A Study on Changes of Leadership Style and Characteristics in Different Development Stages and Organizational Change: A Dual Case Study Based on Chinese Enterprises[*]

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Since the 1970s, there have been more and more uncertainties in the living environment faced by enterprises. Today, due to the trend of economic globalization, China is also actively involved in the wave of the world economy to promote economic development. Role of the leader is particularly important and in organizational change, the leader's style and behavior can even determine the result of organizational change. But in the different development stages, the leadership style will be different. Therefore, this paper aims to study the two issues, that is, how the leadership style changes under different development stages of corporates and what the characteristics of the leader are in the different stages of organizational change. This paper will use the research method of case study, selecting Lenovo and Haier to make a comprehensive analysis. It also fills the vacancies for academic research on the relationship among leadership, organizational change, and organizational management in China.

Keywords: organizational change, leadership style, double case analysis

Introduction

In human society, change can always create the continuous power. For enterprises, effective organizational changes are often able to bring a great success in the transformation and development. In today's society, the rapid development of technology provides adequate fuel for the competitiveness of corporates, which also contributed to the knowledge economy and the development of globalization. The trend of globalization also brings many new things to the corporates, which is full of opportunities and challenges. Complex economic environment will indirectly lead to the changes of internal staff's views and feelings towards corporate development. The view of employees for the product, production line, salary, rights, and so on, also can lead to the changes of internal environment. So the external environment and the internal environment with complexity and continuous changes, have forced companies to have organizational changes to seek better development.

However, China is a country with ancient culture which is difficult to change; at the same time, Chinese corporates also live under the situation with the Chinese culture. Therefore, the research of leadership must take the differences of national conditions and culture into account, especially in a country where the Confucian

culture is deep, the internal power of the organization is large, and the interpersonal interaction is "guanxi-oriented" (Yang Guoshu, 1992). Family culture is characterized by a strong emphasis on hierarchy and orientation to the person (*Fonts Trompenaars*). During the process of the organizational management, employees are generally convinced of the behavior and quality of the leader, which means that the behavior and characteristics of the leader will have a huge impact on the behavior and thinking of employees. Therefore, in the different contexts of countries, research on the relationship of leadership, organizational change, or management will be different from the western leadership theory.

Literature Review

In today's increasingly open society, no one environment is closed. The corporate environment should be more open to closely follow the changes in the environment in a timely manner to make the organizational changes, seeking the short-term survival and long-term development. The organizational changes, domestic, and foreign theoretical theories are extremely rich. In the 1970s, organizational change research mainly focused on organizational structure change. In the 1980s, organizational change gradually shifted to people's attention, which was focused on cultural change; in the 1990s, organizational change research focused on the renewal of business processes. Zhang (2008) referred organizational change as a systematic project, which contains changes in organizational members that involve employee attitudes, skills and perspectives, structural changes in management relationships, job design and sectoral mechanisms, and technical changes in technological updating. The motivations of organizational change may come from both internal and external aspects. Internal forces include organizational structure, member behavior, and so on; external forces include technology, government, and industrial change and so on (Szilagvi, 1983). A large number of scholars have also validated and supplemented the external forces that contributed to organizational change (Nadler & Shaw, 1995) and many scholars have supplemented internal forces (Kanier, 1991; Steers, 1993). Organizational change is an evolutionary activity caused by the environment, with the main impetus derived from the active environmental factors and product changes at different stages of the organization's life cycle (Tushman & Oreil, 2001). In short, organizational change is a set of organizational activities about structure, strategic, technological, or cultural aspects to realize the short-term survival and long-term development, when the organization's development state does not meet external and internal environmental requirements in a different stage of development of the life cycle.

Methodology

This paper takes two case studies, namely, Lenovo and Haier. This paper mainly aims to answer two research questions. The first question is how the leadership style changes at different development stages of corporate; the second question is how the characteristics of the leader change at different stages of organizational change. In fact, two questions about "how", so this study applies case study. Because dual case studies are more focused on data than multiple cases study, it can further explore the association between organizational activity and context. Therefore, this paper firstly analyzes the Lenovo case. Then, the analysis of the Haier case is a further validation and supplement to the previous conclusions. This case is selected for Lenovo and Haier. There are several reasons for the case selection.

First of all, the two companies are starting from small businesses, and gradually developed into an international enterprise. During all the development stages of the two corporates, they have always been with the changes of society in China, becoming the leading enterprise in their industry under the test of the times, and ultimately embarked on the road of internationalization. With the trend of globalization, the internationalization of enterprises is an inevitable stage of development. These two successful cases are typical. Studying the organizational changes at different stages of the two companies will help provide effective practical experience for many Chinese companies. Second, the two companies have a long history of development. Enterprises have mature and perfect form of development, experienced a complete business life cycle. So, it is more convenient to study the changes of leadership style at different stages of development. Finally, the two corporates grow and ripe in the Chinese context, but the typical representative to realize transnationalization.

Sample and Data Collection

Data are collected through the questionnaire, interviews, leaders of the speech, and other channels, as well as interview video of two leaders, it will be analyzed. There are mainly three ways to search and collect the data. The first way is to read books, newspapers, corporate internal information, and network data to collect the basic data for the two companies to seek a preliminary understanding and understanding of the situation. This is also prepared for the subsequent questionnaire design and interview. The second way is to collect data through interviews. The main staffs interviewed are the senior management experienced different stages of development or change. The third way is the questionnaire survey. The key personnel who completed the questionnaire are the basic staff who had experienced different stages of development or change in the enterprise to obtain the information of enterprise development and change to the greatest extent.

Interview. The selection interview object is essential. In addition to meeting the demand of senior management, interviewees must meet at least: (1) Participants experience the whole or most of a certain stage of development; and (2) Participants experience the whole or most of a certain organizational change. Interviewer can explain the details of the division of the development stage or the organizational change to the interviewer in order to recall the interviewee about organizational activities of the corresponding period before the interview begins. During the interview time, the interviewer does not restrict or deliberately guide the interviewee. After the interview, the collected information is classified according to the research questions.

Questionnaire. There are two conditions for completing the questionnaire: (1) Employees are involved in a certain stage of development of enterprises; and (2) Participants experience the whole or most of a certain organizational change. It is suggested that 1,000 questionaires be distributed to those mentioned above, employees from different fields. The questionnaire should indicate the stage of the enterprise development, the milestones of the event, and the specific content of an organizational change to help the employees involved in the survey to match the leader's behavior with the corresponding time period. If the participant does not have a memory at all times, it can be discarded. The content of the questionnaire relates to the challenges encountered by an enterprise in an organizational change period, the behavior taken by the leader, the evaluation of the characteristics and style of the leader, and the management of the leaders at a certain stage of development. The information collected through the questionnaire was used to further collate the information for two research questions.

The first question in this paper is how the leadership style changes at different stages of the enterprise. Greiner (1972) has proposed the theory of enterprise's life cycle, describing the process of enterprise generation, growth, maturity, and decline according to organizational structure, product or service, innovation, objectives, and other organizational characteristics; moreover, the enterprise's life cycle can be divided into entrepreneurial stage, collective stage, normalization stage, and refinement stage. China's private enterprise's life cycle is divided into start-up stage, growth stage, and maturity stage and regeneration period (Zhang & Yan, 2005). Through the collection of data and communication with the two executives, the division of the development stage needs to be adjusted. At present, the development stages of corporate are initially identified as three stages, namely, the start-up stage, growth stage, and maturity stage (see Table 1).

Table 1

Three Development Stages of Lenovo and Haier

Stages	Lenovo		Haier	
	Period	Achievement	Period	Achievement
Start-up stage	1984-1993	To ensure the basic survival and accumulate development capital	1984-1992	Build brand and only operate the refrigerator business
Growth stage	1993-2003	Industry leader in China and realize internationalization	1992-1998	Diversified development that the model transforming a single product to a number of products
Maturity stage	2003-	Globalization	1998-	Globalization

Note. The development stage of the enterprise needs to be communicated with the management of the enterprise before it can be determined. The divided stage here is the authors' initial speculation.

The second question in this paper is how the characteristics of the leaders change at different stages of organizational change. The eight-step model of organizational change proposed by Kotter emphasizes the role of top leaders in organizational change. So we mainly use Kotter's eight-step model as the basis for studying the characteristics of leader at different stages of organizational change. But Lewin's three-stage model is the refinement of these eight steps. Steps 1-2 in Kotter's model are the process of freezing; Steps 3-6 are the process of movement; Steps 7-8 are the process of refreezing (Wang, Lu, & Song, 2010) (see Table 2).

Table 2

Contrast Between Lewin's Three-Step Model and Kotter's Eight-Step Plan

Lewin's three-step model	Kotter's eight-step plan
Unfreezing	1. Establish a sense of urgency by creating a compelling reason for why change is needed.
	2. Form a coalition with enough power to lead the change.
Movement	3. Create a new vision to direct the change and strategies for achieving the vision.
	4. Communicate the vision throughout the organization.
	5. Empower others to act on the vision by removing barriers to change and encouraging risk taking and creative problem solving.
	6. Plan for, create, and reward short-term "wins" that move the organization toward the new vision.
Refreezing	7. Consolidate improvement, reassess changes, and make necessary adjustments in the new programs.
	8. Reinforce the changes by demonstrating the relationship between new behaviors and organizational success.

Note. Source: Wang et al. (2010).

Analysis Process

According to the design of the study, the case analysis is divided into two processes. The first analysis process is about the question of the change of leader characteristics at different stages of organizational change. First of all, starting from the background of organizational change and the bottlenecks faced by enterprises, the types of organizational change will be defined, such as structural change, strategic change, or technological change. According to the Lewin's three-stage model and Kotter's eight-step model, leader's behavior when faced with the challenges encountered by each enterprise in each step will be analyzed. And then according to the leader's behavior, speech, and other data, the authors sum up the characteristics of the leaders and separate the characteristics of leaders with Chinese characteristics. The specific analysis process is shown in Figure 1 below.
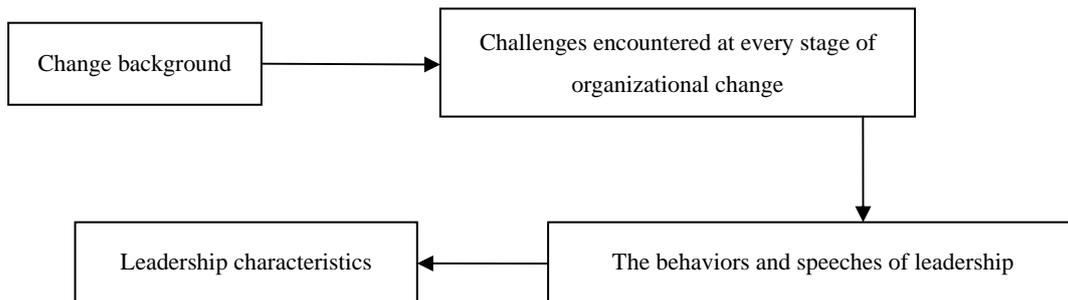

Figure 1. Analysis process on organizational change and leadership characteristics.
Note. This is an analysis of a certain organizational change.

The second analysis process mainly addresses another research question. But the second analysis process is based on the first analysis process; in fact, it is the summary and expansion of the first process. As each organizational change process occurs in a particular development stage of enterprise, the analysis of the leadership style in the development stage of enterprise should be the summary of the leadership characteristics in corresponding stage and the supplement of leadership style in the non-change period. For the analysis of the supplementary stage, the leadership style should be summed up according to the leader's behavior, speech, and other factors.

Conclusion

This paper uses case study about the changes of leadership characteristics at different stages of organizational change and the changes of leadership style at different development stages of corporates, which is based on the context. Through the analysis of the leadership style of Lenovo and Haier's three development stages and the summary of the leadership characteristics in the process of the six organizational changes, the following conclusions are drawn which are for the speculation of study:

(1) Leadership style in the development process of enterprise is not static; in fact, in the development stage of enterprise, leadership style often shows mixed states;

(2) The study found that the paternalistic leadership is dominant in the start-up stage; the transformational leadership and the transactional leadership gradually replace the paternalistic leadership in the maturity stage and growth stage. However, whether it is in the maturity stage or growth stage, the transformational leadership is always the main leadership style;

(3) In the different stages of organizational change, the leaders in the enterprise have a sense of crisis, decisive, and other common characteristics, but also political sensitivity, authority, and other characteristics of the Chinese characteristics.

The conclusion of this paper not only enriches the theory of organizational change, organizational development and leadership, but also has the practical significance of guiding the leaders of traditional Chinese enterprises to carry out the organizational change and enterprise management. Chinese companies are currently facing the challenges from the external environment, such as globalization, socio-economic change, as well as the impact of technology and information, such as artificial intelligence. Under the environment with the strong Chinese culture, the immature market economy and globalization, Chinese enterprises are faced with the challenges of short-term survival and long-term development. Therefore, how to win in organizational change in the short term and maintain the stable development in the long term is a very important issue. This study provides a framework for Chinese leaders from the perspective of business leadership for the success of organizational change, as well as the framework and principles that provide a reference for leaders in the long-term development process.

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