying attention to each individual and spend time teaching and coaching?

DL: Yes, everybody has a mentor. So, they spent quite a lot of time to explain us the tasks. If something is not clear.

A: Have you been encouraged to learn and develop your strengths? How?

DL: I am still learning what my strengths are.

A: Do you believe that these "Leadership behaviors" can be adopted generally by Chinese Leaders when operating in Western markets? And when entering new markets?

DL: I think if they wish to adopt and are open-minded, then yes. But I also believe that it can be difficult to adjust to such a different culture. I think it would be something in between the two kinds of leadership behavior to begin with.

A: Can this be considered as a way to overcome a cultural distance between Western countries and China?

DL: I don't know, it might be. I think, everything is possible.

A: Do you think Chinese leaders have the ability to change the leadership style?

DL: I think Chinese leaders are capable of adapting to circumstances. However, it will always take time to adapt to new ways of working

A: Do you think that by changing the leadership style of seniors in a Chinese company, employees would shift the perception about China and be more willing to buy Chinese products and use Services? This shift in the leadership style can change the perception of China among western employees?

DL: I do not know if it is directly correlated.

A: In your opinion, can this be considered a starting point to boost the change in the Country image of China its perception among Westerners?

DL: I am not sure that changing leadership styles is directly related to a better perception. There might be other factors that is influential as well e.g. product innovation, product quality and presence in Western

world. Currently, Chinese presence is often cheaper products. If China can show that they can lead within e.g. technology innovation the perception could change.

A: Thank you so much for your time. We really appreciate it.

DL: You are welcome.

8. Interview with Haier Group´s Employee, Qingdao, Shandong, China

Location: *CBS, Solbjerg Plads 3, Frederiksberg*   *Interviewer:* **A**   *Interviewee:* **E**

A: Hello!

E: Hello!

A: This is Antony and Hasibe, nice to meet you.

E: Nice to meet you, Erman.

A: Is it Chinese name?

E: No, it is my English name. My Chinese name is 埃尔曼 (Āi ěr màn).

A: Okay. Thank you. And first of all, we would like to ask you if we can record this conversation.

E: Yes, sure.

A: Thank you very much and thank you for your time and the interview.

E: You are welcome.

A: Can we ask what is your current position in the company?

E: Right now, I work in the overseas platform which is related to marketing.

A: Can you tell us more about the company in general?

E: I work for "Haier Company" which makes household appliance. It is also a global company. It is also the biggest company in this field in the world.

A: This is a Chinese company, right?

E: Yes, it is a Chinese company.

A: Okay, that´s cool. Thank you. What is your field of expertise?

E: I work in the marketing department. I am responsible for marketing.

A: Okay. What is the relationship of the company with Western countries, i.e. Europe and USA?

E: Actually, the company´s business is very globalized. It´s not only in Europe, but also in Africa, Middle-East, Asia and America; South America and also in Australia. Very global.

A: Okay. What is the relationship just with Europe and the USA? More like Western countries in particular.

E: Do you mean the businesses?

A: Yes, like they are investing in Western countries in Europe in general or whether they are having many branches in Europe.

E: Yes, yes. Actually it´s been already many years since the company started to invest in Europe. In Europe they have a few branches, like Casarte which is an Italian brand, "Casa" means "Home" and "Arte" means "Art", so its name comes from Italian and it is a good brand of this company.

A: Okay, interesting.

E: And another brand which has been recently acquired is Candy, another Italian home appliance firm. In the US, instead there is GE, and Haier bought an appliance part of GE.

A: You mean "General Electric".

E: Yes. And "GE Appliance" was bought by "Haier Company". The company is investing in Canada and in US.

A: So, they are investing in Canada and US a lot.

E: Yes, there are branches in the US and Canada.

A: Does it mean that they have been for long in these markets, these countries?

E: Yes. It´s been a long time.

A: Does your company have a Chinese environment?

E: Yes.

A: Are your seniors Chinese?

E: Yes. At least, the headquarters are almost 100% Chinese.

A: Okay, thank you. Can I ask you, what is the company´s future perspective about Chinese market?

E: Pardon me, can you repeat it again?

A: Of course. What is the company´s future perspective about Chinese market? What is the company´s point of view towards the Chinese market?

E: We are an appliance company. In China, the market is not very well right now. That´s why the company invests more in overseas regions.

A: Is this the reason of investing a lot in Western countries?

E: Yes, the Western countries are part of it. They invest a lot in South Asia, the Middle East and South America also in Africa.

A: What do you think is the company´s perspective about the internationalization challenges of being global and going abroad? What are the challenges that the company is facing itself?

E: In Europe, it is not difficult because the local bonds are very strong - for example, like German companies. It is still hard to get the taste of Europeans. For example, what kind of products they really like. This still seems a little bit hard. I think it is also due to the cultural differences.

A: Okay, so do you say that one of the challenges is due to the cultural differences?

E: Yes.

A: In that case, can you tell us more about the cultural differences in your opinion?

E: I think, it is not only because of culture. In Europe most of the countries are already developed and also most of the companies are developed too. They have a very long history. As a new Chinese company, we still need a proper and upper management and improvement of the Chinese products to catch up with the European companies.

A: What do you think are the characteristics that Chinese companies should use to improve the products and the management to catch up the Europeans taste?

E: In my opinion, the strategy to get the European taste is to learn more from the European companies, the company should hire more local teams not only for marketing but also for managing. We also need to develop our technique.

A: Thank you. What is your personal opinion about the rise of China and the Chinese market?

E: I think, it is hard to say, Europeans feel threat, especially the US market. Rise of China is it´s like ... it is hard to say, it is hard to answer.

A: Okay. In which way, China can be a threat for US and Europe?

E: Especially economically; which is developing very fast, that´s why it can be seen as threating the other markets all over the world. But my opinion is that, US is feeling threatened because of the old times. It sees China as an enemy until the Soviet Union. I think, the rise of China is not a threat, as you can see Chinese people are very soft - their character and personality, and they are not very aggressive. Even though China is getting strong and with more power; we can say that China is following many rules, the rules made by UN. It is a good sign. China is helping Africa and many other countries, especially developing countries.

A: Interesting. Do you think that some external factors may be related to culture or what are some of the external factors affecting market development?

E: Sorry. Can you repeat it again, please?

A: Yes, sure. What are some of the external factors affecting market development? More precisely, the development of China. What do you think are the external factors?

E: Well, many western companies are trying to invest in China like "Starbucks", "Google" especially the US market is getting old, they cannot develop very well, I mean the marketing. As you can see, the Chinese market has a lot of potential, really high potential. It develops very fast; for example, the Chinese Entertainment business is developing very fast. It´s already the second biggest in the world; also like "Hollywood" which wants to attract Chinese investors and also citizens. This market has lots of potential and also its getting rich. The Chinese economy is getting better and better. Most of the companies want to develop and benefit from the Chinese market. That´s what I know.

A: That´s more than enough. Thank you. In your opinion, how China and Chinese Market are being perceived by Western people?

E: Well, I don´t know for all of them but, I can say that Greece is working with China right now and East Europe, because of the policy of China which is called "Belt and Road" Initiative. They are in a situation that need to help each other, I mean Europe and China which can be counted as a "win-win" situation for both sides.

A: Thank you. What is your opinion about the Chinese products? How are they being perceived by Western people and in general in Europe and US? – positive or negative

E: The world thinks that China´s products are cheap and with bad quality but the companies are already developing and improving themselves and their products and services (P&S). They are getting better and better every day. They are trying very hard to catch up with good companies. For example: phones, iPhone is a really good phone with high quality, but Chinese phone brands were not good enough before, like "Huawei" and "Xiaomi" but in the recent years they improved a lot and they deliver really high-quality products. Especially, those two brands were sold very well in Europe. The Chinese products are getting really well. They are being perceived positively from Europe.

A: Okay, interesting. Do you mean that the product´s quality is increasing?

E: Yes, exactly.

A: You mentioned the "Belt and Road" Initiative earlier. What do you know about "Made in China 2025" and "Belt & Road Initiative"? Can you tell us more, please?

E: China aims not only to improve products quality but also China´s government wants to become more reliable and stable. China´s government focuses not only making many products or tons of products but it´s more like the focus is on to improve the quality, making high quality products.

H: Does it mean that the Chinese government wants be perceived differently?

E: Yes, totally different. As I said, China is seen as a country producing cheap and bad quality products. But now China wants to change that image. They are trying very hard to improve the quality and to catch up with western standards.

A: Perfect. Thank you very much.

E: And one more thing. "Belt and Road" in that sense means that China wants to work with more and more countries to get a "win-win", to co-work with Europe and US. China´s government is very open-minded.

A: What do you think are the consumer attitudes towards Chinese products & services? In general, do you think the sensitivity towards quality, design and price of the offered products & services has been increasing globally?

E: Yes. I think people have doubts about the quality and price of the products.

A: Okay. In your opinion, what are the drivers for consumers to purchase "Made in China" products and use services from Chinese businesses?

E: First, China´s products are in a better quality right now, and second Chinese companies invest even more in the products. Western products mostly are expensive and Chinese products are now with better price and better quality. The global economy is not developing very well now.

A: Okay. That´s good. What do you think the main differences between Western and Chinese market are?

E: I think the main differences are related to quality and price, as I said Western products are really expensive.

A: How can the company can deal with cultural difference when going abroad or investing abroad?

E: The first strategy is to hire local team, local people, to make them be a part of the management, second, Chinese are very curious about European culture; third, the Chinese are trying to improve the management level in a decent way, more value of humans which is above the culture. No matter where people want to achieve something, work effectively these are more common things. This is above the cultural differences, if you work in a company and achieve something and work happily you won´t care about the culture so much, in that case culture becomes less problem if you like the environment you work for. They are trying to make the management level in a way that it fits more the culture.

A: Would you mind sharing some general behaviors of seniors, more experienced and people at higher position in your company?

E: Of course, I would like to share what I know.

Idealized Influence

A: What are the most important values and ethics your seniors demonstrate at work? Could you give us an example of these?

E: First of all, it is being honest to your customer, to your boss and employees. Second is being innovative and self-development, to do what your boss asked for like more empowerment for the employees and more responsibilities.

A: Do you see these values in your company from a Chinese perspective?

E: I think there are three values: the first one is like "Yes" and "No" this is how we call it here, which means that the customer is always "yes". We always need to listen to them, their opinions, they are always right, if they are not satisfied, it means the fault is yours and you need to improve your skills, because the market is always changing and so does the customer´s mind. Second one: development values, always telling yourself to be better, to be innovative. Third one: our management, in our company all the staff can make a team themselves and can connect with the customers directly.

A: Which methods have they generally used to gain commitment from their team? Were those methods successful in building trust, respect and admiration towards them as leaders?

E: First of all, they pay attention to the employee, secondly, they value our opinions, they let us write notes every day so they can catch up with our ideas. We prepare weekly reports which include our opinions and they check our reports and give us feedbacks.

A: How have seniors influenced the employees to follow their strategic vision for the Organization?

E: During meetings, they always explain what is in their minds, they share their visions with us, and explain the strategies.

Inspirational Motivation

A: Are your seniors enthusiastic and optimistic about the future and confident of achieving goals?

E: The company is still growing, and made many achievements in South Asia, South America and the Middle East and Africa. All these achievements make them be positive, optimistic and enthusiastic of achieving goals.

A: Are these encouragements being attractive for your colleagues and you?

E: Yes, quite encouraging. Seeing them optimistic impacts the employees in positive way too. It helps us perform our tasks better. I really trust our CEO, he gave many speeches in the Harvard Business School and gave interviews many times, actually he is very famous worldwide; there are many books of him. He is very admirable persona. His management skills are different from other Chinese companies.

Intellectual Stimulation

A: Do you and your teams feel stimulated to be innovative and creative? How?

E: As I said, there is no management right now, we connect directly with the market. Technically, we don´t have a leader in the team, it is like the market is our boss, as I said earlier, we connect to it directly. If the market response is high from the offered products, we get more bonuses and rewards but if the market response is low then we don´t get any rewards. We have to be innovative and creative all the time, in order to keep the good work and get paid more.

A: Do you have a person above you in a higher position?

E: My position is high even now, but after the training it will be even higher. And we don´t have a person above who decides our wage

A: Do you have a similar person who can give you a direction in the company?

E: Yes, of course there are people that give us directions but they are from higher ups. It is not like individual people. But of course, we can always ask our senior for opinions or when we have difficulties. They help you in any way they can, but of course not every time. Sometimes they challenge us to solve the problems ourselves.

A: Are you suggested new ways of completing tasks and assignments?

E: They have lots of trainings. They try to make it in an interesting way.

Individual Consideration

A: Do you feel your seniors are paying attention to each individual and spend time teaching and coaching?

E: We have a half year of training, during that time we work in different departments to do the rotation, so you get to know the whole business. We keep learning and improving ourselves.

A: Have you been encouraged to learn and develop your strengths? How?

E: As I said, we are working in different departments during the training time. We have a tutor teaching us about their field. We are spending a whole day with the tutor.

A: Does this training and learning help you develop your strengths?

E: Yes, totally. It helps us to improve our skills. They have their own ways of teaching, so it makes it easier for us to teach and learn and ask. It is really helpful to see the whole department and how they work and how they solve the problems they are facing. We can ask anytime if we have a problem while doing our own little projects, they give us advices how to fix the problems.

A: Do you believe that these "Leadership behaviors" can be adopted generally by Chinese Leaders when operating in Western markets? And when entering new markets?

E: I don´t quite know about this, as I didn´t work in Europe but actually I worked in US. I think it´s different in US but it´s hard to say the differences but in my opinion, they are affective in US and China but can´t say about western people. I don´t know about the leadership behaviors in Western countries, but it works good in many countries.

A: Do you think these behaviors can be adopted by Chinese companies?

E: Yes, I think it can be adopted by Chinese companies. Many companies already use these behaviors. Of course, it needs more improvement they cannot communicate well, the platform changes nothing is perfect. The thing is that the disadvantages should be converted to advantages.

A: Can this be considered as a way to overcome a cultural distance between Western countries and China?

E: Being friendly is necessary and respecting also. It can work, in my opinion. It kind of gives you more power, you can design your own products with the team, you have lots of space to make your ideas come true, it makes you more creative. You don´t response directly to your boss, but more likely to the customers which helps you feel how the market changes. We just get feedbacks from the seniors whether we are doing good or bad. This helps us to feel more responsible to your job and you can develop yourself more to get to know the market.

A: Do think these behaviors can change the perception of leaders among employees?

E: Yes, of course in China there are many lessons and courses to teach you across-cultural communications to improve yourself and across-cultural management skills. Chinese leaders are also learning it to lead in a

better way. I think they are aware of everything and that´s why they improve themselves and I think they are able to change.

A: In your opinion, can this be considered a starting point to boost the change in the Country image of China its perception among Westerners?

E: I think so. Like "Huawei" more and more people are buying it and the service is very good. I think Chinese companies are focused much on the service. The feedbacks from the customers are really important for them.

A: Do you think this leadership can be considered as a strategy for companies to improve the willingness to buy Chinese products and services where the employees will be the customers?

E: The employees are making their own products and if the market response is well I think the employees will also have willingness to buy the products they have made. It´s possible to change the perception among Chinese.

A: What about in cases where employees see different behavior in the company, do you think they are willing to change the perception of China´s image?

E: I think so. The Western companies are paying a lot of attention to the quality and they want to know everything about how the products are being manufactured whether the quality is good and products are safe to use. I think they cannot still trust it. But many western people are willing to work for Chinese company, especially in Beijing, western people who work for Chinese companies are doing a good job. They are being valued. According to the Western leaders, Chinese leaders are softer. You can communicate easily with them. Especially, in US the boss is very strict and they want you be professional all the time. This is what I observed when I was in US. But in China it is more flexible and especially the leaders are smiling all the time. You can communicate without being anxious. But that´s only the leaders I saw. I don´t know about the leaders in different companies.

A: That´s more than enough. Thank you very much. If we have more question, can we contact you again?

E: Yes, sure.

A: Perfect. Thank you very much.

H: Thank you so much.

E: You are welcome!

13.3. Appendix C - Survey

Nation Brand Perception Survey in 3 Different Scenarios from 4 Different Perspectives

Scenario 1: Current Perception of China & Made in China

COGNITIVE (ASSOCIATIONS)

1) Open-ended question: What comes to mind first when you think of China?

2) Open-ended question: What comes to mind first when you think of "Made in China" products?

3) List question: Which of the following words describe "Made in China"? (Quality, Low Price)

4) Positive to negative scale question: Of the words you selected, how do you feel about each?

5) What is your impression when you hear the words "Made in China"?

EMOTIONAL (FEELINGS)

6) Open-ended question: What kind of feelings do you experience when you think of "Made in China" products?

7) How do you feel when you think of "Made in China" products? =(=) Scale

8) List question: How would you describe your level of emotional attachment to "Made in China" products?

LANGUAGE

9) Open-ended question: Which words would you use to describe "Made in China" products?

ACTION = Net Promoter Score + Willingness to Buy

10) List question: Which best describe your last experience with "Made in China" products?

11) Scale question: On a scale of 0-10, how likely is it that you would recommend "Made in China" products to a friend or colleague?

12) Open-ended question: What is the primary reason for your score?

13) 1-10 scale Question Willingness to buy: Would you buy?

14) Perceptual Maps dimensions: Country Image Dimensions (Quality, Price, Design Innovation)

GENERAL PERCEPTION

1) How do these pictures make you feel? =(=)

2) Quality 1-10

3) How do these pictures make you feel if I tell you that those are Chinese Products/Made in China? =(=)

4) Quality 1-10

Scenario 2: Made in China 2025 & Perception of Innovated in China

COGNITIVE

1) Open-ended question: When you think of "Designed in China" or "Innovated in China", what comes to mind first?

2) ==List question: Which of the following words describe== "Designed in China" or "Innovated in China"==? (Quality, Low Price)==

3) ==Positive to negative scale question: Of the words you selected, how do you feel about each?==

EMOTIONAL

4) Open-ended question: What kind of feelings do you experience when you think of "Designed in China" or "Innovated in China"?

5) When you think of "Designed in China" or "Innovated in China", how do you feel? =(=) Scale

6) ==List question: How would you describe your level of emotional attachment to== "Designed in China" or "Innovated in China"==?==

LANGUAGE

7) Open-ended question: Which words would you use to describe "Designed in China" or "Innovated in China"?

ACTION = NPS + Willingness to Buy

8) ==List question: Which best describe your last experience with== "Designed in China" or "Innovated in China"==?==

9) Scale question: On a scale of 0-10, how likely is it that you would recommend "Designed in China" or "Innovated in China" products to a friend or colleague?

10 is the most likely to recommend and 1 is the least likely to recommend.

10) What is the primary reason for your score?

11) ==1-10 scale Question Willingness to buy: Would you buy== "Designed in China" or "Innovated in China" products==?==

12) ==Perceptual Maps dimensions: Country Image Dimensions (Quality, Price, Design Innovation)==

Scenario 3: Measuring Chinese Transformational Leadership & Perception of Innovated in China

PART I: Transformational Leadership + Chinese Transformational Leadership Behaviors

4Is + 10 behavioral attributes

Agree-Disagree question: A leader in a company should…

PART II: BRAND PERCEPTION

COGNITIVE

1) Open-ended question: When you think of these behaviors, what comes to mind first?
2) List question: Which of the following words describe [your brand]? (Quality, Low Price)
3) Positive to negative scale question: Of the words you selected, how do you feel about each?

EMOTIONAL

4) Open-ended question: What kind of feelings do you experience when you think of [your brand]?
5) When you think of [your brand], how do you feel? =(=) Scale
6) List question: How would you describe your level of emotional attachment to [your brand]?

LANGUAGE

7) Open-ended question: Which words would you use to describe [your brand]?

ACTION = NPS + Willingness to Buy

8) List question: Which best describe your last experience with [your brand]?

9) Scale question: On a scale of 0-10, how likely is it that you would recommend (brand) to a friend or colleague?
   10 is the most likely to recommend and 1 is the least likely to recommend.
10) What is the primary reason for your score?
11) 1-10 Scale Question: Willingness to buy: Would you buy
12) Perceptual Maps dimensions: Country Image Dimensions (Quality, Price, Design Innovation)

Which Brand do you Prefer?
MIC, MIC2025, CTL+MIC2025

General Questions

Age

Gender

Where are you from?

Where do you live?

Dichotomous Question: Have you ever been to China before? Yes, No