

Retraction

Retracted: The Role of Confucian-Transformational Leadership in Shaping and Influencing Chinese MNEs

Scientific Programming

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This article has been retracted by Hindawi following an investigation undertaken by the publisher [1]. This investigation has uncovered evidence of one or more of the following indicators of systematic manipulation of the publication process:

- (1) Discrepancies in scope
- (2) Discrepancies in the description of the research reported
- (3) Discrepancies between the availability of data and the research described
- (4) Inappropriate citations
- (5) Incoherent, meaningless and/or irrelevant content included in the article
- (6) Peer-review manipulation

The presence of these indicators undermines our confidence in the integrity of the article's content and we cannot, therefore, vouch for its reliability. Please note that this notice is intended solely to alert readers that the content of this article is unreliable. We have not investigated whether authors were aware of or involved in the systematic manipulation of the publication process.

Wiley and Hindawi regrets that the usual quality checks did not identify these issues before publication and have since put additional measures in place to safeguard research integrity.

We wish to credit our own Research Integrity and Research Publishing teams and anonymous and named external researchers and research integrity experts for contributing to this investigation.

The corresponding author, as the representative of all authors, has been given the opportunity to register their agreement or disagreement to this retraction. We have kept a record of any response received.

References

- [1] Y. Hui, "The Role of Confucian-Transformational Leadership in Shaping and Influencing Chinese MNEs," *Scientific Programming*, vol. 2022, Article ID 5839223, 11 pages, 2022.

Research Article

The Role of Confucian-Transformational Leadership in Shaping and Influencing Chinese MNEs

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The demand to comprehend leadership across the world is becoming necessary and more urgent since the inevitable trend of globalization. In today's global arena, on the one hand, China has maintained its remarkable economic performance and Chinese culture will have a more powerful influence in the foreseeable future; on the other hand, due to the policy of reform and opening and the economy market, western management theories and practices have flowed into the Chinese market and influencing Chinese companies. Thus Chinese leadership needs to develop more compatible with western leadership, thereby Chinese MNEs become more adaptive and competitive in the current global business environment. Against this background, this paper focuses on Confucian leadership, the most important Chinese leadership shaped by traditional Confucianism for more than 3000 years, and attempts to explore the compatibility of Confucian leadership and transformational leadership. After a thorough case study of Haier Group and its CEO Zhang, Ruimin, the research found that the great success of Haier is due largely to Zhang's Confucian-transformational leadership, which combines both the wisdom of traditional Chinese Confucianism and the essence of western transformational leadership theory. Therefore, it is demonstrated that Confucian leadership plays a vital role in shaping the management style and performance of Chinese companies, and there can be a high level of compatibility between Confucian leadership and transformational leadership.

1. Introduction

As the inevitable trend of globalization, especially in business circles, the demands for mutual penetration and understanding among various nations have been driven. Against this background, the need to understand leadership around the world is becoming necessary and more urgent.

With the implementation of the Belt and Road Initiative from 2013, China has maintained its remarkable strength in the world economy. Thus, it is urgent to develop a deeper understanding of successful Chinese business models and how they differ from those of western [1] through researching Chinese culture and management practices. That is why this research focuses on Confucian leadership.

Meanwhile, with the development of Global Economic Integration, an increasing number of Chinese companies have been influenced by the influx of western management

theories and practices. Under this tremendous change, Chinese leadership needs to be developed, thereby Chinese MNEs become more adaptive and competitive in the path of Chinese enterprises going global. In addition, Tsui et al. [2] indicated that interactions between traditional Chinese leadership practices and western leadership views may stimulate new leadership ideas and brew new leadership styles. Thus, this paper creatively attempts to explore the Confucian-transformational leadership, a new leadership that combines both the wisdom of traditional Chinese Confucianism and the essence of western transformational leadership theory. The aim of this paper is to answer the central research question: is Confucian leadership compatible with transformational leadership in Chinese MNEs? Around the research question, this paper will conduct a case study of Haier Group and demonstrate the findings of the relationship between the leadership of Zhang Ruimin and Haier, and use this typical example to further indicate the

role of Confucian and transformational leadership in shaping and influencing Chinese MNEs.

2. Literature Review

2.1. Confucian Leadership

2.1.1. Confucianism and Confucian Leadership. As the most orthodox culture in Chinese history, Confucianism, which was consolidated by Confucius (551-479BC), played a vital role in guiding and shaping Chinese thinking and behavior for more than 3000 years. Confucianism is an ideology of scholars, gentlemen, or ritual managers [3]. According to Cheung and Chan [4], the foundation of Confucianism is rituality, which can be expressed in the form of propriety or politeness, and it is regarded as the goal of education which distinguishes *junzi* (gentlemen) from the normal uncultivated person [5]. This rituality forms virtue (morality), which consists of benevolence or humaneness such as love, kindness, forgiving, and generosity to others including subordinates [3, 5] and keeping faith, justice, righteousness, and loyalty, particularly to superiors [4]. The ideal of Confucian is to be a sage to maintain social order through virtuous practice. Thus, Confucianism can be seen as the rule of man, which emphasizes that people should be in the right place to exert the right authority. To achieve order, stability, and harmony under this social hierarchy, five particular interpersonal relationships that Confucius termed as *wulun* are developed: emperor and subject, father and son, elder brother and younger brother, husband and wife, friend and friend. These relationships have mutual and complementary obligations that the junior should respect and obey the senior, and the senior should protect and care for the junior [6]. To sum up, Confucian values comprise cultivation of virtue, keeping order of social hierarchy, maintenance of interpersonal relationships, and creation of harmony, etc. [7].

2.1.2. Theoretical Models of Confucian Leadership. McDonald's [8] study examined to what extent the Confucian ideology is evident in practices of modern Chinese business leaders and developed an archetypal model (Table 1) based on Zhang and Alon's [9] biographical dictionary of New Chinese Entrepreneurs and Business Leaders, a comprehensive biographical database of the top 200 business leaders who are identified as influential to Chinese economic growth. In this conceptual framework, Confucian business leadership style, principles, and constants are clearly identified.

In addition, Fernandez [5] established two models of leadership from the perspectives of aims and values of Confucianism. Figure 1 is the Confucian path to leadership. In Confucius's view, to be a true leader is a road to work hard and ceaselessly pursue perfection. In other words, the qualities of leadership can be acquired through a conscious effort of self-cultivation and continuous learning. Along this road, superior leaders should take three things into account at any time: careful thinking, careful speaking, and careful acting. Among these three factors, careful thinking results from leader's attempt to be open-minded, unselfish, and

disciplined. In this way, Confucian leaders first perfect themselves through the practice of self-cultivation (the internal aim) and then achieve social harmony through the exemplary conduct of the leader (the external aim).

The Confucian path to leadership (Figure 1) is the result of the leader's values (Figure 2). Fernandez [5] indicated that kindness and justice are two fundamental values in the Confucian system: kindness means loving people; justice means treating things properly. Kindness and justice are developed under two conditions: family and study, as people's character and behavior, are influenced by parents and revealed first in their family, and then studied extensively to self-cultivate. From the practice of kindness and justice, trust and social harmony can be achieved. Trust is what connects one person to another, and Confucius thought that if people trust their government, they will overcome difficulties and ultimately lead to the prosperity of the nation. Harmony means the observance of proper rules of behavior, which ensures social order and stability. Therefore, a leader must aim at bringing trust and harmony to society.

2.1.3. The Impact of Confucian Leadership on Practices of Chinese Managers. The majority of contemporary literature paid attention to the role of Confucianism in shaping the management styles and practices of Chinese managers. Canchu Lin [10] conducted a survey of scholarly literature on the effect of Chinese culture on leadership practices in mainland China and other East Asian countries. He found that leadership attributes such as benevolence, sympathy, forgiveness, friendliness, trust, and fulfillment, harmony, learning, loyalty, righteousness, and humility are all results of Confucianism. Gallagher and Rarick [11] paid attention to Confucian leaders' moral obligation. They highlighted the function of moral obligation that facilitate leader to guide and encourage, enrich, and educate subordinates and indicated that it is virtue and harmony that enable the leader to balance conflicts between different interests of stakeholders.

Many scholars provided valuable evidence to these theories. Cheung and Chan studied and interviewed successful Chinese CEOs twice [12]. Results indicated that their leadership styles are based primarily on relationalism and harmony, virtuous practice, hierarchy, and moderation, and these cultural factors play important roles in facilitating collaboration and coordination, trust and respect, recognition of talent, and other achievements in the relationship between them and subordinates. McDonald's [8] research focused on four excellent Confucian business leaders who have high personal reputations and successful business records in the global business world. Evidence suggested that their practices are well in accord with Confucian culture, and these practices indirectly promote the success of their companies. Wah [13] provided evidence of the influence of Confucian values on Chinese family-owned business management in Singapore, Malaysia, and Indonesia. Ma and Tsui [14] analyzed the leadership behaviors of fifteen highly successful Chinese business leaders and revealed the influence of Confucianism in their leadership practices.

TABLE 1: The archetypal model of the modern Confucian business leader (source: [8]).

<i>Level one: leadership style</i>	
Benevolent leadership (<i>junzi</i>)	<i>Junzi</i> (superior person) manifests as <i>ren</i> (benevolence), <i>yi</i> (righteousness), and <i>li</i> (etiquette), and its ultimate goal is to build a harmonious and benevolent world. The Confucian business leader will continually promote these ideals and model them to followers.
<i>Level two: leadership principles</i>	
Virtue (<i>de</i>)	The behavior of a leader must be guided and defined by virtue and a set of enduring beliefs and values. The Confucian business leader will attract followers towards positive ideals rather than threaten them with punishments and negative consequences.
Harmony (<i>he</i>)	The concept of balance requires Confucian business leaders to be able to listen to different opinions and work together with different people in a harmonious manner
Education (<i>fuzi</i>)	Confucian business leaders will manifest themselves as teachers, showing interest in the development of followers
Reciprocity (<i>shu</i>)	This “golden rule” means treating others as one would like to be treated. Confucian business leaders should focus more on egalitarian work practices and less on hierarchical organizational structures.
Familial collectivism (<i>xiao</i>)	This principle means veneration for ancestors and observance of tradition. Confucian business leaders will pay attention to the culture and traditions of the organization, and relationships with staff.
<i>Level three: leadership constants</i>	
<i>Ren</i> (benevolence/humanity)	<i>Ren</i> is the integration of two concepts: empathy, the ability to put oneself in another person’s shoes; excellence, striving to do one’s utmost. These two concepts guide leaders to do their very best for the good of all.
<i>Yi</i> (righteousness/honesty)	<i>Yi</i> underlies the moral capacity of Confucian leadership. It focuses on what is right or fitting. The Confucian leader not only needs to distinguish right from wrong but also to do what is right.
<i>Li</i> (etiquette/politeness)	<i>Li</i> focuses on ceremonial and ritualistic requirements. This influences the way Confucian leader interacts with others: interpersonal relations need to manifest features such as reverence, listening, and consideration; individual action takes place within the broader context of social order to strengthen the importance of humility.
<i>Zhi</i> (wisdom/knowledge)	<i>Zhi</i> means the practical application of knowledge. Confucian business leaders will promote practical learning for their followers; innovation will be emphasized in the organizational culture over rules, policies, and procedures.
<i>Xin</i> (faithfulness/fidelity)	<i>Xin</i> addresses the issue of personal integrity with particular emphasis on faithfulness, fidelity, and trustworthiness. It manifests to what extent the leader delivers on what has been promised and keeps to his or her word.

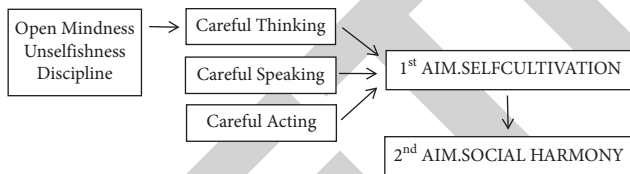


FIGURE 1: The Confucian path to leadership (source: [5]).

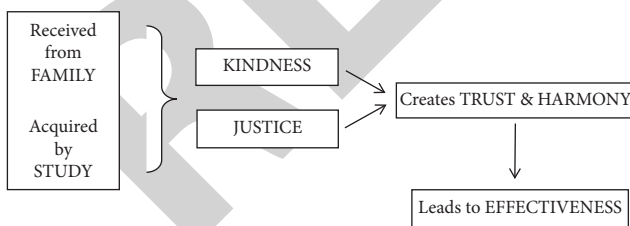


FIGURE 2: The model of leadership by Confucian values (source: [5]).

Even it is acceptable that practices and management styles of Chinese managers are directly shaped by Confucian leadership, which may further promote the development of companies, while there lacks literature or direct evidence on the relationship between Confucian leadership and organizational performance. Specific to this gap, this paper attempts to continue to study the impact of Confucian leadership on organizational success.

2.2. Transformational Leadership

2.2.1. Definition of Transformational Leadership. Transformational leadership has been the dominant focus of contemporary leadership research. It is a leadership style that depends on the long-term development of and rewards in followers. According to Bass [15], transformational leadership comprises factors of charismatic leadership, intellectual stimulation, and individualized consideration. Transformational leader prefers to act as a charismatic role model, an ability of leaders to arouse enthusiasm, faith, loyalty, pride, and trust in themselves and their aims, to exert idealized influence and create a captivating vision for the future to promote inspirational motivation, set high performance expectations to enhance the problem-solving capabilities of followers and encourage them to challenge the status quo, and provide support for followers through maintaining a developmental and individualistic orientation toward them to foster intellectual stimulation [15–17].

2.2.2. The Impact of Transformational Leadership on Organization. The effectiveness of leadership can be measured by examining if it can produce effective managerial outcomes, for instance, acceptance of and satisfaction with leadership [18], organizational commitment and job satisfaction [19], job performance or competence [20], and innovation [21]. Taking all these factors into account,

transformational leadership is particularly effective and appears to be a common cause of various favorable outcomes [19].

Bass [15] interviewed 70 senior executives and conducted a survey of 256 business managers to find evidence of transformational leadership's effects. The results demonstrated that transformational leaders can enhance subordinates' awareness of the importance and value of designated outcomes, encourage followers to transcend their self-interests for the good of the whole organization by creating an appealing vision, and improve employees by expanding their portfolios of needs and what they are attempting to accomplish. Moreover, Shin and Zhou [22] conducted a survey of 290 employees and their leaders from 46 Korean companies, and Zhang et al. [23] studied 163 work groups involving 973 employees in 12 Chinese companies. They found that transformational leadership is positively related to creativity potential of individual employees and group creativity.

2.3. Compatibility of Confucian Leadership and Transformational Leadership. Under the trend of globalization, management and leadership styles are developing to a convergent stage contemporarily: on the one hand, Chinese companies have expanded across the world. On the other hand, western values have flowed into China along with a massive influx of foreign investment. With the rise of China as a new key economic partner in the international stage, questions of the compatibility of managerial philosophies between East and West arose [11].

For the aim of exploring the compatibility of Confucian leadership and transformational leadership, research which draws attention to the comparison between Chinese leadership and western leadership from an across-cultural view is valuable for my study. For example, Chen Oi Chin et al. [24] developed a new conceptual model of global leadership competencies and indicated that the compatibility of different leadership can be achieved on the transformational level. Jiang et al. [25] conducted research to explore the mediating role of project leadership, and they found that all Confucian principles had positive effects on transformational leadership styles.

These research outcomes have great reference value, which helps to evaluate leadership from a variety of cultural perspectives. However, their limitations should be noticed. First, they lack focus. Chin's study (2001) just analyzed leadership styles from a general perspective of East and West. This paper concentrates on two specific leadership styles; thus, further research is based on and develops those previous research. Moreover, Cheung and Chan [4] focused on the differences rather than similarities between Confucian leadership and transformational leadership, while in my view, they have many similarities which are not given attention to. Therefore, my research seeks compatible factors that facilitate the collaboration of people from different cultural backgrounds.

3. Context for Study

3.1. Research Objectives. This paper aims to explore if Confucian leadership is compatible with transformational leadership in Chinese MNEs. This central research question will be interpreted by (a) identifying characteristics of Confucian leadership; (b) analyzing the impact of Confucian leadership on companies; (c) exploring the compatibility of Confucian leadership and transformational leadership; (d) investigating the benefits the Confucian-transformational leadership can bring about for enhancing the development of Chinese MNEs.

Since there are no existing models for the two types of leadership, this research had to explore them separately. To achieve research objectives above in a more reliable way, the analysis and measurement of data about Confucian leadership are based on research outcomes of authoritative academic articles: the archetypal model of the modern Confucian business leader [8] and the model of leadership by Confucian values [5]. About the analysis of transformational leadership, Bass's four factors of transformational leadership (1985) have been used to find Zhang's related personalities. Since these models are capable of identifying the characteristics of Confucian leadership and transformational leadership, thus they are suitable for my research purpose.

3.2. Research Approach and Strategy. A qualitative approach is used in this paper since my data is collected in the form of descriptions and will be interpreted and analyzed through nonmathematical procedures, although some relevant information is numerical. The majority of my data is descriptive; "words" and "sentences" are used rather than "numbers" since it is difficult to use quantitative statistics to measure a person's characteristics and leadership style and the impact of leadership style on companies, as well as the convergence of Chinese and western management philosophies, is contemporary phenomena; this paper will be conducted through case study research strategy.

My case is Haier Group and its CEO Zhang, Ruimin. I selected Haier as my case for three reasons. First, Haier is a successful Chinese MNE that owns traditional Chinese cultural features but also needs to confront the impact of western management philosophy on the road of expanding business overseas. Second, the prosperity of Haier is due largely to its CEO, Zhang, Ruimin. McDonald [8] regarded Zhang's leadership as a typical modern-day Confucian leadership that integrates Chinese traditional management philosophies with best business practices from the west. In addition, many scholars have studied Haier Group from various managerial perspectives, and their research can provide valuable data and information for my study.

3.3. Limitations. It should be noticed that this research has three main limitations. First is my research problem is relatively new; thus, it lacks an existing mature theoretical model which combines both Confucian leadership and transformational leadership. Second is secondary data are not generated for the target research question; thus, they

may not be perfectly matchable as primary data could do, although they are relevant to the research topic. Last is the problem of lacking comparison and generalization: even focusing on one single case can provide a deep insight into the unique question; the argument for its credibility and contribution exists.

4. Case Study

4.1. History and Development of Haier Group. Haier Group is the global leading brand of white household appliances, which manufactures 15,100 varieties of items in 96 product lines, with headquarters in Qingdao, China. It is widely known in the global business world for its customers spread in more than 100 countries and regions. As shown in Figure 3, from a debt-ridden small factory to a successful giant international company, Haier has experienced six developmental phases.

4.2. Zhang, Ruimin and Haier Group. Zhang, Ruimin is the founder, Chairman of the Board of Directors, and CEO of Haier Group. In 1984, Zhang was appointed as general manager of Qingdao Refrigerator Factory (the former name of Haier) and started the prologue of Haier's development. Thus, the development process of Haier is regarded as one of the ultimate Chinese business success stories, the management exploration of Haier is treated as a world asset, and the leadership of Zhang is known as an illustration of the efficacy of strong Chinese leadership based on Confucian cultural values [8].

4.3. Leadership of Zhang, Ruimin. Zhang, Ruimin is famous for his work in turning an ailing collective factory of refrigerators into the world's largest household appliances manufacture, and his ability to integrate the essence of Chinese traditional culture with the best western modern management concept in Haier's management practice [26, 27]. In Zhang's opinion, a successful entrepreneur should also be a philosopher, and he quite approves of the thinking of the greatest ancient Chinese sage Confucius [28]. Therefore, his leadership accords well against the archetypal model of the modern Confucian business leader [8].

4.3.1. The Impact of Confucian Factors on Zhang's Leadership

Benevolent leadership (*junzi*) and *ren* (benevolence/humanity). Zhang Ruimin is first and foremost a benevolent leader with an obvious paternalistic nature [8], which contributed to Haier's 80/20 principle that management is 80% responsible for any subordinate's wrongdoing [29]. When he was appointed as the Director at the Qingdao refrigerator factory, the company was at stake and it seemed hopeless that over 800 workers were waiting for pay anxiously as their salaries were already several months in arrears, and 51 workers intended to leave [30]. He immediately took action to change the terrible situations. Even though there was a huge difficulty, Zhang still did his best to borrow money

from a nearby production bridge and arrange all workers' pay. Besides, he cared for subordinates more by taking many detailed things into account. For example, he borrowed money to buy each worker a gift of five catties of fish to celebrate the Chinese Lunar New Year and to replace trucks to buses to make workers more comfortable especially for those who carried children.

Virtue (*de*) and *yi* (righteousness/honesty). Identifying with Confucian ideology, Zhang's behaviors were guided and defined by virtue and a set of enduring beliefs and values [8], and he used positive ideals to stimulate his employees and gain support from them rather than "oversupervise" them [30]. A typical expression of virtue is that he puts emphasis on the quality of products, which leads to the quality-centred product standards of Haier and then becomes the company's enduring beliefs and values. For instance, to instill the importance of quality performance, there is a large pair of footprints drawn on the floor of the factory. At the end of every shift, employees who have performed worst that day must stand on the footprints and listen to the criticism of their faults and those who performed best then stand on the footprints and tell how they achieve their outstanding performance in front of every employee [31].

Another expression of virtue in Confucian terms is that a "superior man" should modest and never stop pursuing the right thing no matter how difficult it is. One difficulty Zhang met was that when he put forward a reengineering plan in 1998, there was great opposition and some senior executives were openly against it. At the same time, Zhang insisted as he believed that this change was right.

Harmony (*he*). The virtue-guided leadership of Zhang is also demonstrated by the corporate social responsibility of Haier. According to Fernandez [5], the Confucian path to leadership is to create social harmony through a leader's own moral cultivation. Zhang's emphasis on virtue leads to Haier's attention to business ethics; thus, Haier "work diligently to serve the country and to pursue excellence" [29], p.2). With this spirit, CSR of Haier fosters a harmonious balance among Haier, different stakeholders, and the environment (Table 2).

Education (*fuzi*) and *zhi* (wisdom/knowledge). Education and study are hallmarks of Confucianism. Confucius put emphasis on education and indicated that qualities of leadership can be acquired through a conscious effort of self-cultivation and continuous learning. According to Fernandez [5], individual perfection through self-cultivation is the internal aim of Confucian leadership. Consistently, Zhang never stopped working hard to pursue perfection. As growing up under the widespread upheaval of the Cultural Revolution when most schools and colleges were shut down, Zhang was unable to further his study. Even his former education was sporadic. He had a greedy appetite for learning. He began to study management courses by bicycle between work shifts and was largely self-taught through reading extensively. These efforts led to his Masters' degree after completing a postgraduate MBA Program at China



FIGURE 3: Development process of Haier group (source: <https://www.haier.net>).

TABLE 2: CSR of haier (source: <https://www.haier.net>).

Examples of public welfare undertakings	
Protect environment	Provides environment-friendly products for the consumer in 160 countries; takes part in the “earth hour” activity
Charities	Delivered needed materials and raised funds to disaster-stricken areas in Cuba, Indonesia, and Malaysia, etc. Funded the association of breast cancer in Sydney.
Education	Participates the project hope from 1995
Sports	In 2006, cooperated with NBA to provide the chance for teenagers to play basketball with NBA players. In 2008, the group became the first official appliance sponsor of the 2008 Beijing Olympic games
Achievements	
Achieved European A + energy consumption standard in 2002	
Awarded “best international ecological security enterprise” by the United Nations International Ecological Security Academy of Sciences in 2002	
Got Energy Saving, Water Saving, Environmental Protection Contribution Award by China Energy Conservation Product Authentication Centre in 2005	

Technology University in 1995. Due to his profound knowledge, which originated from self-cultivation, he is called “Confucian businessman” and “scholar entrepreneur” [32]. Not just self-cultivation, Zhang also gives priority to the development of employees: in 1999, Haier established its own university to train employees [29].

Reciprocity (shu). This “golden rule” of Confucianism means treating others as one would like to be treated. Guided by this, Confucian business leaders should focus more on egalitarian work practices and less on hierarchical organizational structures [8]. This feature can be demonstrated by three questions which are Zhang thinking carefully every day: “whether he has provided employees with sufficient space to create value and to achieve self-realization? Do employees work just as requested passively? Or they work actively to fulfill their ambitions?” [30], p.145) There is no doubt that Zhang intends to get employees’ support and loyalty, while he knows employees should be treated the same way as what he wants to be treated by them since they will be passionate and value their work if the leader is passionate and value them. This reciprocity exists in Haier’s corporate culture that Haier should be like the sea to hug all talented people around the world, and every Haier employee should be capable rather than mediocre and redundant since they are the backbone and guarantee of Haier’s future development [32].

Familial collectivism (xiao) and li (etiquette/politeness). The concept of *xiao* is not limited to immediate family but also includes key relationships outside the family [8]. It is the foundation of hierarchy and social order. Concerned with business leaders, the relationship between leaders and

employees is identified with that of the ruler. Zhang knows how to tackle the problem of troublemaker through acting expeditiously with tough style. In 1998, 4000 employees of Huangshan Television Factory, one of 18 enterprises taken over by Haier, went on strike and hit the secretary assigned by Haier after it belonged to Haier for only six months. When this event was reported to Zhang, on the one hand, he gave the order immediately to stop producing to rectify and improve without the limited time; on the other hand, he endowed the command to the secretary to control the situation. Under this strong attitude, just two days later, the strike was stopped as those unsatisfied workers realized that Haier must do that in order to stand stably in the market, which was also for their benefit. [33].

Familial collectivism then can expand to veneration for ancestors and observance of tradition [8]. Under this principle, the Confucian leader should give priority to the company’s culture and rituals and relationship with staff. Hawes and Chew [34] indicated that Haier’s success is due largely to Zhang’s leader role in insisting on the corporate culture and he exerts influence on employees through corporate culture infiltration: defining the corporate philosophy and values; creating corporate “myths”; establishing rituals to praise the heroes of the company and publicly criticizing ones who fail to hold the corporate values; strengthening the values in place with financial incentives, management systems, and process reengineering; leading by example. For instance, a ritual at Haier is to encourage employees to draw cartoons or calligraphic works to express the firm’s cultural values. Prizes are given for the excellent creations which sum up the values in an innovative and entertaining way, and they are posted on the company’s website and around factories and offices [34].

Xin (faithfulness/fidelity). *Xin* is the issue of personal integrity with particular emphasis on faithfulness and trustworthiness [8]. In this respect, Zhang is a trustworthy leader, and he is faithful to his company. Zhang was the fourth director who was appointed to Haier in that single year. The former three people had either left or been kicked out as no one was able to shoulder such huge responsibility for a hopeless small factory [30]. However, Zhang did not leave. He stayed and never stopped making Haier better; 28 years' hard work is also the proper illustration of his faithfulness to the company and employees.

4.3.2. The Transformational Leadership-Related Personalities. Zhang, Ruimin is called "Confucian businessman" and "scholar entrepreneur" for his distinctive Confucian leadership features mentioned above. In order to comprehensively understand Zhang's leadership style, it is necessary to explore his personality which makes him such an excellent leader. In the process of Haier's global expansion, Zhang has demonstrated four transformational leadership-related personalities. According to Bass [15], transformational leadership comprises idealized influence and inspirational motivation (two important aspects of charisma), intellectual stimulation, and individualized consideration. These four factors all can be found in Zhang's personalities (Table 3).

Personality 1. According to Bass [15]'s study, idealized influence is from leaders' charismatic roles, which means a transformational leader will consciously or unconsciously serve as a role model for employees, which can make every follower enthusiastic about targets and assignments, trust the leaders' capacity, and feel proud to be associated with them. Zhang knows how to establish himself as a role model to create followers and get trust from them.

The most famous incident at Haier was the "refrigerators smashing" in 1985, just after Zhang became the fourth person appointed to run the small refrigerator plant. Aimed at the inferior quality refrigerators which were complained by customers, Zhang lined up 76 defectives of the 400 products on the factory floor and asked his employees about how to deal with them. When he got the answer of selling these defectives at lower price, which is the common practice among other Chinese companies at that time, Zhang said: "If I permit you to sell these today, there will be another 76 such products in the future" [35] and he made an "unreasonable" decision that these inferior products should be destroyed by the workers who made them in public. He even picked up a sledgehammer to participate in the smashing activity. This event made Haier awarded the first National Golden Model of Quality in the refrigerator industry three years later. In order to maintain the influence of this event to highlight the importance of quality for Haier's success, Zhang has constantly repeated it in his speeches, on the company's website, and in the training sessions for new employees even up to the present.

Personality 2. Transformational leaders have a special gift of seeing what is really important and have a sense of mission

that excites responses [15]. One of the features is they always create a vision for the future to inspire and motivate followers [17]. Zhang clearly knows what he wants; he is always able to create an inspiring vision for the future, grasp the main issue and opportunity, and then set different goals accordingly to obtain it.

When Zhang came to Qingdao Refrigerator Factory in 1984, the first thing he realized was that workers had no faith in the company and did not care about it. This serious problem resulted in the indifference of quality of products. Against this situation, he attempted to instill the concept of "quality is the first" in his employees' minds through "smashing refrigerators" and began to lead his employees on a rapid development road by establishing the "brand building strategy" for the first coming seven years (from 1984 to 1991). After Haier built its refrigerator brand in the Chinese market, Zhang changed the strategy from single product production to diversified development. From 1992 to 1998, Zhang seized the opportunity of merging and restructuring to implement its second development strategy, the diversification strategy. After that, a famous refrigerator brand was extended to brand groups in the field of household appliances. In the 21st century, Zhang grasped the opportunity for Haier's global expansion through implementing international strategy (1998–2005) and global brand strategy (2005–2012). Therefore, Haier becomes world's largest white household appliances manufacturer. Currently, with the development and utilization of the Internet, under Zhang's leadership, Haier is under its fifth development phase, which concentrates on linking the network market to the networking organization by implementing a networking strategy.

Personality 3. Bass [15] and Judge et al. [17] indicated that transformational leaders are able to stimulate followers through challenging them; he also attends to individual needs by setting assignments on an individual basis to facilitate followers' abilities and motivations. Zhang has the ability to maintain his team effectively, make the team be constantly developed and nurtured, and he also knows how to expand the portfolio of needs of employees to stimulate and improve them.

Dissimilar to other domestic enterprises, Zhang never thought he lacked talents. In his view, the wide gap between Chinese companies and foreign companies is not a technology gap but the high quality of human resources management. What they lack is the mechanism of stimulating their talents [30]. In order to encourage his employees to become talented, OEC management-control system is implemented. This system regards every employee as a strategic business unit with direct responsibility to customers and integrates each employee with company goal, direct selling, and direct delivery of goods and services. Under this system, each employee is stimulated to create value positively and thus becomes the principal part of innovation. As Zhan, Li, Haier's process and IT business department director said, "Only when each individual is responsible for the market can the consistency between speed and accuracy be achieved and only when each

TABLE 3: Zhang's transformational leadership (source: organized by the author).

	Idealized influence (charisma)	Inspirational motivation (charisma)	Intellectual stimulation	Individualized consideration
Personality 1	√			
Personality 2		√		
Personality 3			√	√
Personality 4				√

TABLE 4: The compatibility of Confucian leadership and transformational leadership (source: organized by the author).

	Idealised influence (charisma)	Inspirational motivation (charisma)	Intellectual stimulation	Individualised consideration
Benevolent leadership (<i>junzi</i>) and <i>ren</i> (benevolence/humanity)	√	√		
Zhang's benevolent and humanity behaviors give him an image of "good leader," which serves him as a role model to exert influence, thereby creating followers and making them trust him. For example, after dealing with the main issue of paying salaries in arrear, employees were highly motivated and inspired				
Virtue (<i>de</i>) and <i>yi</i> (righteousness/ honesty)	√		√	
Zhang's strict rule on the quality of products is aimed to raise followers' awareness of the importance and value of company's designated outcomes, and these moral standards also have an idealized influence on the climate of the company. Moreover, highlight of quality fosters innovation and creativity of employees				
Harmony (<i>he</i>)	√			
As CSR of Haier results from Zhang's virtue-guided leadership; thus this moral emphasis also has idealized influence, which draws employee's attention to company's overall objective of "to serve the country and to pursue excellence" [29], p. 2) and encourage employees to transcend their self-interests for the good of the group, company, and society [15]				
Education (<i>fuzi</i>) and <i>zhi</i> (wisdom/ knowledge)			√	
Due to the extensive knowledge, Zhang is willing to seek new ways of doing things rather than to accept the status quo. This intellectual component of transformational leadership such as technical expertise and intellectual power, is not simple as making a snap decision but is based on the leader's knowledge, experience, and training [15]				
Reciprocity (<i>shu</i>)	√	√		√
Through considering from the perspective of employees and treating employees the same way accordingly, employees are motivated and more value their work; in turn, Zhang wins their support and loyalty. In addition, the OEC management system is operated on an individual basis as it takes each employee's performance into account				
Familial collectivism (<i>xiao</i>) and <i>li</i> (etiquette/politeness)	√			√
Zhang always focuses on culture and tradition of company; based on that, Zhang exerts influence on employees [34] and created Haier's success. Zhang also pays attention to building a close relationship with employees, which accords with individualized consideration. According to Bass [15], a transformational leader emphasizes individualism. For example, the one-to-one superior-subordinate relationship is of primary importance that the leader is expected to learn the names of all those in the units at least two levels below him. When Zhang first came to Haier, he knew all the names of employees				
<i>Xin</i> (faithfulness/fidelity)	√			
<i>Xin</i> is an expression of "superior man" in Confucianism, and it is an important component of Zhang's virtue role model, which is respected and praised by employees. Thus, this confucian factor demonstrates transformational leadership as idealized influence originates from leaders' charisma [15]				

individual gives full play of his/her potential can the company's goal be achieved or surpassed." [36], p. 48).

Personality 4. According to Keller [37], transformational leaders are creative and innovative as they always question the status quo and their previous cognitive frames, which means they always change the rules according to the situation. Due to Zhang's ability of self-adjustment, he is able to lead the company to advance no matter the situation is favorable to him or not.

Haier's development process experienced the transformation of China from the planned economy to market economy, and the company's success is due largely to its adaptability to different economic systems. As a wise manager, Zhang has a specific strategy with the long-term sight in different periods. For instance, Zhang took over 18 state-owned factories and established Haier Industrial Park when many preferential policies were carried out with the reform of the economic system. Moreover, in order to adapt to the prevalent of e-commerce which brought by China's entry into

TABLE 5: The effect of Zhang, Ruimin’s Confucian leadership on Haier group (source: organized by the author).

Confucian leadership	Zhang’s behaviors	The impact on Haier group
<i>Junzi and ren</i>	The role of “parent” on the road of Haier’s development	80/20 principle: The beginning of Haier
<i>De and yi</i>	Never stop pursuing right things bring back hope and confidence to the company	Quality-centred product standards and moral standards enduring corporate believes and values strict and high demand on good work of employees reengineering plan
<i>He</i>	Virtual-guided leadership	Green sail public welfare undertakings
<i>Fuzi and zhi</i>	Self-cultivation and extensive knowledge	Establishment of the university of Haier
<i>Shu</i>	Consider from the perspective of subordinates	Corporate culture and core values: Haier is the sea OEC compensation system
<i>Xiao and li</i>	Tough style to deal with troublemaker insisting corporate culture	The emphasis of corporate culture and rituals which Haier’s success relies on a close relationship between managers and employees
<i>Xin</i>	Zhang stayed when the company was hopeless and insisted on hard work	The continuous development of Haier for 28 years

TABLE 6: Zhang’s transformational leadership-related personalities (source: organized by the author).

Zhang’s four main personalities	Transformational leadership-related characteristics
Personality 1: establishes himself as a role model to create followers and gets trust from them	Idealized influence (charisma)
Personality 2: always able to create an inspiring vision for the future and grasp the main issue as well as opportunity, then set different goals accordingly to obtain it	Inspirational motivation (charisma)
Personality3: has the ability to maintain his team effective, make the team be constantly developed and nurtured, and knows how to expand the portfolio of needs of employees to stimulate and improve them	Intellectual stimulation individualized consideration
Personality4: has the ability of self-adjustment and can lead the company to advance no matter the situation is favorable to him or not	Individualized consideration

the WTO, Zhang began to carry out a management restructuring program in 1998. During the first 5 years, Haier focused on the organizational restructuring, management decentralizing with the application of advanced information and network systems in order fulfillment, market-chain performance, logistics, capital operation, after-sales service, and product inventory, etc. During the second 5-year period from 2003, Haier carried out the strategic business unit management to stimulate the enthusiasm of every employee and enhance Haier’s competitiveness in the global market (<https://www.haier.net>). From Zhang’s constant self-adjustment, Haier can always tackle the challenge and keep up with the pace of economic development.

4.4. *A Confucian-Transformational Leader.* From Zhang’s behaviors and personalities, it can be seen that Zhang’s leadership combines both characteristics of Confucian leadership and transformational leadership. Table 4 demonstrates Zhang’ Confucian leadership characteristics, which are also expressions of his transformational leadership.

5. Conclusion and Implications

This paper aims to explore the compatibility between Confucian leadership and transformational leadership in Chinese MNEs. The figures show the findings of my case study.

First, as shown in Table 5, Zhang, Ruimin is a typical Confucian leader since his behaviors are well in accordance with traditional Confucianism, and his Confucian leadership is closely associated to Haier’s development as the management systems, standards, principles, and values of the company are deeply influenced by his behaviors.

Second, Zhang is also a transformational leader since his four main personalities, which are demonstrated in the process of Haier’s development, are all related to transformational leadership (Table 6):

Third, Zhang is a Confucian-transformational leader. This paper found that transformational leadership is well compatible with Zhang’s Confucian leadership, particularly in the two charisma factors: idealized influence and inspirational motivation; and this compatibility benefits the development of Haier, that is, due to the combination of Confucian leadership and transformational leadership, the original benefits of Confucian leadership such as virtue cultivation, vision creation, and role model influence are strengthened, and the shortage of less focus on the individual employee is remedied by transformational leadership (Table 7).

In summary, the case study demonstrated that Confucian leadership can be well compatible with transformational leadership in Zhang, Ruimin, and the combination of these two leadership styles are beneficial to the development of Haier Group in the international business environment. The implication of this research for Chinese MNEs is that in order to achieve culture fit, which facilitates the adaptation

TABLE 7: The compatibility of Confucian leadership and transformational leadership (source: organized by the author).

	Idealized influence (charisma)	Inspirational motivation (charisma)	Intellectual stimulation	Individualized consideration
<i>Junzi</i> and <i>ren</i>	√	√		
<i>De</i> and <i>yi</i>	√		√	
<i>He</i>	√			
<i>Fuzi</i> and <i>zhi</i>			√	
<i>Shu</i>	√	√		√
<i>Xiao</i> and <i>li</i>	√			√
<i>Xin</i>	√			

and compatibility of the company in the international business environment, a Confucian-transformational leadership that combines both characteristics of the Chinese Confucian leadership and the western transformational leadership should be developed.

Data Availability

No data were used to support this study.

Conflicts of Interest

The authors declare that there are no conflicts of interest regarding the publication of this article.

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