



Leadership and Organizational Effectiveness in China

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Sheldon Zhou – Taplow China
Steve Schrenzel – Taplow USA
Gary Kastenbaum – Taplow USA

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- General principles related to working in China
 - CEO's working in China
 - Lessons learned by CEO's in China
 - Executive leadership practices
 - Organizational structures- design options
 - Conclusions

Understanding the Organizational Structure of Chinese Companies and the Impact on Hiring Trends.

- Western management models are systems oriented.
- Chinese management models in private sectors are family-oriented, or intimate human relationships with insider rules and routines.
- An employee in a western company operates in a dynamic environment where they are challenged to find creative solutions to problems.
- In a Chinese company top leaders steer the company direction. They lead managers and managers lead workers. It's a top down one-way communication approach.

What is a typical organization structure?

- Organization structures tend to be very traditional (line/staff) in appearance with some variations driven by business needs and available expertise.
- Most business organizations in similar markets are geographically aligned.
- IT and Finance organizations remain fragmented in some larger enterprises which divide corporate functions from operational functions.

The Chinese organization structure looks similar to other traditional models but.....

- Achieving growth depends on a few leaders.
- China is still one of the most challenging markets for expats.
- Cultural fit is an issue.
- Usually with inadequate support from headquarters.
- Leaders must be adept at reworking management principles in real-time.
- Leaders need cultural understanding, adaptability, market knowledge and the ability to sense and respond to rapid change.

What practices in selecting executive leadership have been most successful and effective?

- Chinese national executives have been rapidly developing and are developing leadership and cultural fluency to be effective in leading business units for multi-national organizations.
- No one approach to CEO and other “C” level appointments has been consistently successful.
- New enterprises and “turn-arounds” are most successful when a culturally fluent home country or other long service “successful” leader is appointed CEO and partners with a local national COO, especially for some large sized organizations.

Leaders must be:

- Strategic with hands-on capability
- Disciplined yet entrepreneurial
- Process oriented and sensitive to people
- Authoritative yet nurturing
- Firm yet flexible
- Action driven and circumspect

- Understand the market, but work the idiosyncrasies, issues and cultural and legal issues.
- Adapt to local conditions, but implement global standards and compliance systems.
- Pay for performance, but build a people-centric workforce.
- Drive costs down but maintain quality.
- Recognize complexity, but define clear priorities.

- After reviewing org structures in China they generally appear on paper to be traditional in design.
- Once you go beyond the org chart, you find in China nuances that reflect a very hierarchical command and control in contrast to the western structure.
- That being said, expats can fit the structure and be successful if they have an “open” and “informed” view of the cultural, business and operational issues in China.
- The differentiation of your value proposition from others in the market can be hampered by trying to organize in a unique manner. The org chart does not drive success it's what's behind that chart that is the differentiator.



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Taplow Executive Search
A Taplow Group Member Firm

57 Union Place, 3rd floor
Summit, NJ 07901
USA

Steven N. Schrenzel
+1 908-517-7350

steveschrenzel@governancegroup.com

Sheldon Zhou
+86 (21) 6391 7880

shzhou@l-m-consulting.com

Gary Kastenbaum
+1 908-517-7349

garykastenbaum@governancegroup.com