Front. Bus. Res. China 2012, 6(4): 603–620
DOI 10.3868/s070-001-012-0028-9

TEACHING CASE

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Gladiators in the Corporate Political Arena: Reforming A Top Management Team

Abstract This case describes the top management team's transfer of power and change in the Wuhan Company of Zhong Yin Real Estate Group (ZY-REG). The company experienced acquisition of Haitian and ZY-REG, introduction of the Wanke management team, the general manager's loss of control over the company, aggravating conflicts among executives, and abuse of power by a clique of managers. The new general manager Yang Ling took actions to reform and transferred power and responsibilities of each executive in the management team, withdrew power from his opponents, and standardized the decision-making process. The management team's rebuilding was finally completed in June 2008, and the Wuhan Company was then back on track soon after.

Keywords top management team, organizational change, team conflict, organizational politics

1 Prelude

One afternoon in June 2008, a ray of sunshine beaming into the office greeted Mr. Yang Ling, the general manager of the Wuhan Company (WHC thereafter) of Zhong Yin Real Estate Group (ZY-REG). Suddenlys he, recalled everything that he had seen and done in this company during the past two years, the initial mess in management and low employee morale, severe conflicts among executives stirred by Mr. Ma Qingfeng and his followers, as well as his persistent effort to turn the company from loss to profit. Now, almost all of the problems have been

Received May 29, 2012

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solved, and WHC is operating smoothly. However, he is haunted by questions such as, are the reform measures the best choice? How should he evaluate his reform against the prescription of management theories? These questions seemed to be even more perplexing than the challenges that he had ever faced in the company.

2 Background

The real estate industry has been a main engine for the growth of the Chinese economy since the late 1990s, playing a key role in the development of China's economic and social development. Property investments take up about 20% of China's urban fixed investments, which are a direct impetus to GDP growth. WHC is one of the subsidiaries of ZY-REG. The parent firm is a state-owned enterprise in Shenzhen founded in 1985 by a large import and export joint venture and 23 other domestic firms. In 1994, ZY-REG went public in the Hong Kong Stock Exchange. Before long, ZY-REG added property and hotel management as two new businesses, in addition to its traditional real estate business. In early 2005, ZY-REG entered Wuhan, a large city in central China, and purchased a local private firm called Haitian Real Estate Company.[1] Haitian had already begun a villa project called "Bibo Mountain," and based on this project, WHC of ZY-REG was established and initially focused on the villa project.

As a new company, WHC gained strong support from ZY-REG. In early 2005, as soon as the acquisition was completed, the group company immediately assigned Mrs. Song Jie, as the general manager of WHC. She was 31 years old, with a bachelor's degree in design from Nanjing University. She worked for ZY-REG after graduation and was promoted as Design Manager three years ago, an easy-going person with strong professional spirit. Song was asked to establish the local top management team to lead the company out of its bad financial situation. The first thing Song did was to take villa designing as the top priority to establish reputation from the targeted high-end clients. As an expert in the design field, she put great effort into the design department, and tried to develop design work as the company's core competence. However, the group company overlooked her lack of training and experience in management skills while setting up the senior management team in WHC. As the general manager, Song

[1] Haitian Real Estate Company was founded in 2003, and its original plan was to develop a high-end villa project in Bibo Mountain together with its golf club project in Wuhan. However, serious management problems surfaced after the start-up of the villa project. Six general managers were replaced in just two years, but Haitian's - performance remained poorly. In early 2005, the company was acquired by ZY-REG, and Haitian was reorganized as WHC of ZY-REG soon afterwards.

should be capable of managing people beyond her own technical contributions. As a result, the company began to gain recognition from the local market, but internal management issues put Song in an awkward position, such as poor project management, high construction costs, ineffective marketing. At the end of 2005, WHC's overall performance was among the worst of all subsidiaries of ZY-REG.

Consequently, Mr. Han Lin, CEO of ZY-REG, decided to establish a new position, General Manager of Central China, and appointed Mr. Wu Hao,[2] the CFO of ZY-REG) to take the position to assist Song in enhancing the operation and performance of WHC. Meanwhile, ZY-REG looked outside for new managers to improve the management. One of them was Mr. Ma Qingfeng, aged 39, with a background in marketing. He was determined and decisive, a gifted speaker with abundant social capital in the real estate industry. He was able to swiftly establish himself in Wanke Corporation since his entry into the company in 2000. He was promoted as a division manager one year later and moved up to the position of Vice-Director of Marketing three years later. Mr. Ma was parachuted into WHC.

Wanke Group was one of the first publicly-listed private companies in China, established in 1984 with real estate development as its core business. Wanke has been generally considered as a benchmark company in China's real estate industry. Mr. Wu Hao was very pleased to welcome his new team members, and appointed Ma to be the Deputy General Manager of WHC to assist Mrs. Song in her administrative work. One week later, Wu further delegated power to hire from Wanke, by appointing the Wanke team many key positions such as sales manager, engineering manager, design manager, and cost manager. Since Wu did not resign his position as the Chief Financial Officer in Shenzhen headquarters, he was always far away from WHC and stayed in Shenzhen instead, considering that such arrangement can save time for more important tasks in the headquarters. He even believed that he did not need to have his own office in Wuhan, his work and meetings were always done in the conference room of WHC. As time went by, Song found she was excluded from the decision-making circle, whereas Ma and other members of the Wanke team dominated WHC. Therefore, there was a sharp change in management style from ZY-REG's way to Wanke's way in the company. As a result of Ma's aggressive managerial style, Song and Wu gradually became mere figureheads. Senior managers of different character types and different leadership styles led to sharp conflicts within the company. All these changes brought about a great deal of management problems.

[2] Wu was aged 38, with a bachelor's degree in financial management. He had worked for ZY-REG after graduation and was promoted as the CFO four years ago due to his excellent performance, hardworking, maturity, and result-orientation.

3 Confrontation in Political Arena

As a traditional state-owned enterprise (SOE), ZY-REG has a typical SOE organizational culture. The problems bothering ZY-REG are common to most SOEs in China: employees appear to be lack of motivation, poor market performance, and old-fashioned managerial style, lack of competitiveness in the market, and rigid management system. With regards to staff management, ZY-REG encourages managers to treat every employee with respect and care. Employees can be assigned to different positions in order to find the most suitable positions for them.

However, typical of a private firm, the Wanke's managerial style is quite different. Ma believed that employees should be treated strictly in their daily work. Furthermore, rewards and punishment should be given impartially. He often criticized his subordinates for their trivial faults, and even scolded them regardless of the occasions. There was an incident just one month after his appointment: One employee in the Finance department made a small mistake in a financial report. On hearing this, Ma shouted at Liao Jiye, the CFO of WHC, who was in charge of cost management in public, "It was such a simple thing that you should have done well! You guys trained by SOEs are incapable of doing anything." This quarrelling proved to be nothing but a prelude to a series of much worse conflicts.

In March 2006, WHC wanted to buy a large number of gingko trees for a new villa project to construct an elegant gardenlike environment. In accordance to the previous requirements of the group company, the final purchase contract should not be signed without a rigorous bidding process. However, for the purpose of meeting the deadline, Ma made the purchase decision arbitrarily and signed a contract with a final price at 2,300 yuan per tree. This incident was a typical example of conflict of organizational cultures: ZY-REG's SOE culture emphasizes formalization and standardization of each move. However, as a private company, the Wanke's style is quite different. It places a greater emphasis on efficiency and flexibility, and sometimes employees are even allowed to work around rules. Although Ma's quick decision saved a lot of time and completed the villa project as required, he was accused of breaking a generally-accepted rule in ZY-REG. Before long, in a similar purchasing process of gingko trees, the final price was only 1,000 yuan per tree with the same bosom and crown diameter after a strict bidding process. From 2,300 yuan to 1,000 yuan, this incident caused sharp criticisms from shareholders: "We knew that the earlier batch of trees were ridiculously overpriced and already requested an in-depth investigation of the purchase. Why did not the company's executives take any effective actions?"

All staff in the Financial Department of WHC were appointed by the

headquarter, and they have all received a series of training in financial procedures and document requirements to meet the need of financial system and working process of the group company. The "gingko tree scandal" caused major dispute in the company. Soon, on June 25, 2006, having signed a pile of invoices, Ma asked the project director, a member of his clique to pay the invoices at the WHC's expense. The financial staff found irregularities in those invoices and returned them back for a further check. Unexpectedly, hardly did the project director walk out of the office, when Ma tore up all those invoices, and shouted out loudly: "Damn it, all pig brains! If it follows your process, there is no efficiency at all!" He made such a loud noise that nearly all the people in the building could hear it! The incident greatly lowered the morale of the staff from ZY-REG. Finally, when these words were passed onto the headquarters, they became like this: "Wanke people have called us pigs."

WHC was then divided into three circles, namely the staff from the Haitian, those from ZY-REG, and the "parachutists" from Wanke. In the first year after the acquisition of Haitian, there were many conflicts and disputes between the first two circles. Yet the situation deteriorated quickly after the Wanke team joined WHC. The Wanke team gradually dominated the management pattern, however, there were problems arising from the lack of communication with others and the tough management style of the Wanke team. The conflicts between the staff from Haitian and ZY-REG disappeared over time, and they entered a defensive alliance with each other to "fight" against the Wanke team.

4 New Comer

"WHC is now facing great difficulties. We should send another capable manager to rescue the company. What is your opinion?" On July 7th, 2006, during his visit in Europe, Mr. Yang Ling, the HR manager of ZY-REG since 2003 received a text message from Han Lin,[3] the General Manager of ZY-REG. "How about the three candidates I have recommended to you?" Yang replied. "Our board members discussed and thought that all were inappropriate, and you will be recommended to solve the trouble. The decision is nearly made, and I believe you can make it."

Yang was appointed as Regional General Manager of Central China in succession to Wu Hao. Immediately after he came back to China, Yang made a call to his assistant Li Da, "Li, I was just appointed the Regional General

[3] Han was 37 years old, with bachelor's degree in business administration from Sun Yat-sen University. He joined ZY-REG after graduation, served as the general manager of the decoration company of ZY-REG with Yang Ling in 1998. He was then promoted to Vice President of ZY-REG in 2001, and general manager in 2004.

Manager. Could you please go to WHC first to make some initial investigation? I will be there after my trip to Xinjiang to finish the acquisition negotiation of a local company." "Ok, I'll go there immediately, and try to collect necessary data for you when you come." replied Li.

After his trip to Xinjiang, Yang took a direct flight to Wuhan to meet with Han Lin there. A sudden heavy rain delayed his flight for nearly four hours, and it was already 11:40 pm on July 10 when he arrived at Wuhan. While waiting in Xinjiang airport, he called and exchanged views with Li about the grim situation in WHC.

At 9 am on July 11, Han Lin, the general manager, held a formal meeting at WHC, and appointed Yang as the new Regional General Manager. A scornful smile appeared on Ma's face, and a new combat would come soon.

During the next three days after the meeting, Yang met each executive member in person. First of all, he had a conversation with Ma. "Hi, Ma, I would like to talk with you at first before I convene my first meeting. As you know, the group company is very unsatisfied with our situation, and that is the reason why I am coming here. I think we should establish a sound system that specifies explicitly rights and responsibilities. As a top executive, I hope to run the company according to my own management style. You can continue to lead the design department, but the cost department, sales department and engineering department must be under my supervision. I hope you can accept this decision and support my work." Ma was irritated to hear this. He glared at Yang and shouted, "Young man, you ought to be clear in mind. I shall only accept a decision made by the Executive Team, not a decision made by you."

Then Yang had a talk with Song: "I do know what troubles we are facing now, and we should try to overcome them. The first thing we should do is to withdraw power from the cost department, sales department and engineering department. This will be discussed at the first general manager's meeting. I do need your help, and you must be the first person to support my proposal at the meeting." Similarly, Yang requested Liao Jiye, the Vice-President of Finance (who also came from ZY-REG), Li Rong the Vice-President of Administration, aged 45, a tactful person from the former Haitian, during his private talks with them, and he managed to get their support. He also met with two other managers from the Wanke team, but told them nothing about his decision.

Before the first meeting, Yang wondered a lot about how to hold such a meeting. As a manager with 14 years of experience in the administrative and human resource management department, he knew the office politics very well. He wanted to show his authority but avoid face-to-face confrontation. From the report by Li Da, he had known some details in the previous meeting: Ma Qingfeng had long replaced Song Jie as the leader of WHC, and he used to sit on

the opposite side of the others to dominate every meeting. Being aware of this, Yang requested the office manager to make name-plates for each executive member, and placed them in the right order on the conference table. Then, he asked the office clerks to remind those executives to sit opposite to him to highlight that he is the ultimate decision maker in the company.

On July 17th, the seventh day after Yang's new appointment, Yang held his first general manager' meeting. Just before the meeting, Ma wandered into the room as usual, with a big cup of tea in his hand. Just as Ma began to walk towards his usual seat, which was next to Yang Ling's, an office clerk immediately stepped forward to remind him: "General Manager Yang asked us to sit opposite to him, and your seat is not here." Unwillingly, Ma had to change his seat. After an awkward moment, the meeting began, and everyone in the room immediately recognized Yang's authority. Since then, all the other executives consciously sit opposite to Yang at every meeting.

5 Political Battle

Yang asked every executive to provide an update of their recent work at the beginning of the meeting. Ma began to scold Liao for a minor flaw in his work report: "Are you qualified for your post? If not, quit your job!" Before Ma ended, Yang banged his fist on the table and shouted angrily: "Manager Ma, you should realize one thing clearly: I am the general manager here, and you do not have the right to scold other executives without my permission. I hope you can respect every employee and every executive, just as I respect you." Such reasonable criticism made Ma speechless.

After all reports had been submitted, Yang announced: "I now have an overall understanding of our current situation, and hope that we can re-arrange the division of labor in our team. I propose that only I myself have the approval and denial rights of the cost department, sales department, and engineering department. Please give me your suggestions or comments, everyone." As soon as he finished, Song voiced her support: "I totally agree with you." Following her, Liao and Li agreed too. There were seven members in WHC's executive team at that moment. Yang made his proposal, Song, Liao and Li followed, which made the other three executives have to accept one by one.

After the meeting, Yang personally met every executive again. This time, he talked to Ma first: "Ma, you are still going to be in charge of the design department, but I hope you can be clear about one thing: Just as I request those from other departments, it is your duty to help me manage this department. However, you have to report to me all the major events in your department from now on." Subsequently, Yang talked to Song: "I hope you can shoulder more

work in our company. You are an expert in planning and design, and I intend to delegate the planning task to you. Please make a performance-based working plan in detail for every department before our next meeting." Then, he informed Liao: "Liao, please do not mind other peers' criticism. You should totally take over the financial management work, which is very crucial for our company. Please report to me directly; everyone should follow rules strictly, and no one can bypass your signature." And then, Yang spent nearly a whole week talking with every executive, and he prepared a specific plan with Song's help.

The second general manager's meeting was smoothly conducted by Yang on July 24th. At this meeting, Yang announced his new arrangement: "I will be responsible for the overall management in this company; Song will be in charge of the planning and performance appraisal work; Ma will be responsible for the design work; Li will manage the administrative work, and Liao will preside over the financial management work. Zhou Dingbang, a member of the Wanke team, currently the director for the Engineering Department, will take charge of the engineering department, and Liu Jun, (who was transferred to WHC from ZY-REG, the Marketing Manager) will be in charge of the marketing department. Please remember, you are delegated to support me to take charge of all the departments, but it doesn't mean that you can make any decisions by yourselves. I can withdraw those rights at any time."

During the meeting, Yang made it clear that there would be three top management meetings to coordinate each department' work: The first is the general manager's meeting, which should be chaired by Yang on an ad hoc basis. The second is the planning meeting chaired by Song to pass down the overall plan to all departments, to set up a healthy planning system and to supervise and monitor the implementation of all plans. And the third is the operation meeting, which will be charged by Ma to coordinate and resolve conflicts and difficulties occurred during business operations.

6 Resurgence

After the second general manager's meeting, subtle changes took place gradually. Above all, Song successfully established an improved and more performance-based planning system. Specifically, she established a general plan at the organization level based on sales order received, and then divided the plan into detailed sub-plans for different departments. Moreover, Yang worked with Ma everyday to ensure that every decision made by Ma was in line with his orders. After a period of time, the company's new power pyramid was understood and accepted by all executives, middle managers and front-line managers and common employees. As a result, major decisions were made at the

general manager's meeting, together with all planning and business coordinating activities was also handled in summit meetings. The three tier meeting system was implemented smoothly from then on.

At the annual board meeting of ZY-REG in December 2006, despite of Yang's proposal that Ma and Zhou should be offered another employment contract, the board, refused the proposal. Ma and Zhou then left the company. However, the rest of the Wanke team members chose to stay in the company.

At the annual performance assessment meeting of ZY-REG in December 2007, as a model company of the group company's real estate wing, WHC obtained consistent high praises from the board of directors because of its outstanding market performance and gross profit growth over 35% for two consecutive financial years. Its previous problems all disappeared such as low employee morale, conflict among executive managers, and poor market performance. The market competitiveness of the company improved dramatically after the organizational reorganization, and the former employees from Haitian gradually accepted the core value of the WHC. In addition, the villa project was very successful and profitable. The company had adjusted its organizational structure, and effectively solved many managerial problems. Yang also got an award from the board in recognition of his excellent job in WHC.

At the end of 2008, Yang left WHC and joined the Tianjin Company as its general manager. In WHC, after Ma's dismissal from his post, Liao was promoted to the position of the General Manager. While Yang succeeded in turning the company from money-losing into a profitable firm, Liao further expanded the market share of the company and built up a strong brand. He also standardized all management and operation procedures in the company.

Teaching Note

Organizational politics may irritate us, but it also serves us. Hopefully we can learn more about this paradoxical phenomenon. HENRY MINTZBERG, 1985

Background

Organizational politics is a form of conflict which is often silent and less obvious, and little has been written about it. Just as Mintzberg (1985) claimed: "That way station (of politics) may be dysfunctional and disruptive while it lasts, but it serves the functional purpose of enabling the organization to attain a new, more viable stability." This is just what Yang did in this case. Yang has excellent leadership and political skills, which is essential for his success during the process of organizational restructure. Conflict may arise between influencers like Ma's trying to hold onto power and challengers like Yang's trying to seize power.

Organizational politics can help guarantee a smooth transition of an organization from one configuration of power to another.

The case is also helpful for students to understand the interaction and dynamics among managers of different personality types, which has determined the antecedents and consequence of the change in this case. Professor Michael Maccoby has classified the top managers into four types, namely craftsman, jungle fighter, company man and gamesman. Each personality type represents an ideal model and most of the managers exhibit various degrees of personality combinations, just as the two leading roles in the case as Yang and Ma. They both have some characteristics like a "fox," making them just like the two gladiators in the political arena. The loss and gain of power is the main plots in this case. In addition, this case can guide students to understand the operation and practice of a top management team.

Case Objectives

1. Help students understand the positive and negative aspects of political behaviors. Managers can use political leverage under different situations to promote the organizational interests. It is extremely important for the students to understand, exploit and smother the organizational politics to maximize the outcome and satisfaction levels of the people.
2. Help students understand the dynamics of team conflict. Team members may have different personalities, values or beliefs, which may cause conflict (Robbins and Judge, 2010). Team dynamics encompasses any and all ways that individual affiliates interact with their counterparts. The overall characteristics of the assigned task, along with the managerial skill of each member may also have an impact on the team's success.

Position in Course

This case might be used in several courses, depending on the angle of analysis:

1. Power and politics in organizational behavior. French and Raven defined five forms of power: coercive, reward, legitimate, referent and expert. Authority only exists when subordinates accept the idea that a supervisor has authority over them. Part of the manager' job is to know how to prevail in the political battles you will face (Pfeffer, 2010). Organizational politics manifests itself through struggle for resources, affective conflicts, competition for power and leadership, tactical influence executed by individuals and groups to attain power, building personal stature, controlling access to information, not revealing real intents, building coalitions, etc.
2. Personality of managers in organizational behavior. Interactions between

individuals can easily degenerate from constructive dialectic into a clash of personalities kindled and fed by competing personal ambitions. The protagonists of the case have diverse leadership styles: the quiet and modest "craftsman," the courageous and charismatic "lions," the secret and sly "foxes," the disciplined and upright "company man," and the adventurous and motivational "gamesman."

3. Social identity theory. According to the social identity theory, people tend to classify themselves and others into various social categories, such as organizational membership, religious affiliation, gender, and age cohort (Tajfel and Turner, 1985). The social identity theory can be used to explain identification among different team members. In this case, General Manager Yang Ling graduated from Wuhan University and was quite familiar with the city of Wuhan, which was different from others. His regional identity was positive, and it was advantageous to narrow differences between groups of people. The people from the former Haitian Company considered him to be a native of Wuhan city, and employees from ZY-REG also regarded him as one of them—all assigned to the Wuhan Company by the headquarter, which was conducive to Yang's reshaping of the executive team in Wuhan Company.

Assignment Questions

1. Which leadership style (the "craftsman," "Lions," "Foxes," the "gamesman") did the protagonists of the case (Yang Ling, Ma Qingfeng, Wu Hao, Song Jie) belong to? How can this relate to the top management team theory?
2. How to manage tough subordinates like Ma Qingfeng? What were the problems existed in the leadership of Wu Hao and Song Jie?
3. What types of political strategies did Yang Ling and Ma Qingfeng adopt? How to evaluate their political strategies ethically? Under what circumstances is it ethical to manipulate people for the good of the organization?
4. Was the conflict resolution strategy of Yang Ling endowed with the uniqueness of Chinese culture? What enlightenment can the western managers gain from this?

Teaching Plan

This case can be adopted in an 80-minute class. For this lesson, students will be asked to read the case before coming to class and to prepare to answer the following questions:

1. What is organizational politics?
2. Why do managers play politics?

3. What are the most common forms of political strategies that you see at school or in your work place? Are they ethical or unethical? Please explain.

The class can begin with a 20-minute discussion of the above questions. The main goal of the discussion is to ensure that students understand the basic concepts involved in the case. During the discussion, key terms and concepts can be written on the blackboard.

Students will be divided into four groups. Once the case is distributed, each group could be assigned one or two of the assignment questions and be asked to prepare for a presentation at class, or the instructor can give the students 15 minutes in class to prepare for their presentations.

The following analyses and answers can provide a broad overview for the discussion. The instructors can add their own analyses to guide the discussion.

Analysis

1. Which leadership style (the "craftsman," "Lions," "Foxes," the "gamesman") did the protagonists of the case (Yang Ling, Ma Qingfeng, Wu Hao, Song Jie) belong to? How can this relate to top management team theory?

Professor Michael Maccoby, director of the Harvard Project on Technology, Work and Character, drew his conclusions from interviews with 250 businessmen and women representing 12 major U.S. companies, and defined four types of leadership style as following: "craftsman managers" who are concerned with perfection of the product, pride themselves on quality work, quiet, modest, and practical, but do not enjoy leading out in complex organizations. "Jungle fighters" who seek power over subordinates, do considerable politicking to get ahead. There are two types of jungle fighters: "Lions" who are courageous, charismatic managers lead by example, but reluctant to share power with others. "Foxes" achieve their goals through manipulation of others, secrecy, or even betrayal. "Company men" who are related to the human side of the corporation, work hard to maintain stability and integrity, and adhere to company policy closely. The "gamesmen" are people who are fond of challenge, and like to take risks and motivate others. As a research conducted by Andersen (1977) has shown, in benchmark companies like General Motors, Exxon or IBM, there could be about 15 percent of gamesmen, 15 percent of jungle fighters, 30 percent of craftsmen and 40 percent of company men.

The Wuhan Company is composed of the above four different character types. Although most managers are actually mixtures of two types or more, we attempt to find one or two specific types best describing a person in our case study. During the process of organizational change, Yang was good at cooperation and encouraging others. He was a highly-motivated man with a determined mind, so

he belongs to the type of "gamesman"; First he asked his assistant Li Da to make some initial investigation, and then he spent nearly a whole week talking with every executive, which laid the groundwork for his new arrangement at the general manager's office meeting. Yang successfully established a new management system characteristic of clear division of power and responsibility. In addition, Yang successfully launched a political battle when he encountered Ma, his main rival in Wuhan Company. Ma was ultimately "weakened" and isolated. In this sense, Yang could also be the type of "foxes." Given the above, Yang was actually a combined type of "gamesman" and "foxes." Ma was strong and decisive, risk-taking—a typical type of "lions"; Ma was also ambitious and greedy for power, the type of "foxes." In conclusion, Ma was a combined type of "lions" and "foxes." In our case, Wu Hao was hardworking, careful, mature and result-oriented. He was definitely a "company man" type. Song Jie was a technical expert. She loved design work, but she was not good at administration. So Song was clearly a "craftsman" type.

The upper echelon theory, as proposed by Hambrick and Mason, is the theoretical basis of Top Management Team (TMT) theory, in which it assumes that the degree of heterogeneity of a top management team contributes to increasing team creativity. A good management team should consist of managers with different backgrounds and knowledge, which is helpful for decision making and decision implementation, thus improving team performance. In this case, as above, there existed a great diversity of leadership styles: Yang was a combined type of "gamesman" and "foxes," Ma was a combined type of "lions" and "foxes," Wu was a "company-man" type, and Song was a "craftsman" type. Different leadership styles caused conflicts, which exerts a negative impact on team performance. At this time, excellent ability of team building was especially important, and how to make team members accept mutual goals became critical. In this sense, the above case is of guiding significance in the management of team members and promoting internal cohesion and creation. How to manage the coexistence of people with different personalities and backgrounds presents a big challenge to leaders.

2. How to manage tough subordinates like Ma Qingfeng? What were the problems existed in the leadership of Wu Hao and Song Jie?

Leaders can adopt two methods to cope with managers like Ma Qingfeng:

A. Help them to overcome their shortcomings. "Lions" like Ma sometimes can be changed. If so, supervisors need to help them realize their own shortcomings. To state explicitly, it's beneficial for their future career development to "correct" their past mistakes.
B. Desert them. If "lions" refuse all offers of help, they must be eliminated

from a company due to their bad effects on team's cohesion and team spirit. Being unaware of the potential harm managers like Ma could make to team cohesion and performance, both Wu Hao and Song Jie took no measures to "eliminate" Ma. Instead, excessive delegating led to loss of control. If a CEO is a "company man" type or "craftsman" type, while his or her deputies are "lions," the scenarios in the above case study often occur.

3. What types of political strategies did Yang and Ma adopt, respectively? How to evaluate their political strategies ethically? Under what circumstances is it ethical to take political strategies for the sake of the whole organization?

Yang and Ma had a number of special features as "foxes," and their political strategies could be illustrated in Table 1. Specific explanation of each strategy was given in the notes. Political activity in organizations is sometimes described in terms of 'games', for instance, insurgency game, empire building game, rival camps game, etc. (Mintzberg, 1985). Ma entered the Wuhan Company as one of "the airborne forces." He should be modest and cautious, but he ended in failure as a rude intruder. Ma resisted authority, wrested control of the company from Wu and Song, his immediate superiors. He was antagonistic to the legitimate system, using insurgency strategy. Wu Hao further delegated power to the Wanke team, including many key organizational positions such as sales manager, engineering manager, design manager, and cost manager. As a result, Ma and other members of the Wanke team dominated Wuhan Company gradually formed a small clique and controlled the whole company. After the Wanke team entered the company, the previous two competing groups in the company, namely the Haitian group and ZY-REG group, had to combine together as one team to fight against the Wanke group. To defeat such an alliance, Ma often taunted and criticized his subordinates (either from the Haitian group or ZY-REG group) for trivial matters, trying to humiliating them. Goleman found that self-regulation and high degree of emotional intelligence are essential for truly effective leaders (Goleman, 1998). In this regard, Ma didn't know how to control his emotions, and he ruined himself eventually.

Yang worked closely with people from both Haitian and ZY-REG group to build a greater alliance. Yang re-arranged the division of labor, and he "reclaim" the approval rights and decision-making rights from managers in cost department, sales department, and engineering department. By doing so, He forced Wanke camp to relinquish control power with full supports from the ZY-REG and Haitian camps, using the strategy of rival camps. He spent nearly a whole week talking with every executive privately before the general manager's office meeting and privately lobbying the top managers from ZY-REG and Haitian,

using the strategy of invisible underhand. He persuaded, negotiated, and built alliances to smooth the path for the decision he wished to make by means of the strategy of agenda setting.

Table 1 Political Strategies Used by Yang and Ma in the Case

Political strategies	Ma	Yang
Insurgency[1]	Wresting control of the company from superiors Wu Hao, Song Jie	Not using
Discrediting others[2]	Disdaining and taunting subordinates	
Empire building[3]	Promoting Wanke people quickly to form an alliance of powers	Being in alliance with people from ZY-REG and Haitian to build collective group with shared interests
Rival Camps[4]	Suppressing ZY-REG and Haitian camps by supporting Wanke camp	Forcing Wanke camp to relinquish power by supporting ZY-REG and Haitian camps
Invisible underhand[5]	Not using	Privately lobbying the top managers from ZY-REG and Haitian
Agenda setting[6]		Persuading, negotiating, and building alliances to smooth the path for the decision he wish to make

Although the "foxes" type managers may know and play the political games well, their aims might be different. For example, the use of political skills of Ma resulted in "in-groups" and "out-groups," in which the interests of "out-groups" were impaired greatly. In other words, his political activities were used only to enhance the interests of "in-groups," and the decision criteria became narrow and

[1] *Insurgency* is usually taken to resist authority, although it can also be played to resist expertise or established ideology, or even to affect changes in organization. This kind of strategy is often played by those who feel greatest weight of formal authority, ranging from protest to rebellion.

[2] *Discrediting others* means that the actor discredits the others before they speak, which can be taken in various ways including calling them names, talking about their lies, showing them to be unworthy, telling how they are unintelligent, crazy or otherwise undesirable, etc.

[3] *Empire building* is played by managers to build power bases, not cooperatively with peers but individually with subordinates.

[4] *Rival camps* typically occurs when alliance or empire building games result in two major camps, leading to a zero sum game in place of various participants.

[5] *Invisible underhand* means the actor privately persuades his/her colleagues to promote a necessary change in a major decision making stage, which may be blocked by the legitimate system of influence.

[6] *Agenda setting* is a strategy to set the parameters of the discussion for others, which is usually attained by behind-the-scene action to convince multiple actors and groups that a particular agenda is in their interests. When the groups meet, the agenda is set, the terms of discussion are set, and the identity and interests of actors are framed.

parochial. However, the system of politics, whose means were illegitimate by definition, could also be used to pursue legitimate ends. Yang used politics to promote changes that were otherwise blocked by normal systems of influence, and to ensure that decisions were implemented.

Organizational climates are not determined by one single employee, but by most powerful actors in ongoing organizational field. When Yang encountered his rival Ma, a political battle may be inevitable. If Yang didn't know the rules of political games, he would be at a disadvantageous position. From an ethical view, it may be unacceptable for Yang to launch first a political battle in his organization, but it would be quite reasonable if he adopted this strategy just to respond to the political entrapment of his rivals.

Generally speaking, organizations are inherently political arenas in some degree (Mintzberg, 1985). It has been assumed that the organizational performance and individual career success should be determined by one's capability and diligence, but in reality, other factors such as authority relations, personal networks, and positioning all matter a lot.

How to adopt a proper ethical principle on this occasion? If a situation satisfies the following three conditions, then it shall be considered ethical to take political strategies for the sake of the whole organization: (1) there will be a good outcome for people both inside and outside the organization; (2) the rights of all parties are respected; and (3) all parties are treated equally. However, managers must be careful not to adopt political strategies, assuming that the end justifies the means. There are numerous examples in which companies believe the end justified the means when abusing their power.

4. Was the conflict resolution strategy of Yang endowed with the uniqueness of Chinese culture? What enlightenment can western managers gain from this?

The internal conflicts of Wuhan Company were the combination of task conflict and relationship conflict, which was more likely to be a relationship conflict. For instance, as a typical state-owned enterprise, ZY-REG emphasized the strictness of system and process. In accordance to the previous requirements of the Group, the agreement to buy gingko trees could be signed only after the rigorous bidding process. However, as a private company, the Wanke's style was quite different. It lays great stress on efficiency and flexibility, and sometimes people can break the rules. The contradictions between conflicts and process could escalate to relationship conflict. "Wanke people have called ZY-REG pigs" was another example. Ma was too aggressive to cause fierce conflicts within the company. Ma once blurted out to Liao in public: "What a simple thing it is that you should have done well! All these things made the task conflict become relationship conflict.

Culture can determine personal values and interests, shape perceptions and the choice of alternatives, and finally influence conflict and political behavior. Unlike the Western concept of organization, the informal side of organization in China is very active in its operation. Political skill is highly valued by Chinese people, and has its deep cultural roots. For example, as the interpersonal power base of political skills, *Guanxi* (or personal connections) is often pervasive in Chinese organizations. It may be a common fact that the subordinates can pick up the superior's children after school in order to establish a good personal relationship. People need to spend a lot of efforts on informal *Guanxi*-building activities such as gift-giving, doing favors, and dinners. Some people are more politically skillful in persuading others to cooperate and building connections with more powerful actors. They understand how to achieve personal or organizational goals by negotiation, manipulation or coercion. The political skill is more important in the SOEs due to its ambiguous performance appraisal system, which would leave large bargaining space, and increase the pivotal function of political skills in establishing an acceptable coalition among different actors.

Moreover, in a *Guanxi*-oriented culture like China, cognitive or task-related conflicts may be tightly intertwined with emotional or affective conflicts. It is commonly accepted that Chinese managers prefer less confrontational styles such as compromising, obliging, and avoiding, whereas Western cultures might favor more assertive styles such as competition, dominance, and integration.

If a Western manager is sent to China to work with Chinese colleagues in a joint venture, he/she might has to deal with a tough situation when company politics become a latent but decisive power affecting organizational decision making process. The manager does not need to be a politician, but he/she has to be a diplomat. He/she does not have to agree every time, but needs to learn how to get the supports from others in this cross-cultural context. Chinese and western managers tend to adopt different solutions to solve conflicts: Chinese managers would emphasize indirect and tortuous communication strategies, while western managers would emphasize direct and face-to-face communication strategies, such differences tend to cause growing conflicts. Both should understand each other's culture and behavior, only then could they effectively eliminate contradictions and build up cooperation.

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