TRANSFORMATIONAL LEADERSHIP IN CHINA: THE ROLE OF TRUST AND HARMONY

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Abstract

Transformational leadership attracted a significant amount of scholarly attention in the past few decades. This study is designed to develop an effective transformational leadership model that works in the Chinese context. A model is proposed to clarify the mediating effects of trust and harmony on the relationship between transformational leadership and its effectiveness. The model provides a new perspective on leadership in the Chinese context that is ignored in the Western leadership literature. It also offers a clearer understanding of how best transformational leadership practice combines with traditional Chinese wisdom to do a better job in accounting for the leader-follower dynamics in contemporary Chinese society.

1. Introduction

Transformational leadership theory has attracted a significant amount of scholarly attention from across disciplines. This theory originated with the work of Burns (1978) and later was developed by Bass (1985, 1988) and others (Avolio & Bass, 1988; Tichy & Devanna, 1986; Antonoakis & House, 2002). The major premise of transformational leaderhip theory is the leader's ability to motivate followers to accomplish more than they planned to accomplish (Krishnan, 2005). Transformational leaders inspire followers to transcend their own self-interests for the good of the organization and are capable of having a profound and extraordinary effect on their followers (Judge & Piccolo, 2004).

The genesis of transformational leadership was in Western culture and transformational leadership is considered as a dominant leadership style in the Western business context (Bass & Steidlmeier, 1999; Dvir, Eden, Avolio, & Shamir, 2002). Researchers found that within organizations beyond North American Context, such as Asia and Latin America, leader behaviors are quite distinct from transformational leadership (Silin, 1976; Martinez, 2003). Redding (1990) has pointed out that managerial leadership among Chinese is primarily transactional, not transformational. The leadership concepts and behavioral styles dominant in Asian business organizations consist of features such as didactic leadership, moral leadership, centralized authority, and maintaining social distance with subordinates (Silin, 1976).

Whether transformational leadership is effective in non-Western cultures? This study is designed to answer this question and develop an effective leadership model that works in the Chinese context. A further review of the literature reveals that transformational leadership is compatible with collectivistic values (Walumbwa & Lawler, 2003) and is believed to be appealing and generalizable to Chinese leadership situations (Chen & Farh, 1999). These studies demonstrate that the roots of traditional value impact and shape acceptable leadership styles in China. Another purpose of this study is to attempt to fill the gap by defining harmony, a concept highly prized by Chinese traditions and associated with Chinese leadership yet greatly ignored by the researchers.

Besides harmony, another factor that is viewed important in the leadership process is trust. Trust in and loyalty to the leader plays a critical role in Western leadership (Podsakoff, Mackenzie, Moorman, & Fetter, 1990). In China, however, trust is much more of a personal one. Personal trust needs to be earned rather than be more automatic as it is in the West (Gallo, 2008). Chinese employees often have to guess their leaders' meaning of what they are saying. Unless a strong level of trust is obtained, there may be a guessing game played at work to determine the true meaning of the leader's statement (Littrell, 2002). It will be very interesting to see whether under a very hierarchical social context and employees are most likely to follow the leader's instruction, trust plays the same important role as it is in the West.

In summary, the purposes of this study are to clarify the mediating effects of trust and harmony on the relationship between transformational leadership and its effectiveness. Most theories of leadership in organizational behavior originated in the United States and Western Europe and are hypothesized to be universally applicable to non-Western context. Departing from this tradition, I attempt to propose a leadership model in the Chinese context, built on traditional Chinese values. The study contributes to extant leadership research by clarifying the mediating effects of trust and harmony in the transformational leadership process, and filling the gap by defining and interpreting harmony based on Confucian view. Most importantly, it attempts to better understand the effectiveness of transformational leadership by addressing the fit between the leadership process and the cultural values.

The rest of the paper is organized as follows. In next section, I provide a brief review of prior research that relevant to this study. The theoretical foundations of transformational leadership, trust, harmony, and the effectiveness of leadership are reviewed and discussed. I then describe the justification of the chosen theoretical framework and develop the hypothesis. Followed by this, I describe the research design and methodology employed for this study. Finally, results are presented and significant findings are summarized.

2. *Overview of Theoretical Foundations and Hypotheses Development*

2.1. Mediating Effect of Trust on the Relationship between Transformational Leadership and Effectiveness

The notion of transformational leadership was developed under the tutelage of Bernard Bass (1998). Transformational leaders define the need for change, develop a vision for the future, and mobilize follower commitment to achieve results beyond what would normally be expected (Avolio & Bass, 1988). Although transformational leadership is considered as less effectiveness in the Chinese context due to the culture differences (Silin, 1976; Redding, 1990), it may turn out to be more compatible with Chinese traditional values than expected.

In transformational leadership, a transformational leader has authority over followers in the hierarchy as he/she leads them toward the vision for the organization (Judge & Piccolo, 2004). This presumption fits well with the hierarchical structuring of Chinese leadership. The orientation that transformational leadership has the ability to transcend the individual interests of the followers fits perfectly with the Confucian definition of the sagely King or the superior gentleman (Yang, Peng, & Lee, 2008), that the leader should be a wise person with superior character and conduct to lead his/her subordinates. Besides, individualized consideration, one dimension of transformational leadership (Padsakoff et al., 1990) largely mirrors the Confucian philosophy of benevolence. Thus, it appears that transformational leadership is not merely compatible, but has enriched and elaborated certain aspects of the Confucian leadership philosophy.

Trust is defined as "a person's expectation, assumptions, or beliefs about the likelihood that another's future actions will be beneficial, favorable, or at least not deterimental to one's interests (Robinson, 1996, p. 576). It is the expectation that arises within an organization of regular, honest and cooperative behavior. Researchers believe that trust is required in a company for the business leader and the others to work well together (Podsakoff et al., 1990; Yukl, 1989).

There is a sense in the West that people are generally trustworthy. Western leaders usually begin their assignments with a given level of trust in their subordinates. The subordinates maintain their leaders' trust until their leaders are given cause to think differently. Likewise, subordinates are more likely to trust their leaders at first, until the leaders give them a reason to abandon that trust. Compared with westerners, the Chinese have a different understanding of trust.

The Chinese have a more difficult time than Westerners becoming corporate professional managers because of their inclination to deeply trust only people with whom they have a very close relationship (Littrell, 2002). In China, trust is built up over time. As Littrell (2002) explained in his study, the collectivist mentality (which characterizes the Chinese cultures) tends to treat strangers as meaningless objects or as objects to be taken advantage. People whom one does not know are outsiders, to whom one owes no obligations. A collectivist is much less concerned about those who do not belong to the in-group (Casimir et al., 2006). Subordinates in a Chinese business environment need to see the leader's behavior first. They give the leader plenty of respect, but hold back their trust until they see the behavior that backs up their words. Therefore, Chinese leaders need to pay more attention and spend more effort to gain trust from the workforce.

Podsakoff et al. (1990) examined the impact of transformational leader behaviors on organizational citizenship behaviors, and the study demonstrates a mediating role played by subordinates' trust in that process. Casimir et al. (2006) also found the same mediating effect of trust on the relationship between leadership and performance. Their study is in line with Bennis and Nanus's (1985) study, which suggests that effective leaders are ones that earn the trust of their follower.

Yukl (1989) also identified trust as one of the crucial reasons that followers are motivated by leaders to perform beyond expectations. The leader characteristics most valued by followers are honesty, integrity, and truthfulness (Kouzes & Posner, 1987). Trust in and loyalty to the leader play a critical role in the leadership model developed by Boal and Bryson (1988). The research that was reviewed for this study provides a near unanimous agreement that trust is essential for leadership. Therefore, the following hypothesis is given:

H1: Subordinates' trust in leader partially mediates the relationship between transformational leadership and its effectiveness on subordinates.

2.2. Mediating Effect of Harmony on the Relationship between Transformational Leadership and Effectiveness

Harmony is a central concept in the Chinese culture. The major Chinese traditions – Confucian, Taoist, Legalist, and Buddhist – all valued harmony, in the general sense of getting along as an ultimate value, although they disagreed on how to achieve it. In view of the Confucian views, harmony is a meta-physical as well as an ethical notion (Lau, 1979). It describes both how the world at large operates and how human beings ought to act. Harmony is by its very nature, relational. It presupposes the coexistence of multiple parties (Lau, 1979). Harmony by no means implies perfect agreement. In a harmonious circumstance coexisting parties must be in some way different from one another. Therefore, even unfriendly parties can coexist in harmony. In addition, the requirement of harmony places a constraint on each party in interaction, and at the same time, provides a context for each party to have optimal space to flourish (Wah, 2009). No one thing can claim absolute superiority over another. Parties in a harmonious relationship are both the condition for and the constraint against one another's growth.

Harmony is probably the most cherished ideal in Chinese culture that is associated with Chinese leadership. In the Asian culture, harmony is viewed broadly functional for both internal management and external relations (Gallo, 2008). Internally, this notion helps firms avoid conflict and reduce management costs. Externally, it helps firms establish harmonious environments that are advantageous to the firms. The current study only focuses on the internal harmonious relationship within the organization.

In the theoretical model investigating Chinese leadership, Westwood (1997) argues that harmony is one of the two basic requirements for any leadership situation in the Chinese context. He further claims that such harmony is not based on equalitarian or egalitarian presumptions, nor upon mere exchange values; rather it develops in an environment of clear and acknowledged power distances and inequalities.

According to Westwood (1997), Chinese leadership requiring both order and harmony is distinctive. This dual requirement structure is different from other cultures. For example, because of their femininity orientation (Hofstede, 2001), Scandinavian culture requires forms of social harmony in the workplace, but order and compliance are not required. In the Latin American culture, there are some requirements for hierarchical order and autocratic leadership, but the requirements for harmony are not as pronounced.

Westwood's (1997) view complies with Silin's (1976) who argues that harmony occurs not through equality but through the acceptance of socially approved rules of behavior based on ordered hierarchy. A similar argument is also held by Bond and Hwang (1986). According to them, the prerequisites of harmony include individual loyalty and obedience to the authorities. The philosophy of harmony has been translated as keeping harmonious interpersonal relationships (Cheng et al., 2002a), being kind to others (Chou et al., 2005), and smooth cooperation with others (Farh et al., 2006) in the practice of management.

The seeking of harmony in the relationships within a company is viewed as one of the Chinese leadership competencies (Cheng et al., 2002b). As leaders are often faced with complex, multi-party negotiations, creating a harmonious result in which all parties are at least reasonably satisfied with the result is important in the Chinese context.

It is widely accepted that managers must keep harmony within an organization to keep it running smoothly and making profits (Cheng, 1995; Cheng et al., 2002b, Gallo, 2008). Internal harmony helps firms avoid conflict and reduce management cost, whereas external harmony helps firms establish harmonious environments that are advantageous to them (Gallo, 2008).

For some executives, harmony takes precedence over the firms' profit goals in certain circumstances (Aycan, 2006). Keeping balance and coordination to maintain harmony are important in Chinese organizations. In order to maximize overall benefits, the leader must be willing to make necessary compromises without going against organizational policies in order to gain harmony.

Prior research reveals that the very notion of transformational leadership exists across cultures (e.g. Javidan & Carl, 2005; Ergeneli, Gohar, & Temirbekova, 2007). Different from this opinion, some researchers address the role of cultural values on the relationship between transformational leadership and effectiveness (Walumbwa & Lawler, 2003; Zhang, Chen, Liu & Liu, 2008).

Organizations that highly value harmony tend to be more collectivistic in nature (Westwood, 1997) – emphasizing the importance of the group rather than their own self-interest. In Chinese traditional cultures, people have a strong identification with in-groups and possible ostracization with out-groups (Casimir, et al., 2006). One of the objectives of transformational leadership is to foster group goals, and to promote collaboration and cooperation among group members. Groups with a high degree of harmony have less individualistic viewpoints and thus may have an easier time focusing on group-level goals rather than individual goals (Casimir, et al., 2006). In contrast, those with a low level of harmony are more likely to act according to their own interests rather than for the interests of the collective. Thus, in the Chinese organizations, it is important for transformational leaders to build a harmonious relationship within the organization.

The Western leadership practice of transformational leadership is based on a strong relationship between the leader and the followers. But in the Chinese society, especially as we consider Confucianism, there is a clearly defined distance in this relationship. The five pairs of social roles - between father and son, between the ruler and the subject, between the older and the younger, between husband and wife, and between friends - are understood by all Chinese people. While the power distance between the leader and the followers in China is becoming smaller, the notion of *order* and *span* are still the foundation for leaders in a Chinese context. Any attempts to narrow this distance can cause conflict and discomfort (Littrell, 2002).

Therefore, although transformational leadership originated in Western culture and has been demonstrated as a dominant leadership style in the Western business environment, one cannot ignore the impact of harmony even when using transformational leadership in China. Leadership behaviors that are consistent with a society's predominant cultural values are evaluated favorably. Thus, I state the following hypothesis:

H3: The degree of harmony in the organization partially mediates the relationship between transformational leadership and its effectiveness on subordinates.

3. Methods

3.1. Samples

The sample size consisted of 312 full-time employees in three different cities in China. On-site survey collection provided a 100% response rate. As response rate is an important indicator of survey quality, the higher response rates assure more accurate survey results (Aday, 1996). The 312 useable responses represent a wide variety of Chinese organizations across different industries. 207 respondents (66%) were from private companies while 105 respondents (34%) were from state-owned companies. The average length of service in an organization is 6.65 years and women constituted 34.3% of the sample. With regard to education level, 36.2% of the respondents hold a high school diploma, 19.6% hold a vocational/technical certificate, 23.1% hold a two-year college degree, 20.2% hold a Bachelor's degree, and 1% hold a Master's degree.

3.2. Procedures

An on-site survey method was used to collect data from nine organizations in China. The survey consisted of 76 questions. The first page of the survey included an introduction to the survey, the time to complete, contact information, and instructions. The body of the survey includes two sections. The first section is comprised of demographic information questions such as gender, age, education, and organizational tenure, etc. In the second section, respondents were asked to give opinions about leadership characteristics of their current managers, degree of trust they have in their leaders, degree of harmonious relationships between managers and themselves, and their perceptions of leadership effectiveness. The surveys were conducted on site at different times across different enterprises. Written instructions were attached as a cover page of the survey and detailed instructions were explained verbally at the beginning of the survey administration. The surveys were collected immediately by an administrator outside the company upon completion.

The design of this study presented minimal risk to the participants, as it involved no experiential treatments of the subjects or exposure to physical or psychological harm. There was no formal debriefing of the participants after the study, but participant companies will be supplied with an executive summary of the findings if requested. Individual participants may also request a summary. No sanctions or incentives were used to encourage participation, nor were any applied if the participants declined or withdrew from the study.

No information regarding participation of any individuals was communicated to their respective organizations. Confidentiality of data was maintained at all times and identification of individual named responses was not available. These conditions were communicated to all participants at the beginning of the survey.

3.3. Measures

The survey instrument developed for this study includes constructs such as transformational leadership, trust, harmony, and leadership effectiveness. Some of the instruments are adopted from existing scales while others are developed by the author based on the literature. All items used in the survey will be measured on a 6-point Likert scale ranging from 1-strongly disagree to 6-strongly agree. An even number of points rather than an odd number is used because Chinese people tend to answer in the middle (Chiu & Yang, 1987). It is hoped to prevent this response bias by not including a mid-point on the scale. The final set of items is arranged in random order on the questionnaire.

Questionnaires originally written in English were translated into Chinese, and then checked by translation back into English to ensure conceptual consistency. The translation and back-translation were undertaken by bilingual researchers who had studied in both Chinese and English, thus sufficiently educated in both languages as recommended by Bracken and Barona (1991). The original questionnaire was first translated into Chinese by one researcher and translated back into English by another independent researcher as described by Brislin (1970). The translator and back-translator met with the English speaking, monolingual researchers to examine the differences found in the back-translation. After considering their suggestions, some necessary modifications were made, completing the Chinese version of the questionnaire.

3.4. Transformational Leadership

I use the measure of transformational leadership developed by Podsakoff et al.(1990). The internal consistency reliabilities for all of the dimensions of transformational leadership behavior meet or exceed Nunnally's (1978) recommended level of .70 (e.g., .87 for "core" transformational leader behaviors – three dimensions, identify and articulate a vision, provide an appropriate model, and foster the acceptance of group goals, compose core transformational leadership behavior; .78 for the dimension of high performance expectations; .90 for the dimension of individualized support; and .91 for the dimension of intellectual stimulation). Consistent with previous research, the score for the transformational leadership scale will be calculated by summing the points across all 23 items (Chen & Farh, 1999; Zhang, Cao, & Tjosvold, 2010). Zhang et al. verified that Cronbach's alpha for the six dimensions range from .76 to .93, and the alpha for the full scale is .96.

3.5. Trust

The concept of trust used in this study refers to employees' faith in and loyalty to their leaders. The instrument for trust is borrowed from the existing literature (Podsakoff et al., 1990). Cronbach's alpha for

trust was .90. Casimir et al. (2006) used the same scale to test the mediation effects of trust on the leadership-performance relation in different culture contexts. The Cronbach's Alpha of trust was .87 for the Australian sample and .85 for the Chinese sample. The scale consists of five items.

3.6. Harmony

Due to the lack of existing measures, I constructed the items for harmony based on the Confucian notion of harmony. The items are used to assess the harmonious relationship with an organization. The questions ask the respondents to evaluate whether his/her supervisor values personal relationships; whether the supervisor has the ability to balance his/her desire to be lenient with the need to be harsh toward his/her people; and whether the supervisor is effective in balancing relationship so that all parties are reasonably satisfied with the result. A 5-item scale was used to measure harmony and the total scale score was calculated by summing up all the points across five items.

3.7. Leadership Effectiveness

Leader effectiveness is often measured in terms of the leader's contribution to the quality of group processes as it is perceived by followers and by outside observers (Yukl, 2006). In this study, I will use subordinates to evaluate leadership effectiveness. Leaders' subordinates are believed to be in the best position to assess the extent to which their leaders' behavior is effective or not as they are most likely to see their leaders' behavior on a day-to-day basis (Hogan, Curphy, & Hogan, 1994). As this study focuses on the relationships between leaders and their subordinates, the subordinates, as direct recipients of their leaders' behaviors, provide an appropriate source of information on their leadership effectiveness. Scales for leadership effectiveness were borrowed and adapted from previous research (Chen & Tjosvold, 2005; Chen & Farh, 1999). Item 1 is from Chen and Farh (1999) and the remaining three items are from Chen and Tjosvold (2005). Because this scale consists of items pulled from two measures, no reliability data is reported here. A 4-item scale was used to measure leader effectiveness and the total scale score was calculated by summing up all the points across four items.

Cronbach's alpha (Nunnally, 1978) was used for all scales to assess internal consistency of all scales. All Cronbach's alpha indices exceeded .70 suggesting that the questions are internally consistent. Next, regression and mediation analyses were conducted to determine whether the relationships between the variables were as expected. The effect of transformational leadership on effectiveness is proposed to be partially mediated by trust and harmony. I used Baron and Kenny's (1986) four-step process to test the mediational hypotheses because it is the most common method for testing mediation in the social sciences (MacKinnon, Lockwood, Hoffman, West, & Sheets, 2002). According to this method, the first step is to show transformational leadership is correlated with leadership effectiveness (see Path c in Figure 1). Step 2 is to show transformational leadership is correlated with the mediators, trust and harmony (Path a in Figure 1). The third step is to show both mediators are correlated with leadership effectiveness (see Path b in Figure 1). The

final step is to show the mediator effects of trust and harmony on the transformational leadership-effectiveness relationship, by finding that the strength of the relationships between the leadership behaviors and effectiveness are reduced when the mediators (e.g., trust and harmony) are added to the model (compare Path c with Path c' in Figure 1).

Figu**re** 1. Diagram of paths in mediation models
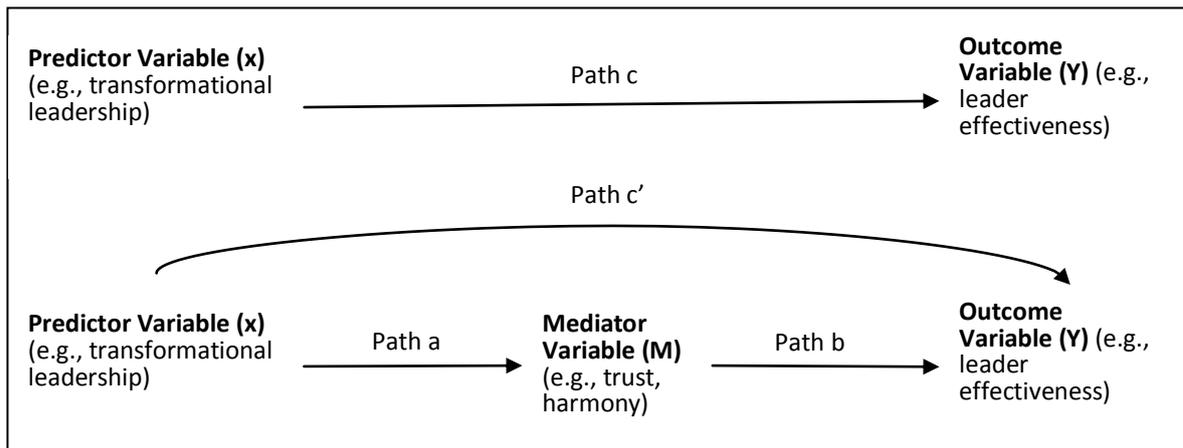
8. Results

An exploratory factor analysis was conducted using SPSS before hypothesis testing because of the newness of the survey questionnaire. The criterion for item deletion was based on three rules: 1) an item-correlation that is lower than .40; 2) high cross-loadings on two factors; and 3) subjective assessment of the importance of the item for capturing the domain represented by the construct (Churchill, 1979; Nunnally, 1978). The results of factor analysis show that items for transformational leadership loaded into six separate dimensions as suggested in previous research (Podsakoff et al., 1990). All five items of trust and harmony loaded as one component. All four items of leadership effectiveness loaded as one component. Evidence from the results provided support for the measurement instruments used in the study, as the factors loadings were consistent with original scales. The Cronbach's alpha for the six dimensions of transformational leadership ranges from .70 to .87, and the alpha for the full transformational leadership scale is .93. The Cronbach's alpha for trust, harmony and effectiveness are .93, .88, and .84 respectively.

To test hypotheses, Baron and Kenny's (1986) steps were adopted to determine whether mediating effects occurred. For Hypothesis 1, the dependent variable is effectiveness, the mediator is trust, and the independent variable is transformational leadership. As shown in Table 1, transformational leadership was related to effectiveness (step 1) as the unstandardized regression coefficient ($B = .21$) associated with the effect of transformational leadership on effectiveness was significant ($p < .0001$). The unstandarized

regression coefficient ($B = .25$) associated with the relationship between transformational leadership and trust (step 2) also was significant ($p < .0001$). To test whether trust was related to effectiveness (Step 3), I regressed effectiveness simultaneously on both trust and the transformational leadership variable. The coefficient associated with the relation between trust and effectiveness (controlling for transformational leadership; step 3) was significant ($B = .70$, $p < .0001$). The results show that the relationship between transformational leadership and effectiveness (step 4) was .06 and still significant ($p < .0001$), which means that trust partially mediates the relation between transformational leadership and effectiveness. To test whether the drop (from $B = .21$ in step 1 to $B = .06$ in step 4) is significant, a Sobel test was used. The Sobel test directly tests for a reduction in the effect of the independent variable on the dependent variable when controlling for the mediator. The result indicates that the partial mediation is significant (Sobel test statistic score = 24.567, $p < .0001$). Therefore, Hypothesis 2 is supported.

Table 1. Mediating test for H1

Steps	B	SE B	95% CI	β
Step 1				
Dependent Variable: Effectiveness				
Independent Variable: Transformational Leadership	.21	.01	.19, .23	.72**
Step 2				
Mediator: Trust				
Independent Variable: Transformational Leadership	.25	.02	.22, .28	.67**
Step 3 and 4				
Dependent Variable: Effectiveness				
Mediator: Trust (Step 3)	.60	.03	.55, .65	.77**
Independent Variable: Transformational Leadership (Step 4)	.06	.01	.04, .08	.20**

CI = confidence interval;

**$p < .0001$

For Hypothesis 2, the dependent variable is effectiveness, the mediator is harmony, and the independent variable is transformational leadership. As shown in Table 2, transformational leadership was related to effectiveness (step 1) as the unstandardized regression coefficient ($B = .21$) associated with the effect of transformational leadership on effectiveness was significant ($p < .0001$). The unstandarized regression coefficient ($B = .25$) associated with the relationship between transformational leadership and harmony (step 2) also was significant ($p < .0001$). To test whether trust was related to effectiveness (step 3), I regressed effectiveness simultaneously on both harmony and the transformational leadership variable. The coefficient associated with the relation between trust and effectivness (controlling for transformational

leadership; step 3) was significant (*B* = .80, *p* < .0001). The results show that the relationship between transformational leadership and effectiveness (step 4) was .01 and still significant (*p* < .05), which means that harmony partially mediates the relation between transformational leadership and effectiveness. To test whether the drop (from *B* = .21 in step 1 to *B* = .01 in step 4) is significant, a Sobel test was used. The Sobel test directly tests for a reduction in the effect of the independent variable on the dependent variable when controlling for the mediator. The result indicates that the partial mediation is significant (Sobel test statistic score = 17.598, *p* < .0001). Therefore, Hypothesis 2 is supported.

Table 2. Mediating test for H2

Steps	B	SE B	95% CI	β
Step 1				
Dependent Variable: Effectiveness				
Independent Variable: Transformational Leadership	.21	.01	.19, .23	.72**
Step 2				
Mediator: Harmony				
Independent Variable: Transformational Leadership	.25	.02	.23, .28	.71**
Step 3 and 4				
Dependent Variable: Effectiveness				
Mediator: Harmony (Step 3)	.80	.01	.74, .80	.97**
Independent Variable: Transformational Leadership (Step 4)	.01	.01	.00, .02	.05*

CI = confidence interval;

p* < .0001, **P < .05

9. Conclusions and Recommendations

The core of this empirical study was to examine the effects of factors such as trust and harmony on relationships between transformational leadership and effectiveness. Further, a new measurement instrument for harmony was developed. Factor analysis results supported the presence of variables with the proposed dimensions. Thus, this study provides newly developed instruments to measure harmony with acceptable validity and reliability. Regression results suggested both trust and harmony partially mediate the relationship between transformational leadership and effectiveness.

9.1. The Effects of Trust

From the employees' perspective, trust to leader means faith in and loyalty to the leader (Casimir et al., 2006). Previous research has found the mediating effect of trust on the relationship between leadership

and performance. The results of this study demonstrate the mediating role played by subordinates' trust in transformational leadership process. More important, this study emphasized the critical role of trust in leadership process in the Chinese context. The results show that trust creates loyalty in the management by the employees and builds a good relationship between manager and employees. In China, trust is established based on the personal bond and sharing of positive affect between manager and employees (Chen et al., 2011). This trust signals a strong sense of sharing with the relationship where the employees are willing to express their ideas and concerns without fears of being reprimanded (Yukl, 1989). And this positive relationship induces positive emotional feelings in their leader by the employees and therefore taps into positive evaluations about the leadership effectiveness of their leader (Boal & Bryson, 1988).

9.2. The Effects of Harmony

The philosophical notion of harmony was most frequently cited by researchers (Westwood, 1997; Silin, 1976; Aycan et al., 2000). The results of the tests reveal that the degree of harmony in the organization partially mediates the relationship between transformational leadership and its effectiveness on subordinates. Compared with trust, the mediating effect of harmony is much stronger as the unstandardized regression coefficient dropped from .21 to .01, indicating that harmony almost fully mediates the relationship between transformational leadership and effectiveness.

Harmony is not a central construct in Western ideology where proximate value orientations are based upon notions of equality, egalitarianism and consensus (Westwood, 1997). However, the findings of harmony in this study demonstrate that harmony is a deeply embedded social value in Chinese society, where the tradition stress harmony between people and their environment, and most significance here, harmony in social relationships (Yang, 1986). As noted, the unique traditional Chinese value requires that the effective leadership considering harmony with the organization. Harmony helps foster more solidaristic sentiments and consolidates beneficial bonds of mutual obligation and reciprocity between leader and subordinates. The exhibition of proper and considerate behavior by the leader provides valuable support to the maintenance of order and compliance (Westwood, 1997).

Modern business management has benefited from the Western managerial approaches, and transformational leadership has been considered as an effective way dominant in Western context. To be effective in non-Western context such as China, transformational leadership needs to be modified and integrate Chinese traditional values to be useful (Pellegrini & Scandura, 2008). Chinese employees and subordinates expect that their managers will take their personal situation into consideration. In most cases, relationship considerations, together with moral persuasion, are supersede rules and regulations in Chinese management (Zhang et al., 2008).

9.3. Limitations

Although the study provides several significant insights and implications for organizations to use in leadership process, the study is not free from limitations. One limitation is that even though the study was conducted in divergent contexts (e.g., private companies, state-owned companies, companies in different industries), all of them examined leadership and its effectiveness at the dyadic level, that is, the manager was evaluated by his/her subordinates' individual opinions. This limits me to draw conclusions about the possible effect of the leaders on outcomes at the level of the organization or the work unit.

Another limitation to this study could be using self-reported data. Although self-report data is widely used, however, it does limit, to some degree, the validity of this study. In addition, a chance of common method variance always arises when information for a study is gathered using self-reports (Podsakoff & Organ, 1986). This study took steps recommended in the literature to avoid this problem as much as possible. For example, the questionnaire used both positive and negative items to measure individual constructs (Hair et al., 1998). So that some of the impact could be reduced.

9.4. Future Research

At the outset, this study provides a useful measurement instrument, harmony, for future studies. This instrument can be used to examine a variety of relationship in the Chinese leadership/management studies. The current study focused on the internal relationships within the organization (e.g., trust in leader and harmonious relationship within the organization). Future study can extend the meaning of trust and harmony to external context. As discussed earlier, the Chinese are very slow to trust others. When dealing the relationship with business partners, the Chinese prefer make friends and establish trust first, and then do business. However, Westerns want to get right down to business. While Westerns might conclude that the Chinese counterpart is not trustworthy, the Chinese often think the Westerns as rash in thinking that the two parties can move forward as quickly as the Western prefers without having established trust first. Similarly, harmony principle can also be extended to examine the relationship with the external environment such as with business partners, governments, and even competitors. It would be interesting to see how a leader is effective both internally and externally.

The study tested the mediating effects of trust and harmony as well as the moderating effect of generation in the leadership process. The contribution of additional factors (e.g., leader's competence) as mediators could be considered. In addition, a cross-cultural study might be explored in future studies. Future study may compare the impacts of leadership behaviors and factors in China versus Western culture clusters. Through such research, it helps to gain a clearer picture of the contributions of the transformational model to the leadership literature.

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