

Spanning Differences – Bridging the Leadership Divide between China and the West



Global financial institutions still have their eyes set on China despite Covid and geopolitical challenges

\$45 Trillion

Financial industry opened up

\$1 Trillion

Estimated to be on-shored in next few years

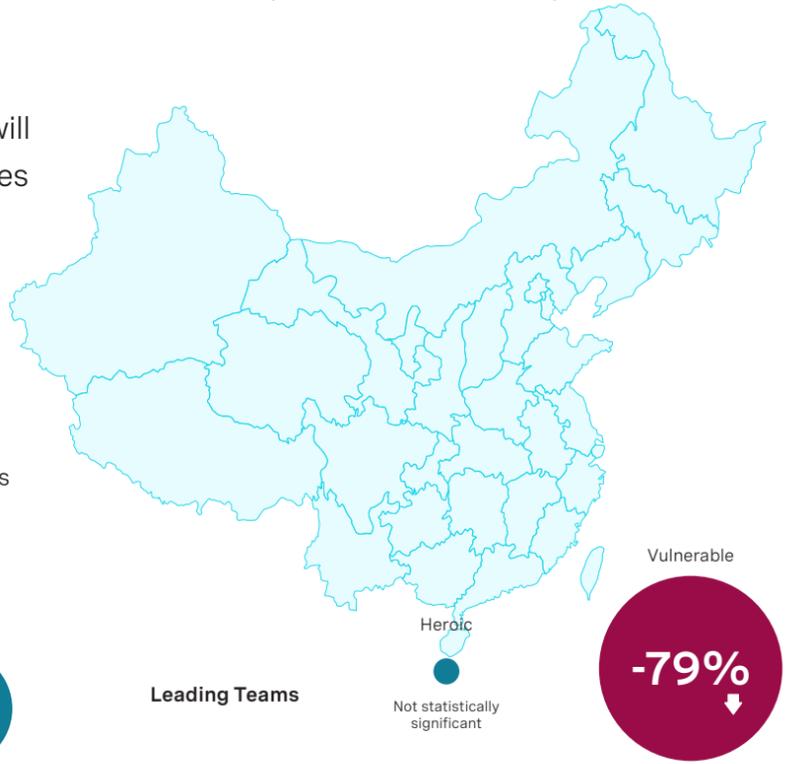
\$9 Billion

In annual profits by 2030*

To win in China, global financial institutions will need to hire local talent and bridge differences in leadership expectations.

Compared to Western institutions, Chinese organizations have different expectations of their leaders and foster distinctive leadership styles and priorities.

Compared to global counterparts, Chinese financial services (FS) leaders are...^



Despite the pace of change in China, Chinese leaders favor a more Pragmatic and less Disruptive approach to setting strategy - they prefer incremental change and tried-and-proven methods over untested ways. Higher Reluctant score also suggests Chinese leaders tend to be more deliberate and cautious than their Western counterparts.

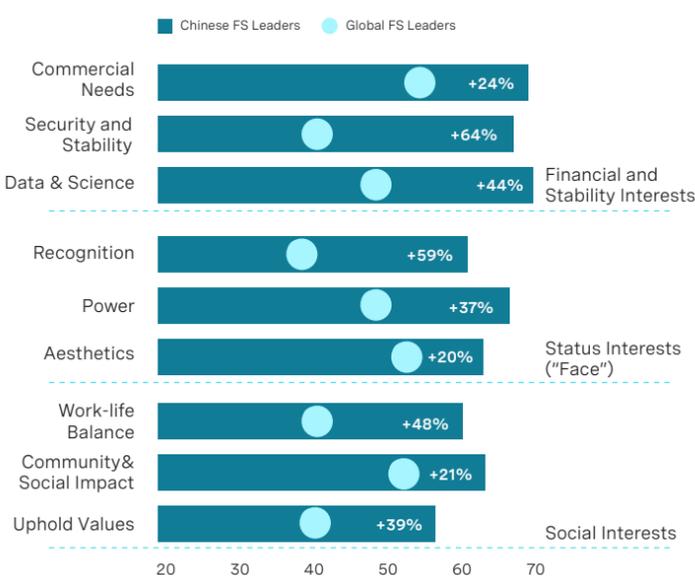


Both groups of leaders are equally ambitious and Heroic in leading their teams towards success. However, Western leaders are more likely to lead with their teams (Vulnerable), while Chinese leaders prefer to set a firm direction from the top. With a more reserved style, Chinese leaders tend to be more focused on the task at hand, while their Western counterparts are more likely to prioritize rallying teams (Galvanizing), building consensus and fostering emotional commitment (Connecting).

Differences in values

Chinese leaders embrace a myriad of values - significantly more so than their Western counterparts as they seek to create a values-driven workplace. Greatest differences in values emerge in the areas of Security and Stability, Recognition, and Work-life Balance

Motives, Values and Preferences of Chinese FS Leaders vs. Global FS Leaders



Unabridged differences create chasm

The risk of not bridging differences could lead to the following implications:

- ↓ Lack of synergies and roadblocks may exist due to different innovation styles and paces.
- ⤵ Vastly different leadership expectations and styles could mean weak relationships and communication between China and HQ, and potentially limited visibility to risk, control and governance on the ground.
- ⤵ Western Headquartered financial institutions may face challenges with talent attraction and retention if the employee value proposition is not addressed holistically to engage a values-driven workforce.

To bridge differences, construct a third-way path

Balance your China leadership team to ensure a **diversity of styles** and capabilities through strategic talent management and hiring practices

Develop a **robust communication strategy** that ensures full transparency on global business, risk and control standards. **Review risk and compliance expectations** in detail with Chinese leaders.

Consider **developing "third way" models for China** that bridge cultural and stylistic divides rather than force-fitting global models. To reinforce mutual learning, consider international secondments and peer coaching.

Contact

To learn more about navigating the Asian Financial Services landscape, speak to a Russell Reynolds Associates consultant

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*Source: Despite COVID-19, China's Financial Markets are Quietly Opening Up, Refinitiv; China's Finance World Open Up to Foreigners, Sort of; Bloomberg
^Sample: 600+ China and global senior executive leaders from banking, asset management, securities and insurance companies from Russell Reynolds Associates' proprietary database. All findings are statistically significant.