



# Modern Leadership from Classic Chinese Wisdom — Based on the Management Practice of Commercial Bank Branch

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**Abstract:** Since the 19th century, leadership has always been a topic of common concern in the theoretical and practical circles. During this period, a large number of leadership theories have emerged, all of which have analyzed leadership from different perspectives. From the perspective of relationship management, this paper proposes the 5M model of leadership, which divides leadership into five dimensions: managing oneself, managing superiors, managing subordinates, managing colleagues, and managing external partners. Especially in the management of external partners, the 6P principles are proposed. This article provides guidance for holistic cognitive leadership theory, points out the importance of managing external partners and organizational leadership, and provides new perspectives for future leadership research and management practice.

**Keywords:** leadership, management, relationship, principle, classic Chinese wisdom

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## 1. Introduction

The research of being a great leader considered by his subordinates is a very important topic both theoretically and practically. In order to guide those who want to be great leaders and promote the development of the modern society, many scholars have devoted themselves heart and soul into leadership study. Many theories have been proposed and found useful to some extent. Some theories and successful practice have proven the applicability of these researches. However, in my opinion, I strongly suggest the Chinese spirit should be taken into account as people should keep a foothold in the society. It is also important to strengthen my ability in management and leadership.

The spirit supports my thesis is a well-known Chinese idiom, that is, "Saint outside the King", (Keung 2019) which can be simply described as a learning successful theory and practice (Frisina 2002), keeping doing the right thing and doing things right based on conscience and knowledge, managing oneself and influencing others to achieve a shared vision. Its connotation is composed of to be Inner Saint, Outside the King, and let the passion in one's heart shine into reality.

The meaning of To be Inner Saint can be covered by an old saying in the Book of Changes that as Heaven's movement is vigorous, a gentleman should constantly strive for self-improvement, as Earth's condition is receptive devotion, a gentleman should hold the outer world with great virtue. (Xi and Legge 2016) To be Inner Saint means to live a life of Excellence and to live a life of Character. Trust, based on competence and character, is the cornerstone of leadership, because there is no leadership without trust. Excellence means performing to the upper level of one's potential, out of which success naturally happens. In a time of competitions and challenges, only those who dare to surpass themselves and constantly pursue excellence can lead others to overcome challenges, promote changes and win the future. The definition of Character is to embrace their values. Leaders need to lead by example, clarify their values and practice common values.

Outside the King comes from an ancient Chinese philosophy "The Unity of Theory and Practice", (Frisina 2002) which can be simply understood as listening to one's inner voice and putting knowledge into practice. The meaning of Outside the Kingdom has evolved throughout the time and it can be explained in a more popular way, that is, to realize yourself while helping others. (Zhuangzi 2020) Leaders form a shared vision by inspiring others, achieving common goals by empowering others.

Leadership is a quality we carry all the time, to be "Saint outside the King", to keep improving oneself, to illuminate the hearts of others, to lead everyone to realize the common dreams.

## 2. Literature review

The perspective of Classical Leadership Theory is constantly evolving generally from the following five categories of

theory. The studies of can trait talks about how a good and potential leader develop have attracted attentions of many scholars worldwide. Generally speaking, the researches mainly emphasize on the following types.

The first theory is Leadership Trait Theory. "Trait leadership" is the focus of early research on leadership in modern science. The concept of trait leadership dates back to 1840. Carlyle believes that great people, although different in appearance, have unique characteristics that distinguish them from ordinary people. In 1938, Barnard believed that the most important characteristics of a leader are loyalty and responsibility, but also should have the characteristics of alertness, calmness, courage, and ability to adapt to the environment. Stogdill proposed in 1948 that leadership exists in human relationships in social situations. A leader in a given situation may not be a leader in another context. There is no discernible difference in quality between the leader and the led. It can be seen that because the leadership trait theory does not specify the relationship between various traits, lacks the distinction between cause and effect, and ignores the needs of subordinates, it is not successful in explaining leadership behavior.

The second category is Leadership Behavior Theory. The theory of leadership behavior turns the focus to observing the behavior of leaders. In 1939, the leadership style type theory divided leaders into authoritarian, democratic, and laissez-faire styles. In 1945, leadership behavior was divided into two dimensions: rule making and caring. Making rules emphasizes that subordinates must complete tasks on time, while caring emphasizes respecting subordinates and trusting each other. In 1964, on this basis, the management grid theory was further proposed: the leadership behavior was divided into concern for people and concern for production, and five types of leaders were proposed accordingly. These classifications of leader behavior also provide simple, clear guidelines for leaders to better manage their subordinates.

The third one is Leadership Contingency Theory. In order to consider the impact of other situational variables on leadership effectiveness, especially the specific situation of subordinates, some researchers have proposed Leadership Contingency Theory, which explains how changes in the environment affect leadership effectiveness. In 1962, the Federer model was proposed, which believed that the leadership effect was affected by the leader-member relationship, task structure, and position power, and different leadership styles were required in different situations. In 1969, he proposed the situational leadership theory and proposed four leadership styles: authorization, participation, persuasion, and command. Leaders should adopt corresponding leadership methods according to the willingness and ability of their subordinates.

The fourth is Contemporary Leadership Theory, which mostly overlaps with the above types of leadership theories. For example, the charismatic leadership theory proposed in 1977 and the transformational leadership proposed in 1978 believe that transformational leaders emphasize change. Servant leadership, on the other hand, emphasizes the dedication of the leader to help subordinates grow and become stronger, so as to gain trust and lead the larger group. Leader-member exchange theory states that the key to leadership lies in the quality of the relationship between the leader and the led. The leadership process model argues that leadership traits produce leadership behaviors that interact with the personal traits of subordinates, have an impact on subordinates, and produce multi-level outcomes. Both environmental and temporal variables affect various aspects of this process.

The boundaries of leadership are expanding. A leader cannot be successful without the key people in the organization. Leaders should be good at "managing the boss", that is, managing upwards. Leaders are no longer passively accepting the work of their superiors, but actively adapt to the superior's style, clarify each other's expectations, maintain smooth communication channels, be honest and trustworthy, make good use of superiors' time and resources, and ultimately produce outstanding performance, achieve organizational goals. The term Lateral leadership was proposed in 1973, and it was not systematically discussed until 1997: through the five steps of goal, thinking, planning, motivating, and feedback, people unite people and achieve organizational tasks. In 2006 and 2008, respectively put forward a 360-degree all-round leadership model, which discusses leadership from four directions: managing oneself, managing superiors, managing equals, and managing inferiors.

Although there are a number of leadership researches up to now, they are not perfect. First of all, in the whole process of leadership research, the traditional Chinese culture has not been absorbed enough. It is cannot be denied that most of modern management science and theories started in the west world. The industrial revolution, for instance, when the western world was the first to see the development of industrialization, which is far earlier than China. However, in the course of thousands of years of Chinese civilization and the long and rich history, there are also some profound management ideas should be noticed, especially in the field of leadership theory. Since a lot of successful practices of Chinese leaders have proven the fitness of Saint outside the King.

From the Macro point of view, in the era of division, it is needed to win politically and militarily, while in the era of unification, it is needed for the sake of better maintenance of rules. From a Micro perspective, the ancient Chinese pay special attention to personal cultivation seeking ways to be gentleman, to be saint, to be holly king. These ideas will provide

a rich source for the development of modern leadership theory which will get more attention with the rise of China and the revival of Chinese civilization.

Secondly, the existing theories about leadership are inadequate in guiding practice, though there are more and more research results. Fixed theoretical models cannot always adapt to the ever-changing reality. In this regard, the wisdom of the Chinese people can contribute to the analyses in some degree. Chinese people are likely to pay more attention to the simplicity of the road after making a distinction between Tao and Shu when they are thinking about problems. (Zhuang Zi 2020) Abstracting away the various different operations and drawings on the ideas from Chinese culture, we can get the principles we need to improve leadership and get the same principles to deal with the changing situations.

Thirdly, it is difficult to assess the real performance about the methods to improve leadership in existing theoretical models. In Chinese history, there were a large number of people complying with the guidance of the principles, striving to be gentlemen and to be saint, and making great achievements with a well-documented history and personal accommodations.

### 3. Case and analysis

Chinese traditional culture has a long history and it leaves rich spirits and theories for people to follow. In China, many people who want to become great leaders turn to those theories from traditional Chinese culture and many companies receive success after following those theories. Besides, the path I grow indeed give some enlightenment.

I am deeply influenced by traditional Chinese culture especially from the Book of Changes, Laozi Tao Te Ching, the Analects of Confucius, Mencius, Great Learning and the Doctrine of the Mean, The Art of War by Sun Tzu and so on. I especially admired Wang Yangming and Zeng Guofan who left their own works of self-cultivation and establishment of immortal meritorious deeds. (Frisina 2002) I pursue the realm of inner saints and outer king, applying this principle to guide my work and life, as it did in the case of serving as the president of a sub-branch in our bank for the first time. I used to work in the provincial branch department, and my superior arranged me to be the president of a branch where the performance was bad. More than that, the environment there was very dilapidated, the staff morale was particularly low, and the ability and quality of the staff were also disappointing.

The personnel department arranged me to work in the sub-branch for no more than two years and there lies the first question: would I choose to maintain the old status quo or thoroughly promote the reform to apply a thorough change from the inside out to this sub-branch? If my choice was the latter, will I win the support of employees and drive them to establish positive goals, put them into action and open up a new situation together?

I think I can, as long as I adhere to the principle of internal saints and external kings.

In order to achieve the principle of internal saints and external kings, the first to do is to adhere to the pursuit of excellence in the face of difficulties, that is, to do what people should do, do what the can, do their best and try to make a difference. People can prove that the situation can be reversed by reversing the situation, and prove that the goal can be achieved by achieving the goal. So I were determined to bring changes from the inside out to this branch within my limited term of office, to give the employees of this branch a real sense of achievement, and to plant seeds of hope for them, especially for the young employees. The purpose of the manager is to set a positive and challenging goals and firmly believe that this can be achieved. I firmly hold the principle and expectedly I passed this belief to my employees, set an example for them, and passed on the concept of "struggle oriented" (Huawei 2020)

While promoting the overall renovation of the sub-branch, I was determined to make the traditional business of the sub-branch stronger, expand the credit business of the sub-branch's short board from scratch, rank the overall performance of the sub-branch at the top, increase the income of the employees by a large degree, enhance the ability and reputation of the outstanding young employees, and make the surrounding enterprises and the masses feel more satisfied with the service of the sub branch. I thought about these goals every day, and transmitted this determination and confidence in my actions and words.

The second thing to do is to truly practice the values of the enterprises, adhere to their own inner light, just as what Japanese famous enterprise leader Inamor Kazuo has said, "respect the heaven and love the people". (Inamori 2011) He guided his decision-making process and action every day with the simple standard of "what is right as a person". I held the values of serving the society and the public as the primary value, took the customer as the center, and adhered to this as the criteria of personal pursuit and decision-making. Besides, I also focused on employees and gave them enough love. For example, in order to serve customers well, it was necessary to improve the level of standardization and the standardization of staff service, to start from ourselves and provide the best quality service, to improve the professional ability of employees, further improve the service function of sub-branches, and provide more comprehensive financial services, and to upgrade the physical and cyber environment. So I should care for every colleague in daily work and life, give them enough respect to

our old employees, pay more attention on our young employees, offer them more opportunities to deal challenges and grow up, ensure employees and their leaders fight with one heart, and make everyone feel that they are a close combination. I need to make everyone feel the ecosystem of the division of labor, performance appraisal results, salary distribution and Honor Awards of sub-branches are fair enough, which are based on the hard-working. When dealing with problems, especially when there are serious disagreements, I would ask ourselves "what is right when we were born as a person". (Inamori 2015) The answer is to follow the direction we should follow, and achieve the maximum if possible.

Under the guidance of the principle of "inner sage" and its two major directions, the decision had been firmly made. The next step was to apply the method of "outer king" that includes two aspects into actual situations. The first aspect is to integrate knowledge with practice, that is, to turn my ideas into the consensus of everyone, the consensus into the formulation of the organization, and the formulation of the organization into the practice of operation and management, so as to achieve practical results. During those years, I established and adhered to the management and service concept of "speak clearly, love enough" and "if you speak, I will respond". After the great efforts, the management methods activated individuals internally, gathered harmony rallies. Remarkable improvements had been made in the sub-bank. Meanwhile, I was consistent with what I said and what I did. I strictly followed all the rules I set to make an example for subordinates. I cared about individual life and respected individual needs. When there was a colleague who would give birth to a baby or a family member who was sick, I would give them humanistic concerns as much as possible. I attached the importance of valuing individuals and the growth of employees, developing outstanding young employees as the training objects of cadres, guiding young employees to participate in all kinds of training and vocational ability examination, encouraging young employees to participate in in-service postgraduate education, and guiding young employees to master complex business skills. The principles I had followed had won the great success in the branch and staffs.

The second one is that leaders should "realize themselves by achieving others", namely listening to the real needs of their subordinates, giving a hand to their practical difficulties, igniting their recognition of common values, forming their good expectations and full confidence for the future, and establishing their strong recognition of the rationality of organizational goals. Besides, how to improve subordinates' ability should also be taken into account, so some measures, including establishing a division of labor and cooperation mode that comprehensively considers their willingness and ability, cultivating and improve their required ability, and giving them the necessary and sufficient authorization to complete the task, should be taken. During those years, the firmly followed the principle of "to realize themselves by achieving others" in spite of some misunderstandings and hardship. After two years of struggle, I led all the staff of the sub-branch to achieve unprecedented achievements and made a breakthrough in subverting history. All the main business indicators went from the bottom to the top, and the income of the staff had increased significantly. All the staff worked hard, did not slack off, grasped the development, and dared to take responsibility. Two staff were promoted. The overall renovation of the sub-branch was also successfully completed. the sub-branch had seen a thorough revolutionary change from inside to outside, from essence to foreign trade. I was assigned to a more important position because of my good leadership proven by practice and performance.

## 4. Discussion

The idea of how to promote leadership from traditional Chinese philosophy is broad and profound, but it lacks sufficient researches. We benefit from the "Dao Zhi Jian", (Zhuangzi 2020)but also suffer from the "Dao Zhi Jian". Chinese philosophy believes "impartiality is called the mean". When we really understand these philosophical principles, we can accurately and flexibly apply them to different situations, just as the contingency theory of leadership. However, lacking specific operational models and tools in light of leadership in traditional Chinese philosophy could keep people from digging deep into these cultures and ideas, which would mislead later. The fundamental value and main driving force of leadership researches lie in practice and application. This case gives people wisdom to integrate theory with practice. The premise lies in the in-depth study, researches and thinking of the leadership wisdom in traditional Chinese culture. Fundamentally, these studies should be practical in reality. Only in this way, people can demonstrate good leadership, making themselves better leaders to the greatest extent.

## 5. Conclusion

On the basis of combing the evolution and development of leadership theory, this thesis deeply absorbs the philosophical thinking of leadership promotion in traditional Chinese culture, and creatively suggests leadership upgrade through the life pursuit of "Sage Inside and king outside" which is the most outstanding Chinese wisdom in all ages. Moreover, some successful practices by firmly following those principles are mentioned. So the principle of "sage inside" and "king outside"

can enlighten people to grow into a great and successful leader.

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