

Emotional Teaching: How CEOs develop Top Management Teams in Chinese Firms

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Abstract

Firms that operate in fast emerging economies often experience scarcity in managerial human capital, in particular competencies in general, strategic management to guide the fast growth of their firms. Based on a two-year inductive study of three Chinese firms, we found that CEOs develop their top management teams (TMTs) by using a rich set of what we call cognitive actions as well as affective actions to develop the managerial competence of their TMT members. We call this combined use of cognitive and affective actions “emotional teaching” and show how it is used in the process of CEOs recruiting, training, and evaluating members of their top teams. Our research contributes to the TMT literature that has under-researched how CEOs actually form and develop their TMTs in organizational settings.

Keywords: emotion, teaching, top management team, upper echelons, process research

They may forget what you said. They will never forget how you made them feel.

(Hareli & Rafaeli, 2008: 36)

Researchers in strategic management and organizational theory have established that the characteristics of top management teams or CEOs can influence the strategic behavior and performance of their firms (e.g., Barsade, Ward, Turner, & Sonnenfeld, 2000; Finkelstein, Hambrick, & Canella, 2009; Zajac & Westphal, 1996). This literature has relied on demographic characteristics (e.g., age, tenure, education) as useful, although imprecise proxies for executive cognition and values (for a recent review, see Carpenter, Geletkanycz, & Sanders, 2004; Souitaris & Maestro, 2010). Recently, there has been growing interest in examining CEOs' psychological elements such as emotions, narcissism, or hubris and how they impact firms' strategic behavior and outcomes such as risk taking, mergers and acquisitions, innovative behavior (e.g., Chatterjee & Hambrick, 2011; Delgado-García & De La Fuente-Sabaté, 2010; Gerstner, Konig, Enders, & Hambrick, 2013; Hayward & Hambrick, 1997; Li & Tang, 2010). Thus, there has been growing recognition that top management team (TMT) members' emotion and cognition can influence strategic behavior and firm outcomes, as scholars in behavioral strategy have argued (e.g., Hodgkinson & Healey, 2011; Huy, 2011; Levinthal, 2011).

Despite the obvious importance of knowing how the characteristics of TMTs including CEOs influence firm governance and performance, we still know surprisingly little how CEOs interact with members of their TMTs, in particular how they recruit, train, and evaluate members of the top teams. These CEOs' developing actions are necessary to build TMTs' competence as general managers who work cooperatively with one another rather than micro operational managers acting as semiautonomous "barons" (Hambrick, 2007: 336). The challenge of recruiting, training, and evaluating TMT members seems even more acute in emerging economies where there is scarcity of experienced competent executives due to high demands for

executives in a fast growth economy, demands that are constrained by an underdeveloped management education system (Khanna, Palepu, & Sinha, 2005). How do CEOs develop the managerial competence of their TMT members to mitigate the limitations in human capital inherent in fast growth emerging economies thus represents our central research question.

To answer our research question, we have conducted an inductive qualitative field study of how CEOs of three fast growth China-based firms develop members of their TMTs for a period of two years. Characteristic of fast growth emerging economies, many businesses in China had difficulties in senior executives' recruitment and retention. First, there is a shortage in supply, with the shortage of executive talents in China predicted to continue in the upcoming decade (Economic Information Daily, 2012). Second, managerial competence remains limited. For example, some informed sources suggest that the top three management capabilities that Chinese executives are lacking are communication, problem solving, and innovative thinking (China Key Talent Capability Report 2010 by Kelly Services and Harvard Business Review (Chinese), 2010). Faced with this shortage in supply and high demand for competent executives, it is thus not surprising that Chinese executives enjoyed one of the world's highest increase in compensation— i.e., 350%— in the past 10 years (National Business Daily, 2012).

One of our field research's surprising finding is that CEOs of these firms perform a high degree of what we call "emotional teaching" to develop members of their top teams. Emotional teaching refers to the "teacher's" (CEO) use a combination of cognitive and affective actions in an attempt to impart new knowledge and behaviors to their "students" (members of the top team). Although we note that some attempts of teaching and socialization could in principle involve some form of affective influence, the intensity and variety of cognitive and affective actions that our Chinese CEOs used to recruit and impart new knowledge and skills to their TMT members

and motivate them caught our attention. To the best of our knowledge, the richness and variety of tools used to develop TMTs has been vastly under-described in the literature.

Our inductive analysis reveals a rich set of what we call cognitive actions—relying on dominant rational mode of thinking and learning to impart new knowledge and skills—as well as affective actions—relying on the display or elicitation of emotions among both the CEOs (as teachers) and members of the top team (as students). We found that CEOs in our Chinese firms combined various types of cognitive and affective actions when recruiting, training, and evaluating members of their top teams.

Our research thus opens the black box of social emotional interactions between the CEO and members of TMT—which the literature on TMT has vastly under-examined. We introduce a new concept, emotional teaching, in the context of CEO-TMT interactions, and elaborates its various manifestations and outcomes. Although our Chinese firms may represent a very particular set of extreme exemplars, the scarcity of indigenous senior executives and the need for developing their managerial competence is likely to be pervasive in many developing countries accounting for a large majority of the world population. Emotional teaching represents one of the potential indigenous pedagogical means to increase the competence of the TMTs. Furthermore, we will later suggest that emotional teaching is likely to be present or even desirable, possibly under different manifestations, in some Western companies and even in business schools' education. We will discuss how our research contributes important insights to various literatures, including top management team, behavioral strategy, emotional intelligence and social influence of emotions, and management education.

THE SOCIAL INFLUENCE OF EMOTIONS IN MANAGEMENT EDUCATION

Upper echelons' research has demonstrated to us the importance of the CEOs and their TMTs'

demographic profiles in predicting variability in their firms' strategic actions and performance (Finkelstein, Hambrick & Canella, 2009; Hambrick, 2007). Executives' experiences, educational background, values, and personalities influence how they interpret ambiguous strategic situations and act upon them. Recently, researchers have shown how general affective moods and affect laden personal characteristics such as CEOs' narcissism can impact the firm's strategy and performance (e.g., Chatterjee & Hambrick, 2011; Delgado-García & De La Fuente-Sabaté, 2010; Gerstner et al., 2013). Overall, this stream of research suggests the importance of both cognitive and affective characteristics in influencing upper echelons' thinking and behaviors and thus the potential importance of developing both cognitive and affective competences to improve the managerial competence of executives. However, there has been very limited field research into how senior executives improve their managerial competencies, and whether and how CEOs foster the development of members of their top teams.

There is a related literature on management education--mainly focused on Western firms' educational needs--which argues that "the most important thing about which managers need to be educated is human nature in general and their own personal nature in particular" (Hogan & Warrenfeltz, 2003:74). Many scholars have expressed criticisms that Western management education seems more focused on developing business analysts rather than leaders of people (e.g., Hogan & Warrenfeltz, 2003; Mintzberg & Gosling, 2002). In particular, the proliferation of MBA and EMBA programs worldwide seem to have a larger proportion of their curriculum focused on the functions of business and analytical decision making (e.g., finance, accounting, marketing, strategic analysis) rather than on the practice of administration and inspiring people (Mintzberg, 2004). Many managers could benefit by more education focused on developing their intrapersonal skills—such as increased personal self-awareness and emotion regulation of self to

restrain one's impulses; interpersonal skills, which involves initiating, building, and maintaining relationships with people from diverse functional and cultural backgrounds (Hogan & Hogan, 2001); and leadership skills, which involves building and maintaining effective teams through competent recruiting, retaining, and motivating (Hogan, Curphy, Hogan, 1994).

In sum, many management education scholars call for a more holistic, experiential, practice-based approach in conjunction to traditional deductive pedagogy to develop business analysts into leaders of people (Austin, Nolan, O'Donnel, 2009; Lengnick-Hall & Sanders, 1997). In particular, a higher pedagogical focus on how students feel rather than what they think, so that students can learn to regulate their emotions and learn from failures in business rather than avoiding or discounting failures and the emotions of themselves and others. Some scholars argue that we learn far more from our failures than our successes; learning, or the reorganization of our mental models, depends of failures not rewards (Hogan & Warrenfeltz, 2003; Vosniadou & Brewer, 1987). Improving students' understanding of various specific emotions and their emotion regulation skills could enhance their ability to learn from failures (Shepherd, 2004).

Research has shown that emotions can influence both thinking and behaviors (for a review, see Elfenbein, 2007), and thus the use of affective influence could play an important role in influencing what issues people pay more attention to, how they interpret these issues, and how they remember them. In organizations faced with uncertain or ambiguous situations, people often search for information in their environments and turn to others to reduce uncertainty and interpret ambiguous feelings (Rentsch, 1990). Under these conditions, the discretionary power of leaders helping their followers making sense of their situations and influencing their emotional reactions—by providing sensible explanations that reduce their followers' emotional uncertainty— can be large (Kilduff et al., 2010; Tiedens & Linton, 2001).

Indeed, the same situation can trigger quite different emotions among different individuals depending on how they appraise the situation, for instance in terms of how pleasant the situation is, how certain or uncertain the outcomes are likely to be, the extent to which they see themselves as in control of these outcomes (Roseman, Spindel, & Jose, 1990). Thus, how people appraise their situations and experience emotions could be influenced by how other relevant individuals (e.g., leaders) help them make sense of their situations through sensegiving.

Leaders' use of emotions when performing sensegiving or teaching can thus influence their followers' learning processes. Indeed, some research has shown that teacher's display of enthusiasm when lecturing can increase students' intrinsic motivation regarding the lecture material and experienced greater interest in and enjoyment of the material and higher levels of energy and vigor (Patrick, Hisley, Kempler, & College, 2000). Intrinsic motivation has been empirically linked to positive educational outcomes such as achievement test scores (Gottfried, 1990), amount and breadth of reading (Wigfield & Guthrie, 1997), text recall and comprehension (Ryan, Connell, & Plant, 1990), and positive emotions in school (Patrick, Skinner, & Connell, 1993). Display of enthusiasm may represent an effective means for beginning to mobilize curiosity, excitement, and interest among students, thus giving their intrinsic motivation a jump start. However, we still do not understand *why* teacher enthusiasm would promote students' interest and excitement for learning. One speculative mechanism is emotional contagion (Hatfield, Cacioppo, & Rapson, 1993), wherein a person can "catch" emotions through interpersonal contact like catching a virus.

Research on the social influence of emotions in organizations begins to provide us with a richer understanding of various potential mechanisms. One of the central premises of this stream of research is that the emotions of an individual can influence the emotions, thoughts, and

behaviors of other persons; others' reactions can then influence their future interactions with the individual expressing the original emotion, as well as that individual's future emotions and behaviors, thus generating iterative emotional cycles (Hareli & Rafaeli, 2008).

According to a social functional approach on emotions (Keltner & Haidt, 1999), the individual's emotional expression in a social interaction a) provides clues to others about the individual's emotions, social intentions, and status; b) evokes complementary or reciprocal emotions in others (e.g., anger triggers fear in others, or joy triggers reciprocal joy); and c) helps control others' behavior through rewards and deterrents (e.g., laughter rewards desired behavior whereas anger can deter others' undesired behavior). Among those with high power, the use of negative emotional displays may be common given the general lack of restraint due to increased interpersonal power (Keltner et al, 2003). Higher power people can frighten others in some situations to motivate them or direct their attention to specific issues (Kilduff et al., 2010).

The emotions of an agent (or expressor) are manifested through diverse channels such as facial, vocal, body, or verbal behavior, and thus can be perceived by others and influence them (e.g., Ekman, 1993). In addition, people can also draw inferences from an agent's emotions (Rafaeli & Sutton, 1989, 1991) which influence not only the person at whom the emotion was directed--a boss expressing anger about a subordinate's underperformance in a group meeting--but also third parties--e.g., other employees in the meeting--who observe an agent's emotion. Emotions could even affect larger social groups such as a team or a whole organization (e.g., Barsade et al., 2000; Huy, 2011). Human emotions thus represent a form of powerful communication that can reach and influence multiple audiences, directly or indirectly, such as when people learn about the agent's emotions third-hand.

In organizational settings, members of an organization make sense of and interpret the

emotions of other (important) people which influence their own emotions and behaviors. At the most basic level, people can feel the same emotion as the agent through a process of emotional contagion, which occurs when people automatically and unconsciously mimic non-verbal expressions (e.g., Barsade, 2002). Pugh (2001) showed that in the customer service context, employees' display of positive emotions led customers to "catch" these emotions, improving the quality of relationship between them and customer evaluations of better service quality.

People do not always automatically mimic the agent's emotions, but can engage in more conscious processes of making sense of the agent's emotion, trying to understand its causes and consequences, so that they can react with situationally appropriate emotions and behaviors of their own. Hareli and Rafaeli (2008) call this conscious process emotion interpretation. These scholars argue that human behavior is often governed by inferences about other people and the attributions they evoke, such as the social status or power of the emotive agent, the competence or credibility of the agent. For example, expression of anger is inferred as high power and fear and sadness as low power (Smith & Ellsworth, 1985; Tiedens, 2001).

Furthermore, the agent's emotions can influence others' behaviors. Although research about specific emotions is still scarce, we know that people generally seek proximity to (i.e. to approach) agents who display pleasant and positive emotions, but to distance themselves from (avoid) agents who display negative, unpleasant emotions (Berkowitz, 1990; Weiner, 2005). However, in the organizational context where differences of power exist, people may not have the discretion to approach or avoid whoever they wish. Superiors, in particular CEOs, command formal hierarchical power. Most research suggests that people tend to pay greater attention to, and even mimic the behavior of, those with more power rather than less power (Fiske, 1993; Keltner & Robinson, 1997). Because of powerful agents' ability to reward and sanction their

subordinates, it seems thus predictable that lower power people are more motivated to decode and respond to the powerful agents' emotional reactions (Van Kleef et al., 2004). High power individuals such as CEOs can thus shape the emotions of less-powerful persons such as members of their TMTs and influence their direct subordinates' thinking and behaviors.

From a receiver of knowledge or student's perspective, teaching is effective to the extent that it fosters genuine learning, which involves an initial process of sensemaking. This refers to the process whereby people attempt to explain new or confusing events (Weick, Sutcliffe, & Obstfeld, 2005). Some scholars suggest that emotion may play a critical role in whether an individual engages in sensemaking, both by signaling the need for sensemaking and by energizing the sensemaking process (Frijda, 1994; Weiner, 1980). Negative emotions generally signal a problematic state of affair that requires urgent attention and more systematic processing of information, whereas positive emotions generally convey that the situation is safe and intensive sensemaking is not needed (Schwarz & Clore, 2007). Too intense an emotional experience could impede thought processes and thus harm sensemaking while too low intensity felt emotions (such as contentment and gloominess) does not create sufficient emotional energy to fuel sensemaking (Maitlis, Vogus, & Lawrence, 2013). These scholars hypothesize that sensemaking ends when people will have reached a plausible explanation that is consistent with their felt emotions. The successful sensemakers are the ones presumed to have achieved coherence between their interpretations, felt emotions, and action orientation.

Despite the potential importance of the social influence of emotions among TMTs, we still know very little whether or how CEOs attempt to influence the emotions of their top team members in actual organizational settings; and what are the cognitive and affective means they

use to improve the managerial competence of their top team members. Our inductive field research seeks to provide a richer answer to these questions.

METHODS

Data Collection

Building trust with qualitative research subjects before interviewing is important in any culture, and particularly so in China. Teacher and student relationship is regarded as one of the most important trust building mechanisms in China. One of the authors taught senior executives in a prestigious business school in China and approached executives in his EMBA class whom we felt might fit our research criteria. We selected companies based on two criteria: (1) the company had gone through rapid growth/ transition in the past 3 years with average annual sales growth over 100% and annual employee growth over 30%, (2) the CEO of the company was willing to give us unfettered access to interview privately all members of the TMT for the next 3 years. We guaranteed strict confidentiality and anonymity and secured agreement with the CEOs that we would not disclose any interviewees' content, not even to the CEOs themselves.

We chose fast growing companies for two reasons. First, developing a united and competent TMT seemed particularly critical when the business doubles its sales revenues every year. Second, periods of rapid growth are usually difficult to sustain because many performance problems rise during those periods (Nicholls-Nixon, 2005). To maintain the pace of growth, business leaders likely need to devote much effort to develop their TMTs. We deliberately chose companies whose headquarters were located in the Eastern part of China (within 500 km from Shanghai) for ease of traveling to the company locations and to minimize too much variation in environmental factors such as business conditions, local regulations, and available resources.

Initially, we selected eight companies that seemed to meet our research criteria. We then

visited each company for one day to have a deeper understanding of these companies and to validate our initial selection. Based on this validation process, we finally retained three companies that fully met our requirements and then conducted a two year real-time study.

Beginning in September 2011, we conducted formal individual interviews at each company with the CEO/founders and all their TMT members holding key responsibilities (usually 4-6 persons in each company). We interviewed each executive for about 70 to 90 minutes (interviews with CEOs generally last over 2 hours). The second round of interviews was conducted about a year later. Generally, we started our interview with the CEOs to have an overall understanding of the company and strategic challenges and how these CEOs interacted with their TMT members. Then we interviewed each TMT member separately to obtain their private perspectives. We asked open-ended questions and prompted interviewees to give concrete examples of actions and events with questions like “What are the changes that you have seen or conducted since you joined this company?” “What did the founder (/you) do to develop you (/your TMT members)?” “Can you give us concrete examples of actions and results?” “What challenges will this company be facing in the next following two to three years and what could be done about them?” At the end of these interviews, we again met with the CEOs to clarify and validate our understanding. This iterative process allowed us to triangulate data from different sources, so as to reduce bias from faulty recall and ex-post rationalization.

Executives were interviewed in their preferred language (About 85% of our interviewees chose to speak in Chinese, the rest in English as some companies hired non-Chinese execs from multinational firms). The interpreter accompanying with us had 20 years of simultaneous interpretation experience with a MBA degree. Because we are an international research team, our interpreter translated the conversations into English simultaneously. With interviewees’

permission, we recorded all the interviews (more than 60 hours in total) and transcribed all conversations in both English and Chinese languages (about 1100 pages in total) in addition to taking extensive handwritten notes (about 350 pages). We made the Chinese transcripts first and then translated them into English. The latter was then compared with the English transcripts from simultaneous translation. This validating process helped us minimize misunderstanding due to language translation or other factors. In summary, we interviewed the CEOs and their TMT members for over 30 person-times in the three companies. Interviews and secondary data (archival data) collection are still continuing until theoretical saturation is reached, so that we can make confident assertion about our interpretations (Eisenhardt, 1989; Yin, 1994).

Table 1 gave a brief description of the three companies. Note that the company names, precise figures and interviewers' names are disguised to ensure confidentiality. The three fast-growing companies come from different industries (lighting, precision machinery, and e-commerce respectively), and they differ in their business models (B2C+B2B, B2B, and B2C), value chain engagement (design+manufacturing+brand, OEM manufacturing, and retailing) and size (from tens to thousands of employees). Our inductive findings should thus be minimally dependent on company size, business models, or industries.

Insert Table 1 about here

Data Analysis

To investigate how CEOs developed their TMTs, we analyzed our data in three broad steps. In our first exploratory analyses, we identified various actions reported by the CEOs and other TMT members to develop the managerial competence of the top team members; the context surrounding those actions; top team members' responses to these developing actions; and performance outcomes. We found that many actions involve the expression or regulation of emotions, such as "CEO being demanding/ challenging" evoking stress among the top team

members, “controlling anger” to reduce fear and discomfort, and “caring about TMT members’ personal life” evoking affection and gratitude. We noted that those actions were often times associated with pedagogical purposes, that is, the CEOs sought to impart new ways of thinking, feeling, and behaving to their subordinates. We thus called this encompassing goal “teaching.” The association of affective actions for the purpose of teaching led us to propose the concept of emotional teaching, which we note has not been systematically examined in the TMT literature. Emotional teaching among TMTs could represent a novel and important theoretical contribution for the TMT literature, which has examined very little the social interactions between the CEOs and members of the top team, particularly in real organizational settings.

In this second step, to identify various types of emotional teaching actions, we coded an action as emotional teaching if it combines two types of behavior: (1) cognitive action in that the CEO attempts to impart some new cognitive knowledge or task-related behaviors to other TMT member(s), and (2) affective action in that the CEO expresses an emotion or take actions that seek to influence the emotions of their TMT members. At first, one of the authors coded the transcripts. Then other coauthors reviewed the codes to see if those fit our definition of emotional teaching. Next, we discussed any ambiguities until we reach agreements for all the codes. Through an iterative process, we came up with 14 different types of cognitive and affective actions, which we then grouped within various development processes: recruiting, training, and evaluating. In Figure 1, through the data structure we show how we categorize these various types of cognitive and affective actions, which combined constitute emotional teaching. In Table 2, we show the number of times CEOs or TMT members referred to particular type of action, through which we can see the intensity of each CEO’s use of each type of emotional teaching actions.

Insert Figure 1 and Table 2 about here

In the third step, as shown in Table 3, we examined the outcomes of various emotional teaching actions—how they impacted TMT members’ personal development and organization-level outcomes. In many instances, these actions and outcomes were reported by both the CEOs and TMT members, which strengthened the validity of our constructs and relationships.

Insert Table 3 about here

FINDINGS

In the presentation of various cognitive and affective actions that constitute emotional teaching below, for presentation clarity we show three development processes: recruiting, training, and evaluating TMT members. Within each process, we will describe various types of cognitive and affective actions that are more often seen within this process. We do not suggest, however, that there is necessarily a one- to- one correspondence between a given type of action and a particular process, as will become clearer in the presentation of our findings.

Recruiting TMT Members

Cognitive Action-1.1: Expose gradually potential recruits to the company’s strategy and values and other TMT members to evaluate potential fit

CEOs in our sample constantly searched for future TMT members from their social networks. They explored potential opportunities from business school classmates, former colleagues/clients/suppliers, and candidates referred by their friends. Once potential candidates emerged, CEOs would keep deliberate contact with the candidates for a period of time ranging from six months to two years. During this period, CEOs initiated informal talks with these talents to have an overall assessment of their capabilities and potential fit, with a dual focus on deeper cognitive understanding of the company business and affectively becoming “friends.”

Regarding talent introduction, *we focus more on understanding, becoming friends*, giving them opportunities to know our company more, and we know them more as well. In the early stage, we used many head hunting services, but we found many problems with them... We bring in more from friends' networks and acquaintances' introduction. [Chair, POCA]

Feeling such one-to-one evaluation might not be enough, CEOs also invited potential TMT members to visit their company and attend top management meetings or company activities. The intention was to provide a two-way dialogue between the potential recruits and the current TMT. Because most of the potential recruits came from reputed and well-paid large multinationals, participating in these pre-stage interaction events gave the high profile candidates increased comfort with the company and hope to make a big difference, even realizing a personal dream they had long harbored. Through frequent interaction with the CEO and other TMT members, the potential recruits gained a clearer understanding of the company's strategy, values, vision and culture, and therefore increase their confidence to quit their current secure job. .

When I recruit people I don't recruit them myself, I recruit them with my team. If I want to hire somebody, I will invite them to come to our meetings, our activities or group events before they come in, as a few times *so that they can feel our atmosphere. They can be impressed and agree with it. They will be surprised at our practical, pragmatic reports.* [CEO, POCA]

When boss [CEO Anthony] invited me to visit here for the first time, he didn't mention anything about asking me to come to work, and I thought why not go and have a look. *The visit turned out to be a bit of "shock"--it was unexpectedly good.* So after about a year I left my last company without much consideration. This July, Anthony and I had a good talk and I shared a lot of thoughts with him, including *how this company is a place where I can realize my value and dream.* [TMT Member-4, TOCA]

As a consequence of such exposure, potential recruits made sense of what they heard and saw to reflect if their personal attributes and goals matched with the company's culture and vision. TMT members who went through this process expressed their positive feelings regarding their company visiting experience, including interest, contentment, inspiration, and even astonishment. Cognitive interpretation, together with emotional arousal, usually prompted the potential recruits to ultimately

join the new company, as one of the TMT members in TOCA attests:

I have known Antony [CEO of TOCA] for a long time. He was my supplier when I was in ITT and he was in Philips. So I have known him for more than ten years and we always keep in touch. Later when he had set up this plant, he invited me to attend its opening ceremony on May 18th last year. He asked me to come and have a look at the new plant. I found it pretty good. So later on I agreed to join this company, a company opened by the Chinese. ...In fact, before I joined this company, when I was still in the last company, a German company offered me to be their manager. *The pay was twice as what I get now. But I didn't go. I decided to come to this company.* [TMT Member-3, TOCA]

Affective Action-1.1: Satisfy members' non-work interests

In the process of recruiting, CEOs in our study came to realize that fulfilling potential recruits' personal needs could be an effective way to attract them. Therefore, CEOs performed what we call affective action by satisfying potential recruits' non-work interests, which often touched and pleased them. Positive emotions are aroused when personally important goals are met (Frijda, 1994). Through this type of affective action, our CEOs wanted to convey their caring about TMT members' personal life and wellbeing, and sought to leverage this positive emotion to entice them to join the new organization. Recruited new members often responded with appreciation and gratitude, as a TMT member at POCA recalled:

[The CEO] did something very strange but very nice for me. For example, before I joined October last year, I've played Tai Ji [a traditional Chinese kung fu exercise] for 20 years, and she knew that. And she invited an expert in Chi Gong to join our trip to a big mountain in Xi'an. We [top management team] stayed there for 7-days, no email, no internet and just focusing on this Chinese way of reflection... *She used a special way to make me happy.* [TMT Member-3, POCA]

On the second day I met him, he took me to [the most prestige business school in China]. *I loved the atmosphere there, which had been what I am longing for.* Then I decided to follow him. ... I had bosses from France, from Britain, but they never took me to this kind of activities. But then after I went to [the prestigious business school], I saw many successful business leaders. I can absorb a lot of fresh knowledge from them. This is what my prior bosses didn't offer me. He took me to these lectures and educational opportunities on the second day we met. *I felt that he was treating me like his brother, and I had to be grateful and I had to help him in return.* [TMT Member-2, LICA]

Training TMT Members

Developing TMT competences represents a central concern among our Chinese CEOs. Our inductive analyses suggest that CEOs developed TMT members by using four types of cognition-based (cognitive, for short) actions and three types of affect-based (affective) actions.

Cognitive Action-2.1: Impart new knowledge using a wide range of pedagogical tools

Being at the helm of company growth, our CEOs pursued knowledge and competence enhancement relentlessly inside their companies. When the company size grew fast (e.g. 200-300% growth in consecutive three years), the gaps of managerial competence between the CEO and subordinates might widen. Our CEOs thus felt a strong need to teach their TMT members various subjects, ranging from industry analysis, strategy, leadership, managerial skill, to personal communication and ethics. To achieve the best teaching results, our CEOs maximized efficiency and effectiveness with diverse training methods. They exposed top team members to new knowledge using a wide range of pedagogical tools, which we label as one type of cognitive action. To illustrate, our CEOs compelled TMT members to read a large number of books that covered a variety of topics including best management practices. They even made personalized reading recommendations for different people according to their assessment of the member's learning needs. For example, the CEO of LICA selected books on operations and human resource fundamentals for his COO, and the CEO of POCA assigned massive reading materials on sales to her marketing and sales TMT member. Some TMT members developed a habit of reading as one TOCA TMT member reported. Occasionally, CEOs held quizzes in discussions to check whether their "students" displayed competence on a particular subject.

People work under me should read a lot, especially [when] they don't know. I think management is not a kind of right, but a kind of responsibility, a kind of burden; you have to shoulder many things, you have to devote yourself constantly, to leverage your employees. I know what employees are lacking and I will give them what they need, that

is, organizational training. I also focus on their personal quality (素质). I think it is pity that most Chinese companies did not really focus on improving employees' personal quality. [CEO, POCA]

Once CEOs found common deficiencies in knowledge among their TMT members, they shared their knowledge and experience in daily talks, discussions, and coaching. Through this frequent sharing, our CEOs also imparted their value and vision to their TMT members, and this often elicited feelings of joy related to self-enhancement and inner growth. A TMT member from POCA expressed gratitude toward such extensive sharing from his CEO.

I feel grateful and it is kind of normal to me because that's how we interact in everyday discussion -- *she would like to share everything she feels is good with us.* [TMT Member-6, POCA]

In some companies, the training can be very intensive when the gap between TMT members' competence and CEO's expectation was high. Our CEOs set up small groups for personal/group sharing and teaching. These group activities were usually held after a day's work, therefore encroached on employees' personal time, and often stretched late into the night. However, to our surprise, many of the TMT members accepted such "overtime" training-on-the-work with a high level pleasure and gratitude, as several informants from LICA attested.

In the last year, *every evening we have training.* ... Our boss gave us the knowledge that he learned from EMBA class he attended, and what he has learned every day. And sometimes, we presented our sharing as well. In this way, we built up our group. ... [Q: How frequently is such training/sharing session?] Monday, Wednesday and Friday, starting from 7 pm in the evening. Sometimes, it lasts until 10 pm, sometimes it lasts until 12 a.m. at midnight; it's not fixed. ... *The time I spent with my family members is not as long as the time I've spent with [the CEO]. So I think that he's like family to me.* [TMT Member-4, LICA]

When TMT members' learning capacity exceeds what in-house training and self-study could provide, our CEO teachers brought them to external socializing environments such as industry leaders' forums, business celebrity speeches, and business school's open programs. These events were foremost seen as opportunities for top team members to learn leadership and the most

current developments in the industry, especially when their previous social networks did not provide an access to the business elites. TMT members appeared to be very excited and grateful for being given these opportunities, as many of them did not enjoy similar benefits in their prior jobs (even for those members who had worked with multinational companies). As a result, they felt more committed to their work. A LICA TMT member expressed a strong sense of pride when he told his friend about his meeting with incredibly successful celebrity entrepreneurs.

[Our CEO] often took us to his EMBA courses, so I'm familiar with many top professors' faces in his [prestigious] business school. He wanted us to experience the [academic] atmosphere because we never experienced such a high level education. So for us, we are building up ourselves. He said that our foundation is pretty weak, and our level is pretty low, so we need to upgrade ourselves all the time. Any opportunity he grabs, he will take us there. For example, Lenovo [funding chairman] Mr. Chuanzhi Liu held a series of entrepreneurial forum, and we went there very often. He wanted us to learn from these successful companies' best practices. He loves Jack Ma of Alibaba, Chuanzhi Liu of Lenovo, and also Jack Welch of GE. He wanted us to understand the pain that these great people suffered, and he wanted us to persevere on such a path. [TMT Member-3, LICA]

However, schools and forums are obviously not the only vehicles for developing managerial competence. Much could be learned from field studies. Our CEOs led their TMT members to visit suppliers and sales channels, for example, to get fresh insights about the evolution of the industry. Our LICA CEO taught both TMT members and their subordinates about understanding target customer behavior in a trip to an upscale hotel.

We are a company selling household linen products online and we never tried to upgrade our product line.... We once took all the design and technical staffs to the seaside, and the hotels where they stayed in the seaside of Qingdao are Five Stars such as Shangri-La. I took these people there and asked them to think about what kind of products are suitable for the segment of customers who have high purchasing power. Gradually, some people began to change [their mindset] and learn to think in this way [image and understand customers]. [CEO, LICA]

Cognitive Action-2.2: Teach leadership values and norms using a variety of methods

Our CEOs were aware of the importance of shared values and norms among the TMT members. Therefore, they taught leadership values and norms using a variety of methods,

including metaphors and stories.

*I used to communicate with them using stories. Once there was a new comer. [The story I told is:] A colony of ants was moving, and all ants have five legs. One day there came a six-leg ant that works fast. So the five-leg ants thought it is strange and wanted to cut the additional leg of the six-leg ant. I used this story to tell that the development of a company needs six-leg ants. *If we want fast development, we cannot cut off others' advantage; instead, we should appreciate it and learn from it.* Then the new blood will help the company grow, otherwise we will be obstinate and fail to change. [CEO, POCA]*

Although metaphors and stories are interesting and inspiring, our CEOs still need to show concrete examples of their own behaviors. Our CEOs' role modeling not only inspired behavioral changes among the top team members, but also started shaping a distinctive culture.

When I first joined in, I brought in some western mindset, but Anthony coached me, then I understood, Wow, this is better. For managers under me, if I was in the western company, I would change people because I had the pressure of KPI (key performance indicator) if they were not functional. But here, Anthony and I spent so much time in coaching because he does not want to fire people. Every week we have management meeting. He read a lot of books. He does training; every week he trains. When I first joined because I brought previous general manager experience, I said, "Anthony! Change it." *He said, "No, we should combine western culture and eastern culture together. When we do performance management, we only see the western [management system]. But for the majority [employees] if their attitude is good, we should spend time to develop [refer to the eastern management philosophy]". . . .*Once there was a quality manager whose performance is fairly poor. When we held the supplier meeting and he presented to our suppliers, I was disappointed, the deputy general manager was disappointed, but then *the boss [Anthony] still [kept him and] trained him.* [TMT Member-2, TOCA]

Cognitive Action-2.3: Ask probing questions to stimulate deep reflection

Our Chinese CEOs also sought to expand TMT members' thinking to aim for excellence. One of the means they used is to ask probing questions to stimulate top team members' deep reflection. Our CEOs used well-framed questions to push their TMTs to reflect on what could be the best solution. Our CEOs exhorted their TMTs to scrutinize their thinking and behaviors more deeply to discover the roots of problems. In TOCA, the CEO even made the whole TMT members cry due to sadness and guilt when the company failed to achieve their goal of zero defect in production and asked questions for the TMT to reflect about the causes and change their behaviors.

In one of the management meeting, [the CEO] made the seven top managers cry. It was not because he criticized us but he spoke to our heart. For example, to me, I have a high need for achievement so he suggested me to find myself. So I, as a senior manager, I think he really touched my heart. First of all, he understands each individual. What does he really want to achieve? So in that meeting we reviewed the two failures [product defects] within the year. Although 5 PPM [note: defect rate 5 parts per million units of production] was very, very low [compared with the industry average], our goal was zero PPM. So Anthony spoke from the bottom of his heart and said, “Why did we not do enough? What was lacking?” He touched us by analyzing the problem. [TMT Member-5, TOCA]

Why I made them cry is because I believe that they are all pursuing for excellence and, in the process of this pursuit, I taught them to scrutinized their every behavior, every move. Our [quality management] system is very well established here. Our failure is not just caused by an individual. It’s the system’s failure that leads to the defects. I explained it to them why is everybody working so hard and everybody is so excellent but the failure can happen. So when I explained this [collective failure] clearly to them, they cried and I think that’s because they felt guilty. [CEO, TOCA]

Note that although we call this type of action cognitive because the primary intent is to stimulate deep reflection about task-related problems, cognitive actions can also generate emotional effects as we have illustrated above.

Affective Action-2.1: Exert pressure for continuous fast improvement

Together with probing questioning that could produce emotional tension, our Chinese CEOs also applied direct pressure on their TMT members to demand fast and continuous improvement. Sometimes, CEOs explicitly identified TMT members’ limitations to make them salient to the members and expected them to improve..

Our CMO [Chief marketing officer] is from P&G, he said [that when he was] in P&G there was no challenge—he always could satisfy his boss, but when he came to work for me, I gave him a lot of requirements, and he felt challenged. I said “You were the one under the director, but you are a director yourself now. It’s not I’m demanding but you are not capable enough.” I’m a demanding person, but I don’t want them to just see me as a demanding person but they have to realize their deficiencies. The worst type is that a person thinks he is very capable and blames everything on the boss and on others; then it is hard to manage him. On the contrary when the person is in a learning mode, he will realize what is insufficient and he can be very influential and he will be more attentive to details; he will do better. [CEO, POCA]

I first focus on my team members, how they develop. I always believe people need a

stretch. People need to work under some pressure. I don't want to give them too easy a job; otherwise, I don't think they can do well. ...Yes. I make people really suffer. [CEO, TOCA]

However, as a side effect, such emotional tension might also harm learning. TMT members might feel over-challenged or even severely offended. To illustrate, one of the TMT member left TOCA six months after our first interview because she felt utterly disappointed and frustrated about the CEO's stream of unmitigated criticisms about a draft business plan which she had been developing for several weeks with little sleep. She resigned quickly.

I left her in charge of the training program, because our HR training plan wasn't very good. So I let her come up with a training proposal, and she finished two weeks later. When I saw it, I was confused. It was so complex. When I read it, I thought it was more about formality [suitable for a big multinational company]. It wasn't results oriented. So I talked to her. I said "This plan looks good, but it doesn't suit us. If I can't understand, how can our employees understand this? Also, do you understand why we train them? After the training, what do you want to achieve? What do you want the employees to reach? What kind of impactful benefit would this training have on our company's operations? Can you answer these three questions?" So she thought I wasn't being respectful to her. She said, "I spent two weeks without sleep. I came up with such a great proposal. It's probably the best training system in the world. I spent so much time, and I translated it into Chinese. Then you criticize me. She left. She left the same day. But of course she didn't leave just because of this, but I think it was a catalyst. [CEO, TOCA]

Affective Action-2.2: Leverage pride in supra collective identity

Another type of affective action involves leveraging members' pride in a supra collective identity. This pride might even be a part of the company vision. Many CEOs held the vision of their company as contributing to the restoration of China's pride from a former colonized, under-developed country. Passion on achieving this national pride was much expressed by our CEOs.

I sincerely believe first of all that there's a market need for good quality products, by our engineering solutions, especially in China. Secondly, I believe I have the passion to realize this dream. And, I am also convinced that I have this capability and with the resources from outside we could make this happen and I want to devote myself and focus on that. ...I have this sincere belief. I believe that the Chinese people have the most talent to do the high-skill work. [CEO, TOCA]

Many TMT members felt thus inspired and mobilized by this nation-focus pride, which was

embedded in the company vision conveyed by our CEOs. In this respect, our CEOs have implicitly aligned TMT members' superordinate goals and behaviors with the company's long-term vision.

There's something special because first he [CEO] has given all of us a vision. When I visited him in his office, he said he would have his product used everywhere [across the world]. [TMT Member-3, TOCA]

We're the number one company and you never want to leave. We believe Chinese are very talented people but in today's environment we are doing the dirty hand work or working like a robot on simple work. But I think the time has come back to us. That's our nature, our Chinese nature, we felt proud. [TMT Member-5, TOCA]

I know this industry so well, and I know what big companies are like in this industry [based on my eleven years' experience in Philips]. You know NVC [note: another leading company in China] invited me a few times but I checked the boss, and I went there and found their culture didn't fit me. So it's personal choice that I decided to come to POCA. So first I think it is kind of match-up, match with the boss is very important. How to say it—I think their [CEO and chairman] professional knowledge is not that high, but they keep learning. ...The most [powerful] influence from them is that they have the ground dream. *The dream is really to make POCA a Chinese brand which can be a world one – and this is quite inspiring. It's a fundamental thing; it is not people pretending to play out on you.* [TMT Member-3, POCA]

As the last quote suggests, some types of emotional teaching actions can be applied to several contexts, such as recruiting and training. Leveraging national pride thus seems highly emotionally inspiring in the China business context because of the nation's long history of intermittent glory and deprivation. National pride can be construed as a group-focus emotion, that is, emotion that individuals feel on behalf of a group or fellow group members who experience a specific event even when they themselves are not personally affected by it (Huy, 2011; Smith, Seger, and Mackie, 2007). Group-focus emotions can be elicited by identification with one's salient social identities, such as national identity. Research has shown that group-focus emotions predict collective behavior much more strongly than other individual emotions do (Smith *et al.*, 2007). This likely happens because perceived consensus within people's important groups can help define reality for them (Hardin and Higgins, 1996). Just as belief consensus increases certainty, reduces anxiety, and motivates action (Milgram, 1992; Turner, 1991), interpreting that others

likely share the same emotions related to the same causes increases one's propensity for action.

Affective Action-2.3: Provide psychological training

Employees' psychological wellbeing and personal happiness are often ignored in modern Chinese businesses, as coming out of a long period of economic underdevelopment and deprivation, business leaders place more emphasis on meeting the material needs of employees. However, one CEO in our study had a clear awareness of the benefits of leveraging human psychological power. She introduced training programs that enhance employees' psychological skills and personal wellbeing. These psychological enhancement programs might not be seen as relevant training for business work in other companies, but in POCA, they are common training programs for TMT members as well as other employees. These efforts increase employee loyalty and reduce turnover significantly, as described by the CEO of POCA.

Our psychological training not only covers the senior managers but also covers dealers, suppliers, and our ordinary employees. Our employees have this happiness code training, because for the base-level people in China, their well-being is not that high in comparison with other Chinese people. *We teach them how to make themselves happier.* [Among our] Thirty eight hundred employees in our company in 2010, 99% came back [to work] after the Chinese New Year [long national holiday], only 27 people when we called back they said that they have sick parents to take care of, but others all came back on time; for other companies [in our industry], the number [of coming back to the same company after the Chinese New Year] would be only 50%. We call every employee who doesn't come back after Chinese New Year to ask their reasons and what we should improve if it is because of us. This is something that we are very proud of. [CEO, POCA]

Affective Action-2.4: Perform family-like caring actions

In a society which values harmonious interpersonal relationships, our CEOs showed much affective caring of their TMT members. Their caring actions not only happened in the work sphere, but also covered members' personal life and even their family members. Our CEOs treated TMT members as their friends and family members. They wanted to spread the family culture in the TMT, because they thought a family-like culture is good for its unity and effectiveness. As a result, TMT members feel warmly taken care of and motivated to work without hesitation. Some TMT members

learned and in turn performed this type of caring action on their subordinates. .

Our company has this strange culture that it's like a family culture. With the senior managers, we don't command them. We make jokes. We are comparatively equal, like friends at workplace. We also communicate with their families. Most of the time, we are friends after work. We are casual in front of each other. This kind of culture makes them less reserved. They share their thoughts with you openly. [CEO, POCA]

To illustrate, our CEOs themselves took injured staff to the hospital; they prepared birthday presents for TMT members personally; they bought winter coats for TMTs to express caring of their health. These considerate and personalized actions appeared spontaneous and genuine, and therefore deeply touched the TMT members, who felt more loyal to the company and motivated to work harder.

Sometimes we play basketball. When I got injured, he (the CEO) carried me to the hospital. He took care of me. He brought fruits to me [during my stay in the hospital]. Sometimes other employees got sick, and he visited them as well. For their birthdays, he prepared gifts for them: cakes, little gifts. He planned surprised birthday parties as well. I've never experienced this in my previous companies, so I feel that integrating all these aspects, *I feel first of all he taught me many things. I learned a lot, and he also takes care of me. I feel respected. So money and salary are secondary things.* Once, he called my wife to help fixing the air conditioning in my home when I was away in Nantong city (long business trip). So even if you're not in Shanghai, you feel warm inside because you feel that he cares about you. You feel that you have to reciprocate the kindness to him. So I am grateful. He (sometimes) secretly paid my rent as well. [TMT Member-2, LICA]

Our CEOs thus intervened much in TMT members' personal life. One CEO even took the whole TMT to another member's family reunion and drank with the elders (the TMT member's parents), which was seen as one important signal of intimacy and friendship in the Chinese culture. By creating opportunities for TMT members to interact with other members' families, our CEOs created a strong sense of family-like bonding among members of the top team.

Compared with my previous company, he [the CEO] is doing much better. He likes to pay home visits. The best thing your colleagues can do is to sit together and have dinner with you [in a restaurant], but that's it. But for him, once every two to three months, he takes us to another top manager's home. He drank with their parents. For people who don't have parents in Shanghai, for traditional holidays like the Moon Festival, he will take all of us out, if our families are not here. So that gives you a family feel. So if you talk about being a friend, he gives us a sense of family. [TMT Member-3, LICA]

Our CEOs might even try to smooth TMT members' personal issues to improve their work effectiveness. They tried to anticipate and teach members in advance how to deal with these issues. Interfering into private issues might be regarded as rude in other cultures.

On the day of John's [a TMT member] wedding, I told him I could feel what's in his mind. I told him what he is thinking and why is he thinking like that. He said that was horrible; how did I know that he is thinking about his work and family. I said I was thinking by his side. Then I tell him, "You know you are just married and now start a power bargaining between you and your wife." Then I share with him skills to communicate with his wife, and then he used these skills back home and they both felt good, and he could get down to work. So I tried to understand what they think in their head, so this is a benefit of my learning psychology which strengthens my empathy. I can feel what others feel. [CEO, POCA]

Evaluating TMT Members

In the course of rapid organizational growth, cases of underperforming managers are unavoidable, when the development of individual managerial competence and performance does not match the speed of environmental change. Our CEOs also need to evaluate the performance of their TMT members and decide whether to keep or let go members with poor performance.

Affective Action-3.1: Create emotional ambivalence among the underperformers

When TMT members displayed unsatisfactory performance, our CEOs generally displayed emotional reactions of empathy and calm. In addition to displaying these moderately positive emotions, our CEOs also displayed some negative emotional reactions, such as anxiety about members' underperformance, That is, our CEOs displayed emotional ambivalence, defined as the simultaneous experience of both positive and negative emotions (Fong, 2006).

Once I told him to do one thing, but finally he failed. He was very nervous and went to the Chairman, and the Chairman saw his tension and told me that the manager couldn't take the burden for losing eight or nine millions (Yuen or over one million USD). *I went to comfort him. I said, "Now, your mistake is mine. Don't feel too bad. I don't care about that trivial amount of money. I will earn those back and give to you to finance [your project]. There's no problem." Finally he was relieved, relaxed, and continued to make effort.* So in the process I surely will tell people what they have to (and have not to) take responsibility for. [CEO, POCA]

In a high-context culture such as China, nonverbal signals often speak louder than words. In addition, in a high power distance culture such as China (Hofstede, 1980), a leader displaying explicitly anxiety about a subordinate's underperformance is often a strong enough signal to cause anxiety/fear within the subordinate, conveying that his underperformance is unacceptable, and improvement is expected. Fear arousal may thus be productive up to a point by highlighting a problem to be addressed (Schwarz & Clore, 1997). However, too much fear arousal can narrow people's thinking and impair task performance (Eysenck & Calvo, 1992). Scholars thus suggest that the defensive responses of fear could be reduced by providing a safe context (Mukherjee & Dubé, 2012), which could be elicited with positive emotions such as calm and comfort

Moreover, research on emotional ambivalence suggests that this feeling elicits a state of unusualness that alerts people to pay more attention to a special condition and not automatically follow their habitual thinking and behavior, and this should help improve creative thinking and learning (Fong, 2006). In addition, experimental research has shown that emotional ambivalence motivates people to become more receptive to others' alternative perspectives that might contradict one's own (Rees et al., 2013), and this can also improve the learning process.

Cognitive Action-3.1: Provide the underperforming members with another opportunity

Observing TMT members' poor performance, CEOs didn't fire them immediately but displayed their patience and gave them another opportunity to learn and prove themselves.

The biggest difference is *the trust from the boss*. For the owner of the company, the company is like their baby, *so the trust, the intensity of the trust is different*. I'll give you an example. For my first year here, I got the lowest score on balanced score-card. The growth rate was record low, compared to the previous growth rates at 30%~40%. That year, their [Chairman and CEO] investment on my side was 50% up, but the profit was 30% down. Nevertheless, they still gave me another 50% of the investment for the second year, so that's the level of trust. [TMT Member-6, POCA]

The TMT member here felt trusted. His feeling of gratitude in turn strengthens his attachment to the CEO and company. He increased his effort for better performance. Generally, our CEOs helped

underperforming TMT members to better adapt to the fast organizational development by advising them, for example, what specifically they needed to learn or to change job positions. To illustrate, the CEO of POCA strongly believes in developing employees' potential. He gave underperforming managers multiple opportunities for training and job rotation.

Before the national holiday, the deputy general manager and I all agreed to fire somebody. That guy had already resigned, and we decided to accept his resignation. After the national holiday, he's still here. [CEO] Anthony *arranged that, "Okay, he's not good for product manager, let him go workshop training for six months then come back."* That's why yesterday I asked the deputy general manager why was this manager still here. Then he said, *Anthony said we could still train him.* [TMT Member-2, TOCA]

To our surprise, this type of action was also in dealing with TMT members' misbehavior.

Although bribing purchasing officers is relatively common in China, it is strongly prohibited by the company. The conventional management practice was to fire the misbehaved person. Yet the POCA CEO considered the whole situation and didn't fire the misbehaved person and kept this matter quiet. On one hand, the CEO cared about the person's future, especially when this person had been working for the company for a long time. Firing the misbehaved person risked harming his relationship with the CEO and ruined the manager's future career forever. On the other hand, firing the misbehaved could spark unknown, and possibly negative responses from other employees such as fear and panic. Ultimately, the POCA CEO chose not to fire the misbehaved person but gave him another chance based on the following rationale:

This technology person has been with us since the early years of our company. He can be many others' leading symbol; he is capable. I told him that, "You've been a boss now. But your such acts [of misconduct] made me feel terrible." *So I hired an R&D director to replace him, and transferred him to marketing (MKT). I didn't fire him because for him it was his whole life fate. I should have fired him according to the company rules, but I didn't want to induce panic in other people. ... I transferred him to MKT, because MKT has a lot questions about technology—they need technology knowledge. He is just with no power and has no chance of taking advantage of the company. He is acting a bridge role [between R&D and marketing departments].* [CEO, POCA]

Cognitive Action-3.2: Give explicit negative feedback

To achieve better managerial performance, our CEOs had to sometimes act in an opposite way to traditional Chinese cultural norms. That is, CEOs gave explicit negative feedback to their TMT members. In a culture that favors implicit, indirect communication (Hofstede, 1980), Chinese people tend to beat around the bush to preserve interpersonal harmony. Nevertheless, our CEOs sometimes used an open and direct communication style to develop their TMT members. They helped TMT members to analyze their own weaknesses and strengths, and told them explicitly the job requirements and expected performance results. When members didn't meet the performance expectations, our CEOs straightforwardly let them know.

So in those situations I gave very detailed direction but I do not want to finish their job for them all the time. I want to challenge them. I'll say to them. I don't have time to deal with every little problem. I'll just raise the key points for you. If you failed to notice that, then what's your problem? I let them know that I'm not really satisfied with their performance. [CEO, TOCA]

Affective action 3.2: Express intense negative emotions to underperformers

There were other instances whereby our CEOs lost their temper about TMT members' underperformance. They would scold them openly, thus creating potential public embarrassment and shame among the underperformers. This type of affective action was generally used when subordinates repeated the same mistake, hiding problems until they were no longer fixable, or continuing making slow progress. These scolded members experienced sadness or shame initially, but often rebounded later when they realized they still had the hope to recover.

[Q: Have you ever wanted to quit when he scolds you too severely?] Of course. Sometimes I'm heartbroken. Sometimes I think he's too strict with me. But then I reflect to myself: why does he seem to be strict only with me? *When he scolds me in public, in front of everybody*, I feel like I have lost my face. I have no ladder to step down. So I go to a quiet corner and am sad for a while. But then I think I can adjust very quickly. I come around in a very short time, and then I will be the same old me. *I do a lot of self-reflection*. When he is less angry, then he will do analysis with me. *After the analysis, then I realize what I did wrong.* ... [TMT Member-4, LICA]

I think I'm the person who's scolded the most. He [the CEO] is at the very high level. So the expectation for us is very high. But my level is so much lower than him, but he still expects

me to reach his level. So there is a gap. I need time. I have spent all my efforts in order to prove myself, but I haven't advanced as quickly as he expected. But I'm trying my best to learn. Sometimes, after people have all left at 1 a.m. or 2 a.m., *he gave me personal lessons, one-on-one, until 4 o'clock in the morning. He asked me my understanding, and then he shared his understanding, and then he communicated with me personally until 6 a.m. sometimes. So I think he has really high expectations for me.* [TMT Member-4, LICA]

This form of adaptive self-recovery did not always occur, obviously. CEOs' expressing intense anger as a form of negative feedback usually impaired the quality of interpersonal communication. Two TMT members at TOCA quit their job because they couldn't stand the directness of the CEO's expressing dissatisfaction about their efforts. The TOCA CEO later reflected that this type of affective action signals that he was too controlling and was thus not a desirable behavior. Likewise, LICA TMT members regarded their CEO's emotional outbursts as harmful to the TMT effectiveness. Other TMT members gave feedback to the CEO tactfully and the CEO became more aware of his limitations and began to change.

I think he is a little bit out of control when he scolded us. "Stupid." He pounded on his desk, "How could you be like this? How could you be as stupid as this?" ...*So I think the boss has changed recently. He used to throw his cell phone ...But now he's better. He's calmer because we told him to be calmer. But he's still scolding people.* [TMT Member-2, LICA]

Cognitive Action-3.3: Fire misbehaved TMT members to set examples

But our CEO did ultimately fire a few TMT members, in particular the ones who persistently underperformed and those who committed serious ethical breaches. In the latter situation our CEOs fired misbehaved TMT members to set examples for the rest. This type of teaching action was usually done in cases of serious offense. To illustrate in the Chinese context, the TMT members did not simply take bribes but appropriated company's resources for their personal benefits in connivance with their outsiders contacts (e.g., distribution channels), which was seen as lawlessly touching the company's bottom line. This was in no way desired by any company owner. Second, Our CEOs felt the need to discourage strongly such forms of company stealing must

smother any future possibility of recidivism and reoccurrence. For this purpose, They publicly fired misbehaved top managers so that the message could be received loud and clear by the rest of the organization. Such a rule of black and white would warn the rest top managers not to follow the same old disastrous road. The fired culprits experienced fear, as did also those who stayed.

I think the purchasing or sales people are more inclined to take personal use of company resources. Should they have any deal with the channel dealers and if we find out about anything like this, we fire them and the dealers as well—even if their businesses brought in a lot, and even if the [TMT member in sales/purchasing] has been working with us for a long time [Chairman, POCA]

Outcomes

In summary, our CEOs achieved a variety of teaching outcomes among their TMTs and the whole organization (see Figure 2). At the individual level, various kinds of positive and negative emotional reactions were aroused among TMT members and served as internal motivation for them to absorb new knowledge and foster new skills. These members learnt to reflect on their actions, to change their old way of thinking, and to implement new management practices. The CEOs bonded these members by fostering a family-like climate and sense of achievement. These TMT members in turn inspired lower level employees. Many TMT members were willing to perform discretionary efforts that benefit the company such as joining the company with lower pay despite higher risk and working long hours without extra pay. Ultimately, these behaviors contributed to achieving organizational outcomes such as a harmonious work climate, fast sales growth, decreased employee turnover rate, better product quality, or new business development.

Insert Figure 2 about here

DISCUSSION AND CONCLUSION

We started this research by noting that although the CEOs and their TMTs can influence significantly the strategy and performance of organizations, we know very little about how the CEOs interact with members of their top teams and how they develop the managerial competence of their TMT members. Using the more “extreme” context of Chinese firms that face a shortage of competent executives in a fast growth economy with an underdeveloped management education system, we were thus able to look closely at what CEOs of some Chinese firm did to reduce the liabilities of recruiting and retaining competent executives that were in high demand. We thus discovered that these CEOs develop the managerial competence of their TMT members by combining actions that involve cognitive development and affective influence, which we call emotional teaching. As we describe in our findings section, these actions oftentimes produced beneficial individual and/or organizational outcomes, but could also at times produced harmful outcomes such as TMT members’ departure.

Why do our Chinese CEOs combine cognitive and affective actions—which we call emotional teaching—to develop their TMTs? First, we do not suggest that all, or even a majority of CEOs of Chinese firms, use emotional teaching to develop their TMT members. As empirical research about how CEOs of Western firms develop TMT members has been scarce, we do not even know whether CEOs of Western firms differ from their Chinese counterparts in regard to their development levers, and the extent to which Western CEOs use emotional teaching. These gaps in our knowledge represent important and interesting future research questions.

Why do the CEOs of our Chinese firms use emotional teaching rather than just affect-neutral means to impart knowledge and skills? We speculate that the use of affective actions probably helps increase CEOs’ teaching effectiveness. The idea that passionate teachers—teachers who like teaching, fully engage in it and self-identify with their role—have a positive

impact on their students is widely accepted in the Western pedagogy literature (Day, 2004; Fried, 1995; Patrick et al., 2000). Teachers who display enthusiasm are more effective in eliciting students' intrinsic motivation to learn and vitality (Patrick et al., 2000). This suggests that the role of emotional influence in teaching should have also at least an important effect in China, in a cultural context that seems to value high quality interpersonal interactions and expression of caring between superiors and subordinates (Chua, Morris, & Ingram, 2009).

The literature on the social influence of emotions has suggested that emotions can be used in social interactions to influence the thinking, feeling, and behaviors of others (Hareli & Rafaeli, 2008). Our research may be the first to investigate the social influence of emotions at the upper echelons levels (Hambrick, 2007). We explore the cognitive and emotional interactions between CEOs and TMT members in the vital context of developing their managerial competence. Even only in the limited context of three fast growth firms, our inductive analysis has revealed a rich set of emotion teaching actions that could be validated in future large scale empirical research, either within or beyond the Chinese context.

Moreover, the combined use of cognitive and affective actions likely helps our Chinese CEOs create trust with their TMT members. Trust refers to “the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party” (Mayer, Davis, & Schoorman, 1995: 712). In under-institutionalized environments where there is weak protection of employment security and rights, the fate and wellbeing of TMT members depend to a large extent on the discretion and personal values of the CEO. A strong level of interpersonal trust should exist for potential recruits, many of whom already had

good employment with Western multinationals within or outside of China, to accept to join the Chinese firms with similar or even less pay and job security.

According to these trust scholars, three characteristics of the trustee that determine perceived trustworthiness include: ability, benevolence, and integrity. Ability refers to the skills, competences, and characteristics that enable a party to have influence within some specific domain. Benevolence refers to “the extent to which a trustee is believed to do good to the trustor, aside from an egocentric profit motive”; this suggests that the trustee has some personal attachment to the trustor and wants to help the protégé, even though the mentor is not required to be helpful and there is no extrinsic reward for the mentor. Integrity involves “the trustor’s perception that the trustee adheres to a set of principles that the trustor finds acceptable.” These principles generally include consistency of past actions, credible communication, a strong sense of justice, congruency between words and actions (Mayer et al., 1995: 719).

It follows that CEOs’ cognitive actions such as teaching new knowledge and skills or, asking probing questions to stimulate deep reflection can create among TMT members perception of CEOs’ ability in specific management domains. Moreover, affective actions such as providing psychological training, performing family-like caring actions, as well as cognitive ones such as giving underperformers another chance to learn can help create perceptions of CEOs’ benevolence. Finally, cognitive actions such as teaching personal leadership values, fire misbehaved members to set example and affective action such as leveraging pride in supra collective identity (China) can help create perceptions of CEO’s integrity, as reflected in the pursuit of higher moral values. Once TMT members trust their CEOs, it is not surprising to see trust-resulting behaviors such as low turnover, high discretionary efforts, increased helping and affiliative behaviors, and higher receptivity to CEO’s teaching (McAllister, 1995).

Although we seek to make a primary contribution to the upper echelons' literature, we also return important dividends to the literature on the social influence on emotions by revealing a variety of specific affective influence actions used among elites to develop themselves and how they impact organizational outcomes. At a broader level, our research enriches the emotional intelligence literature, which has tended to focus on operational routine rather than strategic contexts (Joseph & Newman, 2010). We still have a limited knowledge of the specific actions that emotionally intelligent actors use to influence the emotions of others, and developing managerial competence in an emerging economy brings much fresh contextualized knowledge about the emotion regulation of other people. In particular, some authors have suggested the adaptive function of emotional ambivalence--experiencing a mix of positive and negative emotions--in influencing the thinking and behavior of people (e.g., Fong, 2006; Pratt & Pradies, 2012). But empirical research that investigates the kinds of action that create emotional ambivalence and its effects remains scarce.

Emotional intelligence (EI) comprises a set of abilities related to decoding, using, understanding, and managing emotions (Joseph & Newman, 2010; Mayer & Salovey, 1997). But research on emotional intelligence is still limited in terms of specifying what kind of emotional influence action is socially appropriate and effective in a given context (Kilduff, Chiaburu, & Menges, 2010). For example, paying too much attention to family emotional matters at work could be considered as socially inappropriate and unprofessional in American corporate life but might be considered emotionally intelligent in other social contexts such as China (Sanchez-Burks, 2005). Our field study suggests a set of emotional teaching actions that seem socially appropriate for developing managerial competence in Chinese organizations.

Intriguing research questions remain on the social appropriateness of various affective actions, in particular those related to the seeming explicit interventions of CEOs in their subordinates' private lives, such as giving advice to senior executives on dealing with their marital partners, direct economic and psychological help to the family members, or bringing the whole top team to have regular dinners with the family of a given TMT member. There could be concerns that the CEO pries too much into the private life of each TMT member, and this lack of privacy could lead to misplaced judgment of the TMT member's competence and fit with the company based on less work-relevant data. The degree of acceptable spillover between work and non-work domains seems very much to vary according to cultural contexts. What seems socially desirable and emotionally intelligent in one social milieu could be considered as unwelcome managerial interference and attempts at emotional manipulation in another milieu (Kilduff et al., 2010; Lilius, Worline, Dutton, Kanov, & Maitlis, 2011). The literatures on emotional intelligence (e.g. Joseph & Newman, 2010), emotion and sensemaking (e.g., Maitlis et al., 2013), and the social influence of emotions (e.g., Hareli and Rafaeli, 2008) can be significantly enriched by investigating the effectiveness of specific (rather than generic) emotional influence actions in a variety of work and cultural contexts.

A third contribution would be to the literature on management education (Hogan & Warrenfeltz, 2003; Lengnick-Hall & Sanders, 1997; Mintzberg, 2004). The variety of affective actions that our Chinese CEOs use such as performing family-like caring actions; eliciting emotional ambivalence among underperformers; leveraging pride in supra collective identity to develop the leadership competence of their TMT members--suggests the importance of including affect in future research on management education, and to investigate the effectiveness and boundary conditions of emotional teaching in other cultural settings. This research could in turn

enrich the quality of our management education system, addressing the different leadership development needs for young business undergraduates to seasoned executives.

In particular, with the advent of social media, business students, young and old, increasingly expect teachers to engage them with a rich variety of pedagogies that older generations would not (Prensky, 2005). Engagement as a tool for effective teacher is not new, as Confucius is said to have written: “Tell me, and I will forget. Show me, and I may remember. Involve me, and I will understand” (cited in Austin et al, 2009: 341). Engaging students both intellectually and emotionally through emotional teaching might foster more effective learning.

Indeed, some scholars suggest that effective learning should address four stages of a complete learning cycle (Austin et al., 2009; Kolb, 1976): concrete experience, to become involved fully in new experiences; reflective observation, to observe and reflect on experiences from different perspectives; abstract conceptualization, to create concepts that integrate observations and reflections into new theories; and active experimentation, to use the new theories to generate implications, make decisions, and solve problems.

Our goal is not to artificially “force fit” a one-to-one correspondence between various types of emotional teaching actions to each of these four stages, but to suggest some potentially illuminating linkages. Thus, asking probing questions to stimulate deep reflection would seem to correspond to reflective observation. The variety of pedagogical tools that our Chinese CEOs used to teach new management knowledge and skills to the TMT members could be mapped onto various stages of learning. To illustrate, empowering top managers to do trial-and-error corresponds to the learning stage of concrete experience, role modeling provides opportunities for reflective observation, asking probing questions assists abstract conceptualization, and giving underperformers another chance means providing them opportunities to active experiment.

In sum, our field research begins to open the black box of social emotional interactions among organizational elites, and shows the rich affective background of often hidden actions and emotions that enable the managerial effectiveness of TMT members. On a more general level, we enrich the nascent literature of behavioral strategy, which calls our attention to the fact that strategic actors are after all human beings who also feel at work, that their emotions and feelings could influence strategic actions and outcomes, and that this elite sometimes relies on affective inspiration in addition to cognitive understanding to develop the managerial competence of elites who shape the strategic direction and success of organizations.

More importantly perhaps, beyond the specific context of Chinese firms and business strategy, our concept of emotional teaching reminds us of the importance of impactful education to improve the world we live in. Impactful teaching opens the mind and inspires the heart; it heightens the intellect while inculcating timeless human values including humility for continuous learning and compassion. Inspired students in turn take charge and innovate to make our world a better place. In this respect, the teaching profession might be justifiably proud of its often under-appreciated contribution to social wellbeing and sustainability.

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TABLE 1

Cases and Interviews per Case

Company	Business description	CEO interviews	Interviews with others	Interview total
POCA	Manufactures lighting products and provides total lighting solutions for households (B2C) and industry organizations (B2B); Earns 90% sales in China and 10% globally; focuses on innovative lighting technology development.	3* (1 st year) + 1 (2 nd year)	6 (CTO, CMO, CFO, Purchasing SM, CHO†, Chairman Secretary [CHO successor])	6 (1 st year) + 4 (2 nd year)
TOCA	Designs and manufactures highly-engineered, precision-machined plastic parts for global brands (B2B); has an R&D innovation center in a Nordic country.	2 (1 st year) + 2 (2 nd year)	10 (VP of HR and Fin†, VP of Technology, VP of Engineering, VP of Sales†, VP of Operation, VP of Fin, Commercial Manager, Senior Consultant)	6 (1 st year) + 8 (2 nd year)
LICA	Sources household products and sells through e-commerce (B2C). All sales are in China.	2 (1 st year) + 2 (2 nd year)	5 (VP of HR and Operation, VP of Purchasing, Sales Manager)	4 (1 st year) + 5 (2 nd year)

* : For this company, the chairman of the board and the CEO is a couple; both of them are founders and play the leadership role regarding company management. Therefore, we see them both as leaders in this study.
† : Top managers who had left the company at our 2-nd round interviews.

TABLE 2

CEOs' Emotional Teaching Actions

EMOTIONAL TEACHING	POCA	TOCA	LICA
COGNITIVE ACTIONS			
CA-1.1: Expose gradually potential recruits to the company's strategy and values and other TMT members to evaluate potential fit	✓✓✓	✓✓✓	✓✓
CA-2.1: Impart new knowledge using a wide range of pedagogical tools	✓✓✓	✓✓	✓✓✓
CA-2.2: Teach leadership values and norms using a variety of methods	✓✓✓	✓✓✓	✓
CA-2.3: Ask probing questions to stimulate deep reflection	✓✓	✓✓	
CA-3.1: Provide the underperforming members with another opportunity	✓✓✓	✓✓✓	
CA-3.2: Give explicit negative feedback	✓	✓✓	✓✓✓
CA-3.3: Fire misbehaved members to set examples	✓✓		
AFFECTIVE ACTIONS			
AA-1.1: Satisfy members' non-work interests	✓✓	✓	✓
AA-2.1: Exert pressure for continuous fast improvement	✓✓✓	✓✓✓	✓✓✓
AA-2.2: Leverage pride in supra collective identity	✓	✓✓✓	✓
AA-2.3: Provide psychological training	✓✓✓		
AA-2.4: Perform family-like caring actions	✓✓		✓✓✓
AA-3.1: Create emotional ambivalence among the underperformers	✓✓✓	✓✓✓	
AA-3.2: Expressing intense negative emotions to underperformers	✓	✓✓	✓✓✓

Note: "✓" means the number of times CEOs or TMT members described such type of action

TABLE 3

CEOs' Emotional Teaching Actions and Organizational Outcomes Through Three Development Processes

Emotional Teaching	Performance Outcomes Indicated from TMTs
<i>Recruiting TMT Members</i> <i>CA: cognitive action; AA: affective action</i>	
CA-1.1: Expose gradually potential recruits to the company's strategy and values and other TMT members to evaluate potential fit	<p>Outcomes in Individual Emotion, Behaviors, or Cognitions</p> <ul style="list-style-type: none"> ◆ Positive emotional reactions (POCA, TOCA) ◆ Agree with company's values/culture/vision (POCA, TOCA) ◆ Join the company (POCA, TOCA, LICA) <p>Outcomes at Organizational Level</p> <ul style="list-style-type: none"> ◆ New hire (POCA)
AA-1.1: Satisfy members' non-work interests	<p>Outcomes in Individual Emotion, Behaviors, or Cognitions</p> <ul style="list-style-type: none"> ◆ Positive emotional reactions (POCA) ◆ Join the company (LICA) <p>Outcomes at Organizational Level</p> <ul style="list-style-type: none"> ◆ New hire in TMT (POCA)
<i>Training TMT Members</i>	
CA-2.1: Impart new knowledge using a wide range of pedagogical tools	<p>Outcomes in Individual Emotion, Behaviors, or Cognitions</p> <ul style="list-style-type: none"> ◆ Positive emotional reactions (POCA, LICA) ◆ Higher persistence (LICA) ◆ Change mindset (POCA, LICA) ◆ Increase reading (TOCA, LICA) ◆ Join the company (LICA) <p>Outcomes at Organizational Level</p> <ul style="list-style-type: none"> ◆ Perform discretionary effort (LICA)
CA-2.2: Teach leadership values and norms using a variety of methods	<p>Outcomes in Individual Emotion, Behaviors, or Cognitions</p> <ul style="list-style-type: none"> ◆ Positive and negative emotional reactions (TOCA) ◆ Accept CEO's values (TOCA) ◆ Modify management approach (TOCA) <p>Outcomes at Organizational Level</p> <ul style="list-style-type: none"> ◆ Aligned values/vision (POCA) ◆ Customers proud of using the company's services/products (TOCA)
CA-2.3: Ask probing questions to stimulate deep reflection	<p>Outcomes in Individual Emotion, Behaviors, or Cognitions</p> <ul style="list-style-type: none"> ◆ Become aware of own deficiencies via self-reflection (POCA, TOCA) ◆ Motivated to pursue higher performance expectations (TOCA) <p>Outcomes at Organizational Level</p> <ul style="list-style-type: none"> ◆ Improve production quality (TOCA) ◆ Best product quality in this industry in China (TOCA)
AA-2.1: Exert pressure for continuous fast improvement	<p>Outcomes in Individual Emotion, Behaviors, or Cognitions</p> <ul style="list-style-type: none"> ◆ Negative emotional reactions due to slow progress (POCA, POCA) ◆ Learn to live with high stress (TOCA, LICA) ◆ Leave the company (TOCA) <p>Outcomes at Organizational Level</p> <ul style="list-style-type: none"> ◆ NA

AA-2.2: Leverage pride in supra collective identity	<p>Outcomes in Individual Emotion, Behaviors, or Cognitions</p> <ul style="list-style-type: none"> ◆ Join the company even with low pay (TOCA) ◆ More confidence (TOCA) ◆ Accept company’s vision as own dream (TOCA) ◆ Faith in company’s achievement (TOCA) ◆ Motivated by the sense of glory/honor (TOCA) <p>Outcomes at Organizational Level</p> <ul style="list-style-type: none"> ◆ Low employee turnover rate (TOCA) ◆ Voluntarily work overtime till midnight with no overtime wage (TOCA) ◆ New customers developed (TOCA)
AA-2.3: Provide psychological training	<p>Outcomes in Individual Emotion, Behaviors, or Cognitions</p> <ul style="list-style-type: none"> ◆ Positive emotional reactions (POCA) <p>Outcomes at Organizational Level</p> <ul style="list-style-type: none"> ◆ Low employee turnover rate (POCA)
AA-2.4: Perform family-like caring actions	<p>Outcomes in Individual Emotion, Behaviors, or Cognitions</p> <ul style="list-style-type: none"> ◆ Positive emotional reactions (LICA) ◆ More discretionary effort at work (POCA, LICA) ◆ Family-like relationships among employees (POCA) ◆ Better marital/family relationship (POCA) <p>Outcomes at Organizational Level</p> <ul style="list-style-type: none"> ◆ Low employee turnover rate (POCA)
<i>Evaluating TMT Members</i>	
AA-3.1: Create emotional ambivalence among the underperformers	<p>Outcomes in Individual Emotion, Behaviors, or Cognitions</p> <ul style="list-style-type: none"> ◆ Positive and negative emotional reactions (POCA, TOCA) ◆ Change mindset (TOCA) ◆ Improve performance (TOCA) ◆ Higher work effectiveness in the new position (POCA) ◆ Value the job (POCA) <p>Outcomes at Organizational Level</p> <ul style="list-style-type: none"> ◆ Successful job rotation that facilitates cross-functional communication (POCA) ◆ Shareholders’ recognition
CA 3-1: Provide the underperforming members with another opportunity	
CA-3.2: Give explicit negative feedback	<p>Outcomes in Individual Emotion, Behaviors, or Cognitions</p> <ul style="list-style-type: none"> ◆ Positive and negative emotional reactions (LICA) ◆ Reflect and adjust own behaviors (LICA) ◆ Persuade CEO to change behaviors (LICA) ◆ Misbehaviors not changed (POCA) ◆ Leave the company (TOCA) <p>Outcomes at Organizational Level</p> <ul style="list-style-type: none"> ◆ NA
AA-3.2: Express intense negative emotions to underperformers	
CA-3.3: Fire misbehaved TMT members to set examples	<p>Outcomes in Individual Emotion, Behaviors, or Cognitions</p> <ul style="list-style-type: none"> ◆ NA <p>Outcomes at Organizational Level</p> <ul style="list-style-type: none"> ◆ NA

FIGURE 1: Data Structure of Emotional Teaching Actions

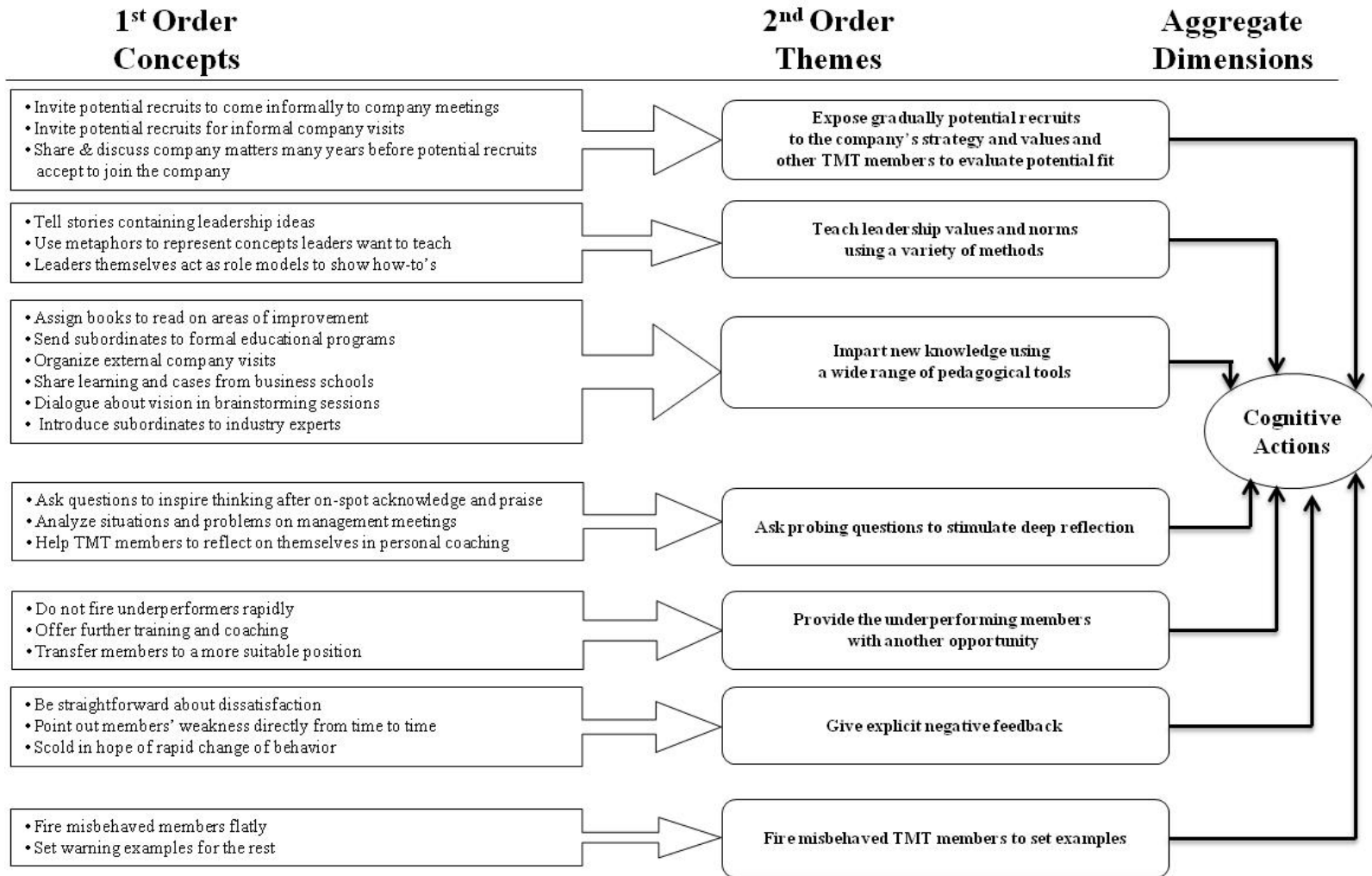


FIGURE 1 (CONT'D): Data Structure of Emotional Teaching Actions

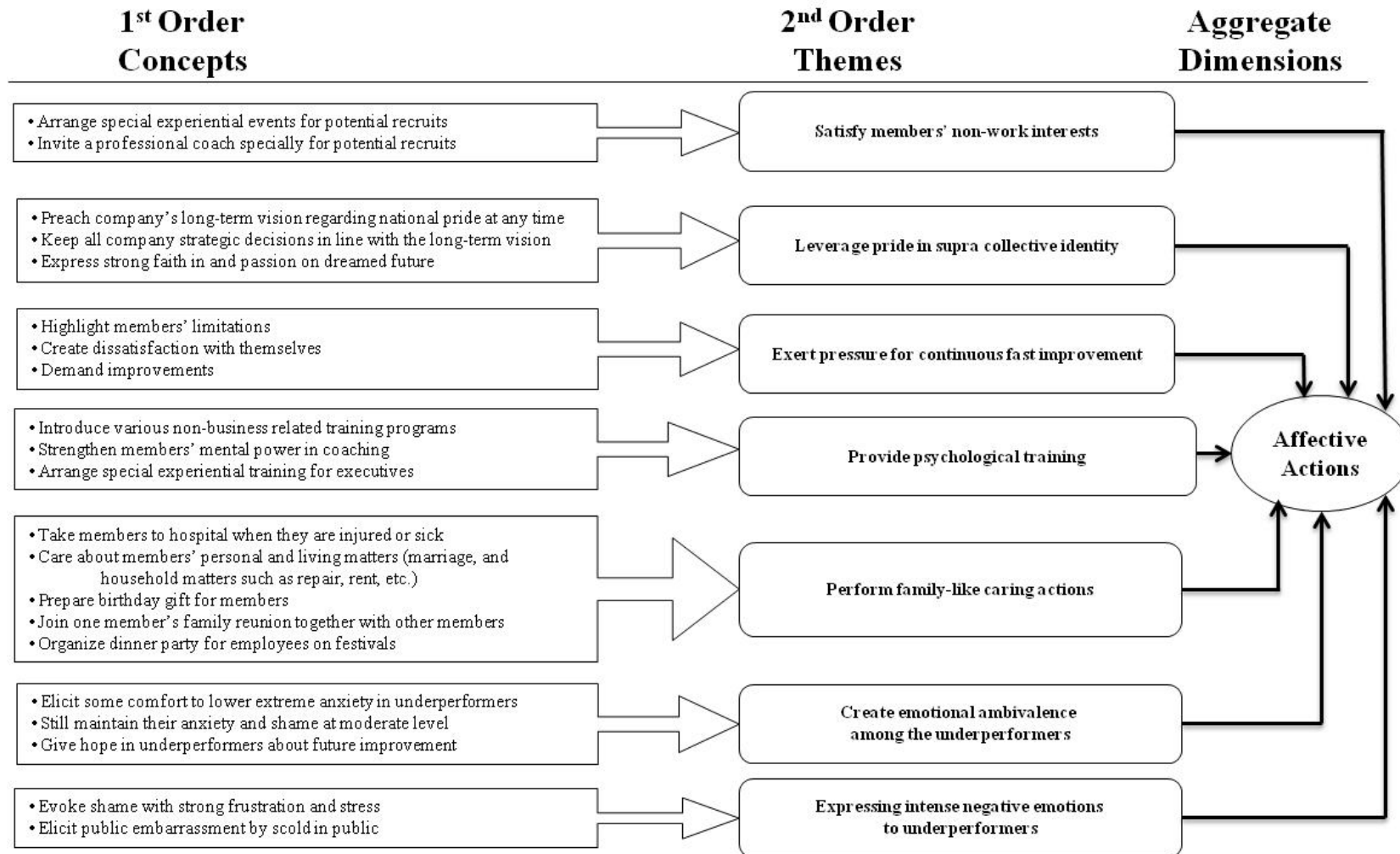


FIGURE 2: Organizational Outcomes of CEOs' Emotional Teaching

