# Leadership Challenges Faced by Chinese Managerial Leaders at Starbucks in New Zealand

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ATTESTATION OF AUTHORSHIP

I hereby declare that this submission is my own work and that, to the best of

my knowledge and belief, it contains no material previously published or

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#### ABSTRACT

Since 1990s, the past two decades changes every year, New Zealand has experienced transition from a centralised and highly regulated economy to an economy that's open, rapidly changing, and has less intervention by government. Due to the climate of liberalisation there has been an increasing trend of inward immigration, especially from China (New Zealand Statistics, 2006). The Free Trade Agreement between New Zealand and China will tend to lead to more Chinese managers coming to New Zealand to pursue leadership roles. They are of course facing huge cross-cultural leadership challenges(House & Aditya, 1997). This study begins with reviewing comprehensive leadership theories and the GLOBE project findings on New Zealand and China, and discussing the main challenges faced by Chinese managerial leaders at Starbucks in New Zealand based on qualitative interviews. Three significant challenges that Chinese managers face in New Zealand are outlined and discussed, which are cultural difference, effective leadership, and work force diversity.

#### 1. INTRODUCTION

## 1.1 Research Background

Since 1990s, the past two decades changes every year, New Zealand has experienced transition from a centralised and highly regulated economy to an economy that's open, rapidly changing, and has less intervention by government. In this same time frame, immigration patterns have physically moved segments of the world population. The changing demographics across nations have resulted in a multicultural workforce in different countries, especially the migrant-receiving countries such as New Zealand. Under the increasing trend of inward immigration from China(New Zealand Statistics, 2006) and the 2008 Free Trade Agreement between New Zealand and China, more Chinese managers come to New Zealand to pursue leadership roles.

As a migrant-receiving country, New Zealand's population is diverse and changing rapidly. According to New Zealand Social Report (2010), 879,500 people were born overseas that are living in New Zealand estimated in 2006, making up 23% of the country's population, among which 147,570 are in the Chinese ethnic group. With the great portion of Chinese in New Zealand's population, Chinese are playing a significant role in New Zealand's workforce. Therefore, there is a need to undertake cross-cultural studies on leadership to compare the differences between New Zealand and China in order to assist Chinese leaders facing new challenges in New Zealand.

The opening of China to the rest of the world in the late 1970s began a significant change in the world's economic landscape. As a result of the steady economic growth in the past decade in China, along with World Trade

Organisation (WTO) membership in 2001, Chinese culture and leadership has become an important topic (Fu, Wu & Yang, 2007).

So far most leadership theories have been developed by American scholars and researchers, thus the majority of the theories are based on Western academics' conceptions (Pfeifer, 2005). As a result, current well-researched leadership theories do not cover a full range of leadership behaviour for all cultures. However, with the cultural differences among different countries and societies, leadership behaviours may not be similar.

As Pfeifer (1997) points out, New Zealand's culturally diverse leadership behaviour is both similar and unique to the major theories because of the culturally diverse context in New Zealand society which could be insufficiently measured by these theories. New Zealand has a unique culture because it is the last islands of any size to be reached by human beings (Kennedy, 2000a).

However, the academic research into leadership in New Zealand organisations is very parse(Kennedy, 2000b). A significant contribution to the study of New Zealand managers was done by Hines (1973) in his book "The New Zealand Manager". He identified a number of characteristics of the business environment that reflect the nature of New Zealand management. Two particular ones are the relative classlessness of New Zealand society and the small size of New Zealand firms (Kennedy, 2000b).

Pfeifer (2005) has done similar studies, she states that there are several fundamental characteristics that may influence leadership in New Zealand. The first is the Maori people who are acknowledged as New Zealand's indigenous people, provided with a unique statutory basis for cultural identity

by the Treaty of Waitangi (in 1840). The second is the high dependency New Zealand has on international business. The third is that New Zealand possesses more than one cultural group due to the diverse cultural groups within the society.

On the other hand, the view of leadership as a science did not exist previously in China because of the planned economic system since 1949 (Fu, Wu, & Yang, 2007). The planned economy was then replaced by a market economy with Chinese characteristics since the reform took in place in 1979. Fu et al. (2007) state that during the past two decades, the Chinese central government has been trying very hard to separate government from business practices in order to reduce the government interventions so that businesses can follow the rules under the market economy. As a result, there have been calls for strong leadership organisations recently as leaders who used to be followers in the central authorities now have to lead under the market economy(Fu et al., 2007; Wong, 2010).

## 1.2 About Starbucks Coffee

Starbucks began in 1971, as of 2011 with over 30 years of history Starbucks has become the leader of coffee industry in the world with more than 15,000 stores in 50 countries (Starbucks, 2011).

In the mid-1990s, Starbucks could not only depend on the US market for growth due to nearing saturation reaching. In 1995, Starbucks formed Starbucks Coffee International in order to develop the company's international expansion. The three expanding strategies Starbucks adopted were joint venture, licensing, and wholly-owned subsidiaries. Nowadays, Starbucks is operating in 50 countries with more than 15,000 stores, it has become the

premier roaster and retailer of specialty coffee in the world (Starbucks, 2011).

Starbucks entered into the New Zealand market in 1998 under the form of licensing, it is fully owned and operated by Restaurant Brands New Zealand Ltd which is an authorised licensee of Starbucks Coffee International.

Restaurant Brands Ltd is a corporate franchisee and specialises in managing multi-site branded food retail chains, as of end of 2011, there are 37 Starbucks stores operated by Restaurant Brands Ltd in New Zealand (Restaurant Brands, 2011).

### 1.3 Research Objectives and Questions

This research project outlines the main leadership challenges in New Zealand faced by Chinese managerial leaders at Starbucks. The primary purpose is to conduct a qualitative study to explore cultural and leadership behaviour differences between China and New Zealand. The study addresses the following research questions:

- 1) What job performance challenges in New Zealand do managerial leaders from Mainland China face as result to cultural and value differences between the two societies?
- 2) What managerial leadership behaviour preferences are different in New Zealand compared to Mainland China?
- 3) In what specific ways does workforce diversity in New Zealand affect the challenges that may be identified in questions 1 and 2?

#### 2. LITERATURE REVIEW

The term "leadership" has been widely used and studied for decades, as Bass (1990) puts it, the phenomenon of leadership can be traced since antiquity, but the systematic social scientific study of leadership did not begin until the early 1930s (House & Aditya, 1997). Leadership theory first began with trait theory, then moved to the human relations approach (Greenwood, 1996). There are a great number of definitions of leadership, as Stogdill (1974) notes, the number of definitions of leadership is same as the number of persons who have attempted to define the concept. However, most current leadership theories derive from only a few countries (Pfeifer, 2005) and are based on limited sets of assumptions(House & Aditya, 1997). Almost all of the prevailing theories of leadership reflect Western industrialized culture, thus they do not reflect a cross-cultural perspective. Hence, cross-cultural leadership is considered in this literature.

## 2.1 Leadership Definition

Bass (1990) first proposed a comprehensive definition after reviewing Stogdill's(1974) handbook, according to Bass,

Leadership is an interaction between two or more members of a group that often involves structuring or restructuring of the situation and the perceptions and expectations of the members. Leaders are agents of change—persons whose acts affect other people more than other people's acts affect them. Leadership occurs when one group member modifies the motivation or competencies of others in the group. (1990, pp. 19-20)

Rost later critiqued Bass'definition in his book "Leadership for the twenty-first century" (1993) and provided another definition: "Leadership is an influence

relationship through which leaders and followers intend real change that is mutually acceptable and has individual commitment" (Rost, 1993, p. 102). A more recent definition by Yukl (1998) is less comprehensive but more consolidated than Bass' (1990) and Rost's (1993) findings, Yukl concluded "most definitions of leadership reflect the assumption that it involves a social influence process whereby the intentional influence is exerted by one person over other people to structure the activities and relationships in a group or organization" (Yukl, 1998, p. 3).

Another more recentreview is conducted by Chhokar, Brodbeck, & House (2007), they define leadership as "the ability of an individual to influence, motivate, and enable others to contribute toward the effectiveness and success of the organizations of which they are members" (Chhokar et al., 2007, p. 6).

All these three reviews emphasize that leadership involves a great deal of influencing and motivating followers, especially when changes happen, in order to achieve an organization's goals. Therefore, influence is the key factor for a leader regardless of the cross-cultural context.

#### 2.2 Major Leadership Theories

Pfeifer (2005) indentified four major leadership theories which have been well explored among researchers: trait approach; behavioral leadership; situational and contingency leadership; and transformational leadership. These theories have been widely studied among researchers and are considered as fundamentals in the development of leadership theory. Therefore to have a good understanding of these would help better understand New Zealand cultural leadership styles.

## 2.2.1 The Trait Approach

The trait approach was first attempted in early stage of leadership research activities, it was also the most accepted leadership approach for the first four decades of the 20<sup>th</sup> century (Greenwood, 1996). It begins with focusing on the search for individual characteristics that universally differentiate leaders from non leaders. A great number of personal characteristic were investigated such as gender, height, physical energy and appearance, additionally psychological traits and motives were investigated as well such as authoritarianism, intelligence, need for achievement, and need for power (House & Aditya, 1997).

There are several remarkable scholars that have contributed greatly to this theory, Gibb (1947), Jenkins (1947), and Stogdill (1948) (cited in House & Aditya, 1997) identified studies in which traits were associated with measures of leader effectiveness. However, the limitation of the trait approach is that it fails to indentify a set of traits that could differentiate leaders from non leaders. Stogdill (1974) reviewed 124 studies and found out that "the factors which have been found to be associated with leadership could probably all be classified under the general heading of capacity, achievement, responsibility, participation, and status" (Stogdill, 1974, pp. 63-64). He then concluded that the set of traits were insufficiently to identify leaders, "persons who are leaders on one situation may not necessarily be leaders in other situations" (Stogdill, 1974, pp. 63-64).

Another limitation of the study is that it is mainly based on samples of adolescents, supervisors and lower-level managers, rather than high-level managers and chief executives with overall responsibility for organizational performance (House & Aditya, 1997).

## 2.2.2 Behaviorial Theories of Leadership

This approach focused on what leaders do rather than what they are. The study was conducted by observing the leaders' behavior trying to describe behavior of individuals in positions of authority, and relating the descriptions to leader effectiveness (House & Aditya, 1997). Two research groups have made great contributions to this approach, Ohio State group conducted repeated factor analyses and Michigan group conducted interviews. Two broad classes of leadership behaviors were identified: task-oriented and person-oriented behaviors.

The behavioral approach to leadership studies advanced the field by changing the focus from what leaders are to what leaders do. However, Pfeifer (2005) stated that this approach did not take into account the complex environment in which the leader-follower relationship takes place.

The behavioral theory research found that there is no universally effective leadership style, one style that was effective in one situation may not necessary be effective in another situation. However, House & Aditya (1997) criticized that the studies were limited by conducting observations of individuals from lower organizational levels who are mainly supervisors rather than higher-level leaders. Another limitation is that the research was largely inductive and lacked theoretical orientation as the basic theoretical concepts had not been well developed at the time. As a result, leadership scholars investigate further situation specific leadership theories.

## 2.2.3 Contingency Theories

In contrast to trait and behavioral theories, contingency theories consider leader-follower relationship as an important factor to identify leadership. In addition, contingency theories assume that leadership varies cross situations and there is no one universal way to lead effectively. One of scholars that have advanced contribution to contingency theories is Fiedler, in his book "A theory of leadership effectiveness" (1967) he proposed a two-way interaction between leadership personality and the leader's situational control in the prediction of leadership performance. Situational control relates to "the degree to which the leader can control and influence the group process" (House & Aditya, 1997, p. 421). The main contribution of Fiedler's (1967) contingency theory is emphasizing situational factors to the study of leadership theories.

The contingency approach leadership focus from individuals' behaviour to a more broad consideration of leader's interactions with situation and environment (Pfeifer, 2005). However, the limitation of the contingency approach is that the contexts examined were narrow, focusing on a leader's particular work situation. Since a leader's job is much more complex than only a few situational factors, the contingency approach is difficult to apply to the real practice.

#### 2.3 The Transformational Approach

The transformational leadership approach changed the focus from leaders' behaviour and situational factors to leadership as a more dynamic and complex process (Pfeifer, 2005). This approach argues that leadership is a more complex process by emphasizing the importance of collective identity. Pferfer (2005) suggests that the transformational approach is important as it

provides a frame of reference for understanding New Zealand's cultural leadership styles.

Bass (1985) developed transformational leadership theory by conceptualising leadership into transformational and transactional leadership behaviour. He divided transformational leadership behaviour into four dimensions: charisma, inspirational motivation, intellectual stimulation, and individual consideration; transactional leadership was divided into three dimensions: contingent reward, management by exception, and laissez-faire. Bass suggests that effective leaders should combine both transformational and transactional leadership, and transformational leadership should enhance transactional leadership by motivating followers and increasing their performance (Pfeifer, 2005).

The transformational leadership approach contributes to the leadership study by recognising the influence leaders have on the followers, transforming the followers' attributes to fit organisational objectives. However, Pfeifer (2005) points out that although the theory contains some conceptual weaknesses that need to be addressed, it is important as it has been integrated in the development of the GLOBE project's survey which will be discussed in this study.

#### 2.4 Cross-Cultural Leadership

With the trend of globalisation and increasing number of expatriates, MNCs realised that many leaders who have succeeded in domestic operations hardly succeed overseas. One common reason is that leaders need to have different knowledge and skills in global context. As House &Aditya(1997) noted, diverse culture have varying norms and varying reactions when facing a broad range of management and leadership practices, such as degree of assertiveness

and aggressiveness of leaders.

Majority of past studies on leadership focused on either individuals' traits or leadership behavior, few focused on cross-cultural context until cross-cultural leadership theory was developed by House, Wright & Aditya (1997). In the context of globalization, it is crucial to consider cross-culture leadership theoretical developments.

Before moving on to cross-cultural leadership theories, it is necessary to define the term culture. According to Hofstede (1980), culture is defined as the shared psychological programming that differentiates one group from another. Pfeifer concluded that "various cultural definitions emphasize shared processes: shared ways of thinking; feeling; reacting; meaning; identities; common use of technology; history; language; religion; and socially constructed environments" (Pfeifer, 2005, p. 22).

House et al. (1997) have advanced a theory of cross-cultural leadership. The theory argues that expected, accepted, and effective leader behavior varies by cultures. According to the theory, culture has an impact on leadership practice, both person-oriented and task-oriented leader behaviors are "contingent on the culturally endorsed implicit theories of leadership of the broader social system" (House & Aditya, 1997, p. 454). The theory specifies how cultures influence accepted and effective leader behaviors. In addition, it specifies interactions between norms, organizational practices, leader behaviors and leader acceptance, effectiveness, and enactment (House & Aditya, 1997).

Hofstede (1980) introduced four cultural value dimensions: power distance, uncertainty avoidance, individualism-collectivism, and masculinity-femininity.

The GLOBE Project brought nine cultural dimensions derived in part from Hofstede's theory: uncertainty avoidance, power distance, institutional collectivism, in-group collectivism, gender egalitarianism, assertiveness, future orientation, and human orientation. (House, Hanges, Javidan, Dorfman, & Gupta, 2004). Pfeifer (2005) summarized that the GLOBE project measures leadership along six global dimensions: charismatic/value-based leadership, team-orientated leadership, participative leadership, human-orientated leadership, autonomous leadership, and self-protective leadership. This will be discussed in the next session

The GLOBE research programme combines both quantitative and qualitative research methods examining the interrelationships among societal culture, oragnisaitional culture and practices, and organizational leadership in 62 countries (House & Javidan, 2004). A majority component of this research programme comprises both cultural vale and leadership dimensions. The research program involves over 170 academics, it is an important source of data on cultural values and practices as well as leadership attributes in more than 62 countries (House & Javidan, 2004).

The significant contribution of the GLOBE is that it offers useful tools for understanding cultural effects and developing the sensitivity to achieve leadership effectiveness in a global context. The main purpose of the GLOBE was to investigate the complex effects of culture on business leadership and effectiveness, and the human impacts of societies studied. The findings of the GLOBE are very useful for analyzing some theoretical social issues in business and societies, especially for comparing them in different countries such as New Zealand and China.

## 2.5 Significant leadership studies in New Zealand

One of the most significant and recent studies on comparing leadership issues in New Zealand and China was done by Littrell (2010). In his study, Littrell conducted research, analysis, and interpretation of "the nature and effects of cultural influences on individual values and perceptions of preferred explicit managerial leader behaviour of businesspeople in New Zealand and Guangzhou City, China" (2010, p. 17). His study focuses on indentifying relationships amongst priorities of both preferred leader behavior and individual values in two cultures. He concludes that business people from New Zealand have a different value priority structure from business people from China, and that the relationships of individual values as predictors of preferred leader behavior dimensions are different between New Zealand and China. Moreover, the differences of individual priorities and leader behavior preferences between male and female in both New Zealand and China are minor.

The other significant study was done by Ao (2008), he compared leadership behaviors in China and New Zealand by adopting the GLOBE project questionnaire to collect data, with which he identified similarities and differences in perceptions of leadership effectiveness among managers in China and New Zealand. The conclusion he draws is that leadership can be influenced by culture in many aspects, so understanding preferred leadership behaviors differences is essential for organizational success. On the other hand, leaders in a cross-cultural context must have extra attributes and knowledge along with technical expertise and interpersonal skills in order to lead successfully.

Pfeifer (2005), on the other hand, has done a study on identifying the similarities and differences of leadership behaviour between two outstanding

ethic groups in New Zealand, which are Maori and Pakeha, in order to explore cross-cultural differences in leadership in New Zealand's diverse context. She finds out that behaviour from the GLOBE survey's leadership dimensions was perceived as having both a similar and different degree of importance for outstanding Maori and Pakeha leadership in New Zealand.

## 2.6 GLOBE Study in New Zealand and China

## 2.6.1 Social Culture differences between New Zealand and China

According to Kennedy's (2000b) GLOBE study, New Zealand has the highest rating to Performance Orientation. As such a small country, New Zealanders have always taken pride in achievements. As stated in the survey, New Zealand middle managers strongly believe that performance improvement and excellence will be encouraged and rewarded in the society. One of the possible reasons is because New Zealand is far away from its trading partner nations, companies have had to lift their performance to international standards. In addition, New Zealand domestic firms have opened to international competition since the mid-1980s when economy deregulation took place and almost all governmental subsidies and protection were removed; therefore firms had to reach high standards of performance in order to survive in the business environment (Kennedy, 2000a, 2000b).

Whereas according to Fu et al.'s (2007) GLOBE findings about Chinese social culture, the score of Performance Orientation is relatively low, this is because the Chinese people perceive that good performance is already highly encouraged, and that the Chinese people do not like to highly emphasize on encouraging individual performance as a result of being more collectivistic.

New Zealand also rated comparatively high on Uncertainty Voidance. Kennedy (2000b) explained that high Uncertainty Voidance was possibly caused by the dramatic economic restructuring of the past 20 years which has created a desire for greater stability. As a result, a comprehensive state-funded accident insurance (ACC) and rehabilitation scheme was introduced in order to reduce uncertainty for New Zealanders.

Similarly, China's Uncertainty Avoidance rating is high among all countries, which is consistent with the traditional Chinese value of order (Fu et al., 2007). As Fu et al. (2007) point out, starting with Confucius, the Chinese people seek peace and security by clinging to the past. China's long history and the traditional values of order reflect the high intolerance for uncertainty. Even today while Chinese people are enjoying their better living and welcome change in that sense, they are still longing for more rules and regulations to reduce uncertainties.

New Zealand's Power Distance rating is one of the lowest in the GLOBE study. Kennedy (2000b) comments that Power Distance is correlated with the size of the salary range between top and bottom within organizations. Symbols of low Power Distance are that it is common to use first names in organizations even between senior managers and employees, as well as in universities between students and teachers.

In comparison, China's Power Distance rating is one of the highest in the GLOBE study. According to Fu et al. (2007), compared to managers from other countries, Chinese managers demonstrate a higher level of tolerance for inequality of power in society. Although with the influence of Western democracy in recent years more young Chinese strive for equality in power,

the influence of traditional values can still be observed among middle managers. For example, in Chinese organizations, people hold official titles and managers from different levels must be addressed formally and deferentially.

Very similar to Power Distance rating, New Zealand scored second-lowest of all countries on the Assertiveness dimension in the GLOBE study. In order to provide particular example, Kennedy (2000b) compares New Zealand with its closest neighbor, Australia, a nation that has similar history experiences and attributes with New Zealand. He noted that on the GLOBE cultural scales, Assertiveness is the biggest absolute scale difference between the two countries. New Zealanders view Australians more aggressive in sporting, political, and business domains.

However, on the opposite side, China's Assertiveness rating is very high, this is because that China has been a male-dominant society for a long time, even to this day, men in China are still superior to women (Fu et al., 2007). As a result, masculine behaviors such as assertiveness and aggression are high acceptable in China. In addition, the rapid changes in modern China created a high level of uncertainty, therefore Chinese people are becoming more aggressive in order to protect themselves (Fu et al., 2007).

New Zealand also ranks 48<sup>th</sup> among the surveyed countries on the Future Orientation dimension with the average of 3.47 (Kennedy, 2000b), which suggests that the emphasis of New Zealanders' behaviors on future-oriented is comparatively low, certain behaviors include planning, investing in the future, and delaying gratification. This is possibly because New Zealand has had a comprehensive social welfare scheme so that people don't have to pay for

social security fund with their wage and salary earrings. Therefore people don't have the pressure to save.

In an organizational context, Kennedy (2000b) pointed out that New Zealand companies do not pay sufficient attention to long-term planning, most managers focus short term goals only. However, with the demographic trends and government reductions in social security, New Zealanders will have to focus more on future planning.

New Zealand also ranks low on the In-Group Collectivism dimension with the average score of 3.67(Kennedy, 2000b). With independence as the cultural archetypes for most New Zealand Europeans, most young New Zealanders are keen to leave the family once they reach the age of 18, state support such as study loans, student allowances, and unemployment benefits reduces the financial obligation on family members. However, with more Asian immigrates coming to New Zealand who are high in collectivism and more companies and educational institutes place high emphasis on team work, New Zealand's rate on In-Group Collectivism is raising.

#### 2.6.2 The Leadership Scales in New Zealand

According to the findings of GLBOE study on New Zealand leaders, leaders who inspire enthusiasm and generate commitment among staff are most valued by managers (Kennedy, 2000b). Effective leaders must be able to achieve challenging goals, strive for higher standards, and plan ahead. Rating for Integrity is low due to the low level of corruption in New Zealand.

Findings also indicate that high level of performance must be balanced by a

modest and self-deprecating attitude (Kennedy, 2000a). Although New Zealand's culture has low rating In-Group Collectivism dimension, the value placed on collectivism at work group is relatively high. In addition, New Zealanders don't like rules at work or being controlled by micromanaging bureaucrats, a more laid-back style is preferred at work. "Effective leadership in New Zealand is therefore likely to require a clan control rather than bureaucratic control approach to controlling people and channeling their efforts" (Kennedy, 2000a, p. 422).

Due to the high Uncertainty Avoidance, New Zealanders have a desire for a leader who can reduce uncertainty with providing a sense of security and instill confidence. Performance is highly valued and achievements will be rewarded. New Zealanders like to follow a successful leader with whom the success can be shared. They like to receive instructions from a successful leader rather than being told what to do by a bureaucrat with a policy manual (Kennedy, 2000a). In other words, a strong leader who can reduce uncertainty, share success, and make people feel they are on the winning team will be mostly valued by New Zealanders.

Nevertheless, traditional attributes are still valued, which include strong character, resolve, determination, and commitment (Kennedy, 2000a). The ability to inspire and motivate staff, on Future Orientation, and on communication are also important to identify an effective leader. "Leaders are valued for demonstrating foresight, planning ahead, and taking actions in consideration of future goals, perhaps in compensation for the low emphasis given to these behaviors by society as a whole" (Kennedy, 2000a, p. 423).

Kennedy (2000a) also mentioned that one important aspect of New Zealand's

culture identity has not been captured by the GLOBE study, which is technical skills such as problem solving. This is also an area that may distinguish New Zealand leaders from other cultures.

## 2.6.3 Limitations of the GLOBE Study on New Zealand

The GLOBE study adopts both quantitative and qualitative tools to identify cultural values and preferred leadership behaviors, it provides foundation knowledge for international managers who come to New Zealand to conduct leadership roles. However, Kennedy (2000a) indicates that the limit sample size which was collected from only three industries prevents more fine-grained analysis. Besides, because data was collected following one of the most significant periods of economic and social restructuring in New Zealand's history, which may have influenced some of the responses.

## 2.7 Managing Workforce Diversity

With the increasing trend of globalization New Zealand is becoming an increasingly multicultural society, as a result the nature of the work force changing rapidly. Jones, Pringle, & Shepherd (2000) summarized that 51% of the 15-59 age group are women, 14.5% of New Zealand population are Maori, 4.8% are Pacific Island people, and Asian constitute 5.5% of the population. Therefore, work force diversity becomes one of the top challenges a leader, especially from overseas, has to face in New Zealand.

Jones et al.(2000) have done some significant studies on "managing diversity" in New Zealand, they conducted the study on several different New Zealand sectors to outline the importance of managing diversity in New Zealand. First, Jones et al. (2000) introduced managing diversity into the New Zealand public service. They interviewed 26 EEO and biculturalism practitioners across a

range of government organizations during 1993-1994. They found out that most EEO practitioners in the study fought the replacement of EEO by managing diversity as a framework to solve organizational difference issues. The study indicated that introducing diversity models into a context where it is associated with the private sector is complex.

Second, Jones et al. (2000) looked into diversity among Pakeha and Maori women managers. Findings indicate that in women-run organizational cultures diversity is very apparent among different leadership styles across ethnicity and gender. Factors such as shared ideology, shared gender, and shared ethnicity are equally important.

Third, Jones et al. (2000) introduced diversity in the New Zealand branch of a US multinational and found out that "the notion of think global and act local is a useful tenet for managing diversity in international organizations" (Jones et al., 2000, p. 378).

This study argued that the universal notion of diversity is a challenge in both national and organizational level because not only different nations, but also different organizations produce different models of diversity. Jones et al. (2000) suggested that different managing diversity programmes or initiatives should be in place in order to deal with work force diversity in New Zealand even though they only achieve limited success.

Kim (2006) addresses the importance of effectively managing workforce diversity in hospitality industry, He emphasis that diversity management is considered vital to ensuring success in today's unpredictable hospitality markets. He also argues that hospitality firms that want fresh ideas, strong

growth, a positive firm image, and an enhanced ability to hire qualified workers should proactive with regard to workforce diversity. He also suggests that in order to manage diversity effectively, hospitality firms should use diversity management paradigms and develop a learning organization.

Furthermore, Kim (2006) discussed some challenges of workforce diversity management. The first challenge is that managers may be challenged with loss in personnel and work productivity due to discrimination and legal actions against the organization. The second challenge is that organizational diversity can be impacted by negative attitudes and behaviours because they can harm working relationships and damage morale and work productivity.

#### 3. METHODS

This section presents a description of the research process used in this study. The methodological approach is introduced and discussed, the reason for choosing a qualitative research approach and semi-structured interview is explained, the participants selection criteria and the collection and analysis of data are also described.

#### 3.1 The Aims of the Research

This research study focuses on identifying the challenges Chinese managerial leaders face in New Zealand. According to Littrell (2010), managerial leader is a role that combines both manager and leader's activities, that is, a role concerned with both task orientation and the actions of leaders related to relationships and motivation. In specific, it explores the leadership challenges as result to cultural and value differences between China and New Zealand, the differences of managerial leadership behavior preferences in China and New Zealand, and how workforce diversity in New Zealand affects these challenges. Semi-structured interviews have been used to collect data, and thematic analysis was adopted in order to identify themes that have contributed to the findings in these groups.

## 3.2 Qualitative Design

This research project is a qualitative inquiry study. As Bryman & Bell (2007) point out, qualitative research is taken to imply an approach to business research in which quantitative data are not collected or generated. Hyde (2000) also states that qualitative methods allow the researcher to study issues in depth which can produce a wealth of detailed data on a small number of individuals. I attempted to study leadership challenges and culture in New Zealand using an inductive approach, which made qualitative design a logical choice.

#### 3.3 The Researcher's Position

I am currently working as a store manager at Starbucks New Zealand, I have five years experience as a Starbucks store manager. During my time as a store manager at Starbucks, I have observed the increased number of management positions (including store manager and shift manager) being taken by Chinese immigrants. Meanwhile, I have seen the variety of leadership challenges these Chinese managers face. As a store manager who is also a masters degree student majoring in International Business, I have been aware of these leadership challenges, therefore my interest in this project, the focus of this interest, and my own ideas and experiences were some of the factors that shaped the current study.

#### 3.4 Research Framework

Qualitative research claims to describe life-worlds from the inside out, from the point of view of people who participate. As a result, it seeks to contribute to a better understanding of social realities and to draw attention to processes,

meaning patterns and structural features (Enderwick & Hodgson, 2006). According to Winter (2006, p.6), "Qualitative research, arising out of the post-positivist rejection of a single, static or objective truth, has concerned itself with the meanings and personal experience of individuals, groups and sub-cultures and attempts to identify, personal, in depth, descriptive and social aspects of the world". Winter also states that reality in qualitative research is concerned with the negotiation of 'truths' through the exploration of individuals. While quantitative researchers try to distance themselves from the research process as much as possible, qualitative researchers attempt to get involved in the process of research, because they see this involvement reducing the validity of a test greatly (Kim, 2006).

Willing (2000) states that qualitative researchers attempt to consider how people find meaning and make sense of what they have experienced. They aim to understand what the really experience is in a particular situation rather than work with variables that are defined before starting the research, because ideas are predetermined with the researchers own meaning (Kathleen, 2000).

In addition, qualitative research projects are normally guided by the research question which is open-ended and cannot be answered by a simple yes or no answer. A good qualitative research question tends to be process orientated (Kathleen, 2000). As a result, I decided to use semi-structured approach to the interviews to collect data because it is the preferred approach when "how" or "why" questions are being posed (Hyde, 2000). Moreover, semi-structured interview does not only provide a general guide to the interviewees but also flexibility (Bryman & Bell, 2007).

## 3.5 Recruitment of Participants

Starbucks was selected in my research project because New Zealand has a very strong coffee culture. As one of the largest and most successful international brands with over 40 stores across the country, Starbucks meets two criteria: there are a large number of Chinese managers in Starbucks New Zealand (Starbucks, 2011), and the organizational culture is strongly influenced by New Zealand local culture. In addition, the size of Starbucks' stores in New Zealand varies from 5 employees per store to 30 per store, which provides adequate depth to my study. Moreover, due to the limited study on New Zealand culture and leadership styles, my convenience sampling could provide a springboard for further research (Bryman & Bell, 2007).

Chinese store managers and supervisors from Starbucks New Zealand were selected as my participants. I interviewed five store managers and supervisors who were born in China, each interview took approximately one hour. Field notes were mainly used to record interviews. The participants for my interviews must meet the following three criteria. Firstly, all the participants must be store managers or shift supervisors, so that they are in managerial positions.

Secondly, all of the participants must have had full time working experience at their positions for at least one year, so that they have sufficient experiences as managerial leaders in the company. Thirdly, all the participants must be born in China and came to NZ for the purpose of either immigration or career pursuing to ensure that they have experienced cultural differences.

After discussing with my research supervisor and my area manager from work, we agreed that I would not interview any supervisors from the store I work in order to avoid any conflicts that may occur. The first contact with the participants was made by an email that I sent to all Starbucks Stores in

Auckland. In the email my research topic was explained and employees who meet my above criteria were asked to participate voluntarily.

It was decided that if more than five managers and supervisors express their desire to participate in this research I would randomly select five from them. In the end, this selection was unnecessary as exactly five employees volunteered to participate. Out of the five three were store managers and two were shift supervisors. All of them were born in Mainland China and have come to New Zealand for the purpose of immigration, among the participants one is a current New Zealand citizen, three were New Zealand residents and the other one was on work visa. Other demographic characteristics were not collected as they had no significant bearing on the current research. After receiving responses I made personal contacts with the participants including handing out copies of the Information Sheet (Appendix 1).

#### 3.6 Research Design

The design for my research is summarised in the following list.

- Before undertaking data collection, literature on leadership was intensively
  investigated. It provided adequate and up to date information into the
  research on the topic. Some gaps were also highlighted, one of which my
  current research attempts to address. One of the gaps identified was that
  the leadership challenges faced by Chinese leaders in New Zealand have
  been less attempted.
- Research proposal and Ethics application were submitted and approval received for both. The process of approval included an in-depth consideration of the procedures to be used in the current research and their

adherence to Auckland University of Technology Ethics Committee's standards and guidelines in regard to conducting qualitative research with participants involved. Issues around participants' rights, of informed consent, and confidentiality were included.

- Potential participants were contacted first through the head office's approval and then by email that was sent to their stores. Personal contacts with participants were made later and individual interviews were arranged.
- 4. Semi-structured, open-ended interviews were conducted with five volunteer participants.
- 5. Transcriptions of the interview data were completed.
- 6. Analysis of the data was done by the method of thematic analysis.

#### 3.7 Data Collection

Data for this research was obtained during individual interviews with the managers and shift supervisors working in Starbucks New Zealand. The duration of individual interviews ranged from approximately an hour to an hour and a half, depending on individual participants and their communication styles. The questions were designed to elicit more in-depth, detailed answers from participants. The questions concerned challenges that these Chinese managers and supervisors face at their positions from daily operations, in particular, how language barriers and cultural differences affect work performance were mainly considered and discussed during the interviews, participants were also asked to compare leadership behavior preferences differences between China and New Zealand, and to define how workforce

diversity in New Zealand affects the leadership challenges they face at work.

Questions for the interviews were created based on the information presented in cross-cultural leadership literatures (Appendix 2). In addition, the construction of questions were inspired by my own experience as a store manager at Starbucks, which means that, to an extent, the research and the discussions with participants were engaged by my interests and my personal experiences with the job.

A list of questions was generated based on the sources described above. Those questions were important to be asked in every individual interview as they were meant to answer the research questions. The interview process was guided by these questions, and also guided by individual participants. Their individual experiences varied and additional questions were asked based on different information they provided.

All the individual interviews were semi-structured and open-ended. The choice of semi-structured interviews over structured interviews was based on the fact that no individual person would describe one particular event or experience in the same way, it is based on their life experiences, belief and context. The choice of semi-structured interviews over unstructured interviews was because I wanted to create open conversations for the interviews and have written questions in front of me. The interviews were expected to take up to one hour, but in fact took less time than this. All interviews took place in either Starbucks stores or another coffee house of the participants' choices. All interviews were recorded by my field notes as most participants did not feel comfortable to be recorded by audio tape.

## 3.8 Data Analysis

Thematic analysis approach was utilized for the purpose of data analysis. Thematic Analysis is a method that is dealing with data which contains the creation and application of codes (Miles & Huberman, 1994). According to Braun and Clarke (2006), identifying patterns and themes presented in the data is the core of thematic analysis, which is coded and analysed subsequently. This makes thematic analysis an appropriate approach for my study. After all interviews and transcription, data was coded according to the themes and both within individual data sets and across data sets were emerged. At the end, assumptions and ideas underlying the emergent themes will be examined (Braun & Clarke, 2006). Thematic analysis is a useful tool to investigate what leadership challenges the managers and supervisors face at Starbucks New Zealand because it provides a rich and complex account of data (Braun & Clarke, 2006).

Braun and Clarke (2006) introduce six steps of thematic analysis which are described below.

Step 1: Familiarising yourself with the data. This process started during the interview transcription and before the formal data analysis. It is suggested that each transcript should be read twice. After the first reading, I became more familiar with the data. After the second reading, I started writing down some identification of codes.

Step 2: Generating initial codes. During this stage, interesting features of the data was coded in a systematic fashion across the entire data set, and relevant data was collected to each code. This was done manually by writing with a pencil. I started to be able to identify broader level of themes while coding

continued, I highlighted the codes that were seen as falling into one theme using the same colour, including the same code. For example, a number of participants talked about employees have different religions as a main challenge, and the code for this was highlighted in yellow. I kept referring back to the theme which the codes seemed to fall into to make sure that each identified code was related to a broader theme. If one code did not seem to fall into a theme that has been identified already, I put a little star beside it so when I identified a new theme I compared the codes with stars to see if they fall into it.

Step 3: Searching for themes. At this stage, all identified codes and preliminary themes were collated, all data relevant to each potential theme was gathered. Again the collation was done manually, every time a theme was identified within a transcript the extracts of data was copied.

Step4: Reviewing themes. At this stage, a thematic map of the analysis was generated after checking if the themes work in relation to the coded extracts and the entire data set. For example, I rechecked all coded data extracts comprising each theme to make sure they formed a coherent homogenous pattern. The preliminary themes were also rechecked to ensure they accurately represent the meaning of the entire data set.

Step 5: Defining and naming themes. During this stage, the specifics of each theme were refined by ongoing analysis to capture the essence of each theme. The theme that was previously identified was also rechecked to clarify what each theme represented from the data. Moreover, the re-identified themes were further collapsed into overall themes and possibly sub-themes and named at the end.

Step 6: Producing the report. While writing up the final report based on the results from the thematic analysis in this step, it is also the final opportunity for analysis. The next section of my research presents these results.

### 3.9 Validity and Reliability

In both quantitative and qualitative research, tests of rigor, such as validity and reliability are necessarily to carry out. According to Winter (2006), the nature of validity has no single or common definition in regards to qualitative research, and the issues surrounding it is controversial. She believes that "validity is not a single, fixed or universal concept, but rather a contingent construct, inescapably grounded in the processes and intentions of particular research methodologies and projects", "understanding the nature of truth is central to any theorization of validity" (Kim, 2006, p. 1).

On the other hand, it has been argued by some qualitative researchers that the term validity is not applicable to qualitative research, but meanwhile realised their research need to be checked or measured somehow. Therefore, many researchers have created their own theories of validity, such as "trustworthiness", "relevant" or "credible" (Kim, 2006).

Adopting semi-structured interviews helps to ensure the research is compatible, dependable, and transferable. Having set questions during interviews allows each individual participant's experience to be understood, and open-ended questions ensure adequate data can be collected from the participants. However, the validity and reliability of qualitative data collected and analysed depends on the researcher's skill, sensitivity and training to a great extent.

Very similar to validity, the definitions for reliability are as varied and as complex as those for validity (Kim, 2006). In general, in a qualitative study, reliability is used to evaluate the quality of the research and to generate understanding. Winter (2006) also states that high reliability in qualitative research is depending on descriptors' low inference with the data, and this can be achieved only by accurately recording information as much as possible rather than the researchers' reconstruction. It is for this reason that I have decided to use field notes to record each face-to-face interview and let the participants see my notes to ensure accuracy of the data.

## 3.10 Ethical Considerations

In order to ensure all participants of my research are able to make an informed consent about their participation, copies of all relevant information about this research were provided in writing. Participants were also encouraged to ask questions before and after the interviews. To ensure all participants' confidentiality was maintained and that they had a clear understanding regarding their rights, the information handout was provided at the beginning of each interview, a consent form was signed by every single participant and confidentiality was also discussed prior to the interviews.

Because none of the participants felt comfortable to be recorded by voice recorder, I decided to take field notes to record interviews and ask participants to review all field notes to ensure accuracy and confidentiality. All field notes and content forms were kept in a locked filing cabinet to which I have the only key. No identifiable information is contained in the final report.

As the researcher, I work at Starbucks as a store manager as well. In order to avoid any conflict that may occur at work, I did not choose any employee from the store I managed to be my participant, and the employees who were

volunteered to be my participants have been kept anonymous from all other employees.

#### 4. FINDINGS AND ANALYSIS

This section presents the data analysis process undertaken in my research.

The results that were generated during the data analysis were described in the form of themes.

Thematic analysis was used for the purpose of data analysis. The steps undertaken during data analysis were described in the previous section, which were originally created by Braun and Clarke (2006). In order to ensure the participants' experience is deeply understood, these themes will be discussed integrated and contrasted in this section.

In order to protect participants' confidentially, no personal identifiers will be used. However, for identification purposes, all participants have been assigned a number that corresponds to the order in which they were interviewed (from 1

to 5).

## 4.1 Theme One: Language Barriers

This theme demonstrates one of the main challenges participants face at their positions. It highlights the most common challenge that they have to experience during their daily performance. When participants were asked "how do you think language barriers affect your job performance as a managerial leader", they all responded with very detailed answers.

## 4.1.1 Causing Unnecessary Stress

In describing the challenges they face because of language barriers, most participants highlighted that extra stress was caused at work.

P1: It really creates a lot of unnecessary stress for me at work, ah, for example, when I give a partner (staff member at Starbucks)) a task to do but they don't understand and afraid of asking, so it ends up I have to do it again because they did the wrong task.

P2: It makes me feel very stressful when a partner misunderstands me, especially during rush hours, yeah, so stressful.

P4: Partners feel stressful too when I get stressed because of misunderstanding.

P5: I just feel very stressful when I partners ask me a question and I don't know what they talk about. You know what's even worse? When the area manager called to tell me something and I didn't understand, but afraid to ask her, I feel so stressed.

#### 4.1.2 Emotional Effect

Participants mentioned that their emotions could get affected very easily due to the language barriers. As a customer service based business at Starbucks, their work performance gets affected greatly when their emotions can be easily affected. Starbucks values high standards of customer service at all times, however when an employees' emotion gets affected easily by non-work related issues, it is impossible for him or her to deliver service that could highly satisfy the customers.

It seems that managers and supervisors have more negative emotions with other employees due to language barriers, which affects their confidence and damages their reputation as managerial leaders. Most participants had problem with the strong Kiwi accent, they emphasized that it took them a long time to adapt to the Kiwi accent but sometimes still found it hard to understand. For example, one participant mentioned that it made him feel very upset when employees made fun of his accent, while the local people have strong accent too.

P1: I know I have an accent, but I feel really upset when other people make fun of my accent, it's not fair, Kiwis have strong accent too.

P2: I just feel sad that some partners don't respect me as a manager, just because my English is not as good as them.

P3: Sometimes I need to give someone feedback, but I feel less confident just because English is not my first language.

P4: ... I feel really embarrassed when partners tell me a joke and I didn't

get it.

## 4.1.3 Reducing Efficiency

Another consequence caused by language barriers is reducing efficiency. All participants pointed out that due to the language barriers and misunderstanding between them and employees, work efficiency can be reduced dramatically.

P1: ...Sometimes it takes longer to complete a task when a partner doesn't understand me, especially when I teach them a new task. For example, one time I did a closing shift with a new partner, and I had to teach her how to clean the espresso machine. God, it took us double the time that we normally take to finish. Man, I didn't get home until 3am that time!

P2: Yeah, it affects our efficiency and productivity...sometimes I just want to do everything by myself, because it takes longer when I delegate a task to someone else and I have to explain to them, but then I will have to stay longer.

P3: Teamwork, it's affecting our teamwork. We all know that communication is the key to team work, right. Since English is not my first language, I found it sometimes a little hard to work with others...sometimes I just want to do everything by myself.

P4: It's really annoying when I told a partner to do something and they did the wrong thing, and then I had to do it again, so unproductive.

P5: ...Oh yeah, there's one time that our register broke down, I called the

contractor to come in to fix it. They asked me what's wrong with the register on the phone, I found it so hard to describe the problem, and all I could say was just "it's not working"...at the end, I had to ask a local partner to explain it for me.

## 4.1.4 Increasing Costs

Language barriers could also affect the business costs both directly and potentially, in the forms of wastage, labour cost, and administration cost. Most participants agreed that these costs could be avoided if there was no communication barrier. There was one participant who was a shift supervisor claimed that quite often he had to work extra hours which has caused the store paying him overtime rate (time and half).

P1: I got told off by my boss often just because I always worked overtime and they had to pay me time and half...but it's not my fault, sometime I had to stay longer was because I had to do the task again when the partner didn't get me right at first place.

P2: ...En...the language barriers actually cost money for the store...for example, there's one time I asked a partner to toast a sandwich for the customer during busy time, she grabbed the wrong sandwich and toasted it, at the end of day it had to be wasted.

P4: It costs a lot for training new partners, when I did training for new partners, there were some words that I don't even know, especially in the food safety book, which took longer for me to understand and then explain to the new partner.

#### 4.2 Theme two: Culture Differences

This theme demonstrates the biggest challenge the participants face at their positions from daily operation. Because every participant was born in China and moved to New Zealand for the purpose of migrant, they have all experienced culture differences which was considered as the most challengeable factor that they have to face as managerial leaders in Starbucks. When I asked them "how do you think culture differences affect your job performance as a managerial leader at Starbucks", each participant came up with detailed comments.

#### 4.2.1 Power Distance

As managerial leaders, most participants found that the leading styles between China and New Zealand are quite different, in the form of power distance.

P1: Power distance is a lot lower in New Zealand than China, in China normal employees don't see the big boss very often, but at Starbucks I have seen our general manager quite often in my store, and he talks to me like a colleague or a friend.

P2: In New Zealand, power distance is really low, even the big boss dresses very casual, in China when you see the big boss you will know that's the boss just by the way how they dress...and my area manager is like a friend to me, we always joke and laugh at each other when I see her, she's just so nice aye.

P3: I really like the way how my boss treats me here, very casual and relaxing. Every time I attend manager meeting at head office, it's very

casual and everyone can talk, in China only the boss talks during the meetings...in New Zealand we are more focused on the people rather than the job, most decisions we make are more people oriented, in China it's more result oriented.

P5: One of the things I like about Starbucks in New Zealand is that we are very people oriented, for example the staff members here are called "partners" and my boss is very nice to me. So when I have to decisions at work, I think more about the people rather than the job.

## 4.2.2 Difficult to Manage Staff Performance

Due to the culture differences between China and New Zealand, majority of participants found it very hard to manage staff performance because such as providing feedback and managing staff priorities. They also found that New Zealanders greatly focus on performance and results, and like to be rewarded for achievements.

P1: I have to be very careful when I give negative feedback to partners, because Kiwis don't like negative feedback, so, I have to give some positive feedback first and then the negative, otherwise they get very upset...and I realized that Kiwis are more casual at work, they don't take the job seriously enough...it's so hard to manage them.

P2: I realized that New Zealanders like to be rewarded for achievements and performance improvements. For example, they like to be told that they are doing a good job rather than they did something wrong, so when I have to give them negative feedback, I need to say something positive first.

P3: Most local people are lack of responsibilities for their jobs, they don't like to work extra hours...when we got busy at work and I asked them to stay longer, most time they would say no...oh, and they are more careful about themselves rather than the job, I can't say they are wrong but it's just not the way how we do things.

P4: most local people have religions and have to go to church every day, which limits their work availabilities; quite often I am struggling to find a partner to work on Sundays.

P5: Yeah, they like to ask questions. Every time I ask them to do something or tell them something, they always question back. I can't just say "this is right or wrong", I have to explain to them why it's right or wrong. For most Asian people, they just listen, never ask questions.

#### 4.2.3 Different Attitudes at Work

Because of the culture differences, most participants found that New Zealanders have different attitudes toward their work, which makes it more difficult for them to perform their management duties. These challenges purely come from the different attitudes towards work between Chinese and New Zealanders, as a result of culture differences. In general, Chinese workers taking their work more seriously than the local people, in terms of working overtime, committing to the job, and taking initiative at work. On the other hand, most participants think that New Zealanders focus on work and life balance and are lack of initiative at work.

P1: Local people don't like to be called for work on their day off, sometimes when a partner called in sick and I had to ring other people to fill the shift,

they normally didn't pick the phone or couldn't make it...I think it's the culture aye, they distinguish work and life very clearly, but in China, working overtime is very common...

P2: Most people here don't take the job seriously aye, in China a lot people stay with one job for the whole life but in New Zealand people change job very frequently. It's not that they are not working hard, they just have a different attitude towards job...it's making me frustrated sometimes.

P3: Most people here are lack of initiative at work, they only do whatever I told them to do, and then wait for me to give them another job...sometimes I feel myself like a teacher at kindergarten looking after the children.

P4: Some of them are lack of responsibilities at work and more focusing on socializing, they would call me to not come to work just because they have a birthday party to attend, and they have parties almost every week...it makes it so hard to do rosters for me.

## 4.3 Leadership Behavior Preference Differences

Similar to culture differences, leadership behavior preference differences is another factor that creates leadership challenge for managerial leaders at Starbucks New Zealand. When I asked the participants "what are the leadership behavior preference differences between China and New Zealand", their answers can be categorized as staff motivation and importance of rules.

#### 4.3.1 Staff Motivation

Most participants commented that due to the culture difference, the motivation approach in New Zealand they have to take is generally different. Most

participants commented that it's more difficult to motivate staff in New Zealand because in general New Zealanders are more casual and laid-back at work. However, participants also believed that staff motivation is more important in New Zealand than China due to less competition at work in New Zealand.

P1: ...it's hard to motivate staff in New Zealand aye...well, that's because people here are so laid-back, they don't face too much competition as New Zealand is such a small country, and they get all different kinds of benefits from the government so they don't have to work hard.

P2: Well, it's hard to motivate staff in New Zealand because there's no competition. In China, if you don't work hard, you will lose your job, but here people are so relax and casual, I have to keep saying "well done" or "good job" to make them feel good.

P3: In China, people normally take negative feedback as motivation and then they will work harder, but in New Zealand, if you keep telling them they are not doing a good job, they might just go and find another job, so I have to be very careful when providing feedback to the partners, I must give more positive feedbacks and very little negative.

P4: I have to consistently giving compliments to the staff to make them feel happy and motivated...if I need to say something negative, it has to be one on one, I can't do it in front of other people...in China, the bosses like to tell someone off in front of other staff because they see it as a kind of motivation to the staff members.

P5: I think it's easier to motivate staff in China, promotion and pay rise are

very common approaches to be used to motivate employees, but in New Zealand, the key is to make employees enjoy the job, if they don't like the job nothing can motivate them.

## 4.3.2 Company Rules and Learning System

As managerial leaders at Starbucks New Zealand, one of their main duties is to training new employees and conduct disciplinary procedures with staff members. Most participants commented that the training system is very formal and easy to adapt in New Zealand, and that managing staff disciplinary is easier because the company has very clear regulations and code of conduct for employees.

P1: I find that New Zealanders don't like rules, they preferred the laid-back style. But at Starbucks we have very clear rules for everyone. For example, every new partner will receive a handbook with the company's regulations, policies, and code of conduct, so everyone knows what's should do at work and what should not...there's also a very clear procedure for managers to conduct disciplinary with partners, so if someone did something wrong, I know what to do and how to follow up. Companies in China also have the similar regulations but people hardly follow it.

P2: Yeah everyone knows what's the right thing to do here because we have a very clear, detailed code of conduct, which makes our job so much easier. Sometimes I had to conduct disciplinary meetings and issue warnings to partners but it's simple, I just follow the company procedures.

P3: ...en, I like it that the company makes everything so clear, for example under what situation the staff will receive warnings...also the training

system here is very formal, new partners receive very appropriate training at the beginning while in China, most trainings are on-job training and most time you have learn everything by yourself.

P4: When I worked in China, I hardly received any training at the beginning aye, no one wanted to teach me anything, but here we have a very formal training system that every new partner will have to adopt, which makes my job much easier.

## 4.4 Workforce Diversity

As a multicultural society, the workforce in New Zealand is greatly diverse compare to China. Participants found that the workforce diversity in New Zealand is both interesting and challenging. When I asked them "how do you think workforce diversity in New Zealand affects the challenge your face at work", their answers can be categorized into culture diversity effect and age diversity effect.

## 4.4.1 Culture Diversity

All participants that I interviewed have at least three different nationalities in their teams; one of the participants has a team of twenty staff members from nine different countries. This huge culture diversity has built a multicultural working environment which most participants enjoy to work, at meantime significant challenges have been caused for the participants to face in terms of dealing with non-work related issues among staff and communication barriers.

P1: Ok let me see...I have people from five different countries in my store, most are Asian countries. I like this diverse team but it makes it hard for me to manage it. For example, discrimination does exist to a certain extent,

I have to be very careful to balance the different cultures.

P2: My team has people from nine different countries from all over the world, isn't it amazing to work under such environment. But sometimes I do get struggled aye, like certain behavior is acceptable in one culture but not in another one. For example I have a partner from Chile, he is very out outgoing and likes joking around, but the Asian people including myself sometimes don't like the way how he makes jokes, and some partner came to me to complain about it, I had to spend a lot of time to deal with that issue, not an enjoyable experience.

P3: The team in my store is small but still has four different nationalities, it's fun to work with them but the communication is a problem, you know Japanese are working very hard but they don't speak English very well, so when we talk to them we have to be very slow and sometimes they still don't understand.

P4: En... there are, I think, five different nationalities in my store...each culture has a different perception, and that causes a lot of misunderstandings...affects productivity at work.

P5: I have three different nationalities in my team...because each culture has a different perception, so I have to adopt different approaches to communicate with staff from different cultures...at the same time, I am learning the new culture as well.

#### 4.4.2 Age Diversity

One of the biggest workforce differences between China and New Zealand

realized by the participants is that a lot of teenagers and university student s tend to have jobs in New Zealand, especially in the hospitality industry, while in China most teenagers are supposed to go to school only.

P1: I was really surprised when I first came to New Zealand that so many teenagers are working either part time while they study or doing a full time job. For example, in my store, almost half of the partners are teenagers, it's easy to get along with them but also hard to manage them. Some of them are very immature and I have to treat them like kids.

P2: I have quite a few students in my store, they don't really care about the job aye, they like party and going out, and drinking...it happened a few times that the partner went out the night before and came to work drunk, I had to send the partner home... they are not responsible and unreliable.

P3: I used to have a partner in my store who was only 15 years old, she's working hard but just so immature, she cried when I told her off...one time I had a disciplinary meeting with her and she brought her mum to the meeting, I'd never been in that situation before...I also had a staff member, an lady who's over 40 years old, she's very nice but I was just so sacred to tell her to do anything.

P4: ...most students in my store are doing good job but when it comes to exam time they all ask for time off, which makes it so difficult for me to make rosters.

## 5 DISCUSSION

This section provides a discussion of the results from the thematic analysis by integrating the themes into the existent literature. The exploration of factors that contributed to the challenges faced by Chinese managerial leaders at Starbucks New Zealand will be brought to a close in this section. In addition, themes that arose will be discussed upon the GLOBE findings in China and New Zealand.

The present findings basically answered my three proposed questions. In specific, these results indicate that the Chinese managerial leaders at Starbucks New Zealand face significant challenges due to the culture differences between China and New Zealand. Furthermore, it examines how leadership behaviours are viewed differently in China and New Zealand by conducting relevant thematic analysis. Workforce diversity is another factor that causes leadership challenge for Chinese managerial leaders at Starbucks New Zealand.

The existing literature on cross-cultural leadership is more useful at theoretical level than the behavioural level (House & Javidan, 2004), it is also more in general rather than industry specified. My study is focused on one company which partly represents that industry, thus my discussion with my findings will be more practical. A detailed interpretation of findings will be presented in the following sections.

#### 5.1 Culture Differences between China and New Zealand

According to Hofstede & Minkov (2010), leadership is viewed differently under different culture contexts. The formation of attributes, belief and perceptions are influenced by different cultures, which produces common values and beliefs of a society, thus differences arose among individual perceptions and behaviours. As a result, in order to understand the effectiveness and influence of leadership behaviours in cross-cultural settings, the roles of personal and cultural values are essential (Ao, 2008).

The first culture difference identified by participants is the power difference between China and New Zealand, which supports Kennedy's (2000a) GLOBE findings on New Zealand. According to Kennedy (2000a), New Zealand's Power Distance rating is one of the lowest in the GLOBE study. Chinese managers see this as a main challenge because China's Power Distance rating is the highest in the GLOBE study (Fu et al., 2007). In China, managers demonstrate a higher level of tolerance for inequality of power in society. Due to the huge difference in Power Distance rating, most Chinese managers in Starbucks have found that the way how their managers work in New Zealand is very different from the managers in China. In particular, managers in New Zealand normally dress casually and very people-oriented; they treat their

subordinates friendly with passion; they tend to motivate people with positive feedbacks rather than discipline.

The present findings support GLOBE findings on New Zealand that New Zealand has the highest rating to Performance Orientation because New Zealanders have always taken pride in achievements (Kennedy, 2000b). This has caused major challenge for Chinese managers because according to GLOBE findings, the score of Performance Orientation is relatively low because Chinese people do not like to highly emphasize on encouraging individual performance as a result of being more collectivistic (Fu et al., 2007). My results indicate that New Zealanders like to be rewarded for achievements and performance improvements with pride; they like to receive positive feedbacks about work performance as a form of motivation rather than being "told off" by the their managers; they like to ask questions before working on a task rather than "do what the managers say".

The findings also support the GLOBE findings that New Zealand ranks low on the In-Group Collectivism dimension(Kennedy, 2000a). Participants have found it very hard to manage New Zealanders' performance at work as they highly emphasize on individuals, which has resulted huge differences in work attitudes between China and New Zealand. The differences in work attitudes are also supported by another GLOBE finding which is low Future Orientation in New Zealand (Kennedy, 2000a), because New Zealand has a comprehensive social welfare scheme so that people don't have the pressure to save, as a result people don't take their jobs too seriously. In particular, my results indicate that most New Zealanders like to take a "laid-back" style at work and do not take job seriously, this might be due to their lack of pressure to save because of the comprehensive social welfare scheme in New Zealand.

Moreover, my results show that New Zealanders are lack of responsibilities and initiative at work, they like to focus more on socializing.

Language skill is not discussed in the GLOBE study however it is a very important factor that causes challenges to the Chinese managers. According to Enderwick& Hodgson (2006), poor language skill is one of the common reasons for expatriate failure in New Zealand. This is highlighting the challenges faced by the Chinese managerial leaders at Starbucks New Zealand due to culture differences. The challenges identified by participants include facing extra stress, emotional effect, reducing efficiency, and increasing unnecessary business costs.

## 5.2 Leadership Behaviour Differences between China and New Zealand

According to Kennedy's (2000a) GLOBE findings under leadership scales, leaders in New Zealand who inspire enthusiasm and generate commitment among staff are most valued by managers. A good leader must be able to achieve challenging goals, strive for higher standers, and plan ahead. My results indicate that New Zealanders value a leader who is able to motivate employees, value performance, and reward achievements. They also like to receive instructions from a successful leader. Whilst in China, leaders do not emphasize on individual achievements, but more collectivistic. However, significant challenges arise for Chinese managers as participants found it difficult to motivate people in New Zealand due to less competition at work, the other reason might be that New Zealanders do not treat their jobs with a serious attitude.

The findings also support Kennedy's (2000a) GLOBE findings that New Zealanders don't like to follow rules at work or being controlled by

micromanaging bureaucrats, they prefer a laid-back style at work. However, in China, company rules are very clear and people do follow them. Results show that as Chinese managerial leaders at Starbucks in New Zealand, they are very comfortable with the rules that Starbucks has and are confident to adopt them to conduct staff disciplinary procedures. As a result, challenges arise for Chinese managers because conflicts will be caused as New Zealanders are against rules at work while Chinese managers like to follow rules.

Another leadership behaviour difference supported by my results is that New Zealand leaders highly promote personal influence in managing employees, whilst in China, leaders representing the authorities of organisations are expected to lead organisations intensively, they must obey the policies and rules made and concern themselves not only with profits but also with people's expectations and values (Ao, 2008). As a result, participants from Starbucks like to give employees very clear guiding and instructions for them to follow.

#### 5.3 Workforce Diversity

In general, literature on workforce diversity in New Zealand has been less attempted. However, my findings show that it creates significant challenge for Chinese managers at Starbucks New Zealand.

Jones et al (2000) point out New Zealand is becoming an increasingly multicultural society with the nature of workforce changing, my findings also indicate that New Zealand has strong workforce diversity in terms of culture diversity. The challenge of managing "discrimination and legal actions" discussed by Kim (2006, p. 87) has been generally experienced by all participants. In particular, as managers at Starbucks New Zealand, they have to spend a great amount of time in consulting and solving these problems. More

specifically, because each culture has a unique understanding of personal value and perception, the managers at Starbucks New Zealand need to take extra responsibilities on recognizing the value of differences, combating discrimination, and promoting inclusiveness.

Due to the low rating on the In-Group Collectivism dimension of GLOBE study in New Zealand, most young New Zealanders are keen to leave the family once they reach the age of 18 and start to seek for employment (Kennedy, 2000a), age diversity becomes another diversity factor that causes great challenge in New Zealand. My results indicate that the Chinese managers in Starbucks New Zealand have to adapt to the young work environment and experience the significant challenge of managing people from different age groups. In particular, with the huge portion of students in New Zealand's work force, participants are facing difficulties to manage them in terms of complicated work availabilities, lack of responsibilities and reliabilities, and immaturities.

#### 6 CONCLUSION AND LIMITATION

The increasing trend of globalization has dramatically changed organisational practice today. Due to the different understandings of personal value and perception, culture and its relevant forces influences leadership to a great extent. In order to understand preferred leadership behaviours for organisational success, understanding the national culture is essential.

As a migrant-receiving country, New Zealand's population is diverse and changing rapidly. With the great portion of Chinese in New Zealand's population, people from mainland China are playing a significant role in New Zealand's workforce. However, due to the great culture differences between China and New Zealand, significant challenges arose for Chinese managerial leaders work in New Zealand. My study adopts Starbucks New Zealand as a context and identified these significant challenges which are cultural difference, effective leadership behaviour preference, and work force diversity. From a human resource development perspective, this paper might provide a guide for people from Mainland China who are seeking managerial leadership career in

New Zealand.

However, my study was conducted within one company, Starbucks New Zealand, which limits the width and depth of the study, results does not fully represent all industries and the whole society in New Zealand. Further study is expected to conduct under a wider context with a deeper discussion as to what challenges do Chinese leaders face in New Zealand and how to overcome these challenges.

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#### **APPENDIX 1**

# Participant Information Sheet



#### **Date Information Sheet Produced:**

6th August 2011

## **Project Title**

Leadership Challenges Faced by Chinese Managerial Leaders in New Zealand

## An Invitation

Dear Mrs/Mr Name,

My name is Jason Jin. I am a student at Auckland University of Technology enrolled for Master of Business, majoring in International Business.

I would like to invite you to participate in my research and I would highly appreciate any assistance you can offer me. As part of my research project I am studying the influence of cultural differences in leadership challenges. Your participation in this research is completely voluntary and you may withdraw at any time prior to the completion of the data collection.

## What is the purpose of this research?

The project focuses on how cross-cultural differences impact leadership challenges. Research questions are as follows:

- 1) What job performance challenges in New Zealand do managerial leaders from Mainland China face as result to cultural and value differences between the two societies?
- 2) What managerial leadership behaviour preferences are different in New Zealand compared to Mainland China?
- 3) In what specific ways does workforce diversity in New Zealand affect the challenges that may be identified in questions 1 and 2?

## How was I identified and why am I being invited to participate in this research?

You were identified and invited to participate in this research because of your cultural background, your work experience and knowledge. Furthermore, you are meeting the following three criteria: Firstly, all the informants must be store managers, assistant managers, or supervisors, so that they are in managerial positions. Secondly, all of the informants must have had full time working experience at their positions for at least one year, so that they have sufficient experiences as managerial leaders in the company. Thirdly, all the informants must be born in China and came to NZ for the purpose of either immigration or career pursuing to ensure that they are experiencing cultural differences.

#### What will happen in this research?

For you to participate in this research I would ask at least one hour of your time for a face to face interview to discuss your experience with being a managerial leader in New Zealand with Chinese cultural background. I will ask your permission to record the interview by audiotape, and this will only happen with your consent, otherwise we can proceed with me taking notes concerning our conversation.

#### What are the discomforts and risks?

The interview will be fully based on your personal experience regarding being a leader at your position and the challenges you face. I do not foresee any discomfort for you in participating. However, since the student researcher and you are working in the same company, conflict of interests might arise while conducting the interview. If you feel uncomfortable with the interview you can withdraw at any time, and if you feel uncomfortable being recorded that aspect is completely optional.

#### How will these discomforts and risks be alleviated?

Because you and the student researcher do not report to each other with your positions and there is no interrelationship between you and the student researcher, the conflict is minor and can be avoided. No information will be recorded without your agreement. You do not have to answer any questions you do not wish to. Also, you and your company will not be identifiable in the write up of the study, so you will remain anonymous.

#### What are the benefits?

Under the increasing trend of inward immigration from China and The Free Trade Agreement between New Zealand and China, more Chinese managers come to New Zealand to pursue leadership roles, who are therefore facing

significant cross-cultural leadership challenges. By participating to this project both you and your company will benefit from the research as I will provide you with a detailed analysis about how cross-cultural difference impacts leadership challenges and how to face those challenges.

## How will my privacy be protected?

Your name or your company's name will not be used in any of the documentation and write up of the research. I will assure that any information that would identify your organisation or yourself will not be included in any report of the findings. Only the researcher and the supervisor have access to the data. You will be also given the chance to read the transcripts and case study before my handing in the dissertation.

## What are the costs of participating in this research?

The interview should take no more than one hour of your time.

## What opportunity do I have to consider this invitation?

I would ask that you reply to this letter within one week of receiving. However, you are not obligated to participate and can withdraw from the research at any time up until one month after we have had our interview by giving me a call or email at any time prior to the completion of data collection.

#### How do I agree to participate in this research?

If you agree to participate in this research you will need to fill out a consent form which I have attached. I kindly ask you to contact me on your preference and I will personally come to pick up the consent form prior to our interview.

#### Will I receive feedback on the results of this research?

Yes, I will contact you in mid December 2011 to provide you with a copy of the

completed research report.

What do I do if I have concerns about this research?

Any concerns regarding the nature of this project should be notified in the first

instance to the Project Supervisor, Associate Professor Romie Littrell,

romie.littrell@aut.ac.nz, +64 9 921 9999 ext 5805

Concerns regarding the conduct of the research should be notified to the

Executive Secretary, AUTEC, Dr Rosemary Godbold,

rosemary.godbold@aut.ac.nz, 921 9999 ext 6902.

Whom do I contact for further information about this research?

Researcher Contact Details:

Jason Jin: jasonjinxin@hotmail.com

**Project Supervisor Contact Details:** 

Romie Littrell: Romie.littrell@aut.co.nz

+64 9 921 9999 ext 5805

Approved by the Auckland University of Technology Ethics Committee on 22 August 2011, AUTEC Reference

number 11/222.

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## APPENDIX 2

## **Interview Questions:**

- How do you think language barriers affect your job performance as a managerial leader?
- 2. How do you think cultural differences affect your job performance as a managerial leader?
- 3. What are the leadership behavior preference differences between China and New Zealand?
- 4. How do you think workforce diversity in New Zealand affects the challenges you face at work?