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EDITORIAL ESSAY

Rethinking the 20-Year Debate on Theoretical Contextualization in MOR

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Context-Specific vs Universal Theories

The debate on theoretical contextualization began with a dual focus on the context-embedded approach and the context-specific approach. In my view, over the past 20 years, the focus of the discussion has shifted from developing indigenous management theories toward how the Chinese context offers fertile ground for developing novel theories with global relevance.

In the second volume of MOR, Tsui (2006) identified two approaches to contextualization in theory: the outside-in approach and the inside-out approach. The outside-in approach refers to applying established Western theories to the Chinese context to explain Chinese phenomena. In contrast, the inside-out approach involves creating novel theories that are specifically relevant to the Chinese context and can help explain unique Chinese phenomena.

Three years after Tsui's (2006) articulation of the outside-in and inside-out approaches, Barney and Zhang (2009) joined the conversation by proposing a distinction between a 'theory of Chinese management' and a 'Chinese theory of management'. This distinction has stimulated heated debates in numerous publications in subsequent volumes of MOR. Similar to Tsui's (2006) notions, the two types of theories proposed by Barney and Zhang (2009) represent alternative paths for the evolution of Chinese management research. The authors argued that while developing a 'theory of Chinese management' can help modify and refine existing universal theories, the more ambitious goal of developing a 'Chinese theory of management' has the potential to contribute to scientific knowledge by shedding light on intellectual 'dark spots' overlooked by Western scholars.

> Indeed, a failure to let go of Western theories in favour of developing Chinese theories when those Western theories simply do not apply reminds one of the individual who lost his keys down the street, but searches for them under the lamp post because that is where the light is. To study uniquely Chinese management issues, it may be necessary to leave the 'light' of Western theory, to develop new sources of light that illuminate previously dark parts of the Chinese economy and Chinese organizations (Barney & Zhang, 2009: 23).

Based on China's unique history, culture, and traditions, a 'Chinese theory of management' generates theoretical explanations and predictions that are 'generalizable only to the Chinese context', as Barney and Zhang (2009: 22) argued.

Interestingly, in subsequent discussions about contextualization in theory-building, some scholars took a more moderate approach than the 'context-specific' or 'inside-out' approach. These scholars focused more on how testing Western theories and developing local theories in the Chinese context can contribute to the universal development of management theories. For instance, Whetten (2009) called for 'context-sensitive' research, which explicitly incorporates context into theory-building. He distinguished contributions 'of' theory (i.e., applying 'foreign' theories in the Chinese context) from contributions 'to' theory (i.e., improving accepted theories based on new phenomena in the Chinese

context). To Whetten (2009: 35), China's unique history, culture, and traditions provide a novel testing ground for 'adding a new explanation to the corpus of accepted theory'.

To address the tension between the etic ('theory of Chinese management') and emic ('Chinese theory of management') approaches, Leung (2009) proposed three contextualized theorization approaches. First, he argued that Western theories are inherently emic, as they were developed in a unique Western sociocultural context. It is possible that emic theories developed in China could eventually become universal. Second, Leung suggested a combined etic–emic approach, where researchers draw on relevant constructs from both Western and Chinese origins to formulate the best theoretical models for novel Chinese phenomena. Third, Leung proposed a dynamic etic–emic integration, where a 'Chinese theory of management' could evolve into a universal theory by absorbing elements of Western theories through an iterative refinement process.

Building on this, Li, Leung, Chen, and Luo (2012: 19) highlighted the global relevance of indigenous Chinese management research, arguing that 'there is no inherent reason why Western theories, derived from context-specific indigenous research, have a monopoly over the knowledge of management'. Leung (2012) further contended that due to China's rising economic power and unique socioeconomic context, indigenous Chinese management research is necessary to understand Chinese phenomena and potentially contribute to universal theories.

When Arie Lewin became the editor-in-chief of MOR in 2014, he acknowledged the journal's commitment to contextualization in theory-building and suggested extending this to other emerging economies (Lewin, 2014). As a case in point, Barnard, Cuervo-Cazurra, and Manning (2017) demonstrated that contextualized research on Africa, with its extreme political and economic conditions, unique business operations, and alternative paradigms of social interactions, can help modify and extend existing management theories. Notably, these contributors in this 20-year debate on theoretical contextualization have been prone to justify context-specific research by highlighting its potential to generate universal theories. This discussion has moved away from Tsui's (2006: 3) 'inside-out' approach, which identifies 'the important issues that are unique or at least important to Chinese firms, managers, and employees, even if such phenomena might be foreign to scholars outside this context'. In my view, this shift in the debate's focus may partly result from the ontological and epistemological challenges of truly context-specific research.

Challenges of Developing Indigenous Management Theories

On the ontological account, Tsang (2009) presented a strong critique of developing a 'Chinese theory of management'. Taking a realist perspective, Tsang argued that a true theory should correspond to reality. But what is reality in the social world? Social scientific concepts and theories are largely socially constructed. Institutions, political parties, and cultural norms are, after all, created by humans, and their very existence depends on collective human interpretation and actions. The assumption that researchers can independently study 'social facts' in a specific social context has been questioned by many philosophers of social science (Risjord, 2014). If Chinese researchers develop a 'Chinese theory of management', it becomes uncertain to what extent such a theory reflects a reality that exists independently of the researchers. The construction of a 'Chinese theory of management' is inevitably shaped by the researchers' cultural experiences and their choices of materials and data in the theory-building process. These researchers may well end up writing 'a Chinese novel in a Chinese way' (Tsang, 2009: 133). From a social constructionist perspective, it is justifiable to develop localized theoretical concepts and theoretical predictions. It is a daunting task, however, to justify that what we observe and theorize about corresponds to true 'social facts' that are unique to China.

While the advocates of developing indigenous or context-specific theories stress the importance of integrating context in theorization (Barney & Zhang, 2009; Li et al., 2012; Tsui, 2006), developing theoretical constructs of 'context' poses another ontological challenge. When researchers theorize that China's unique context influences individuals' behaviors, they are making a claim of downward causation: country-level properties, such as Confucianist culture, are said to cause individuals' agentic behaviors, such as submission to authority. To many philosophers of social science (Risjord, 2014:

128), this downward causation is problematic because individuals' agentic actions cannot be directly associated with contextual properties. An individual may not be aware of Confucianist culture, and her submission to authorities is likely to be the result of her subjective experiences in the long socialization process. Her tendency of submission to authorities can only be explained at the individual level. The causal link between context and individual behaviors is a long and complex one. It becomes the burden of researchers to delineate the micro-mechanisms underlying the effect of context if they want to develop a truly context-specific theory.

On the epistemological account, Tsang (2009) pointed out a key problem of generating context-specific theories. The foundation of scientific knowledge lies in the notion of falsifiability (Popper, 1959). Scientific theories should be falsifiable and take the risk of being refuted by future observations. According to Popper, scientific progress is threatened when researchers attempt to create new theories to just circumvent the problems of established theories failing previous tests. If researchers cannot support a well-accepted theory in the Chinese context, should they develop a 'Chinese theory of management' to explain the unique phenomenon, which could further contribute to the proliferation of theories? Tsang (2009: 135) expressed a serious concern that 'if the theory creation approach is rigorously pursued worldwide, we shall soon see not only Chinese theories of management, but also management theories of various nationalities and sub-nationalities (such as Shanghainese and Scottish). Would this be a healthy development for the management discipline as a whole?' Before rushing to develop a 'Chinese theory of management', Tsang (2009) cautioned researchers to rethink whether the phenomenon under investigation is truly unique to the Chinese context.

Along the same lines, Leung (2009: 124) argued that 'leadership theories developed in the West are shaped by its cultural and institutional forces, which tend to overlook any constructs and phenomena that are not salient in the Western context. While paternalistic leadership may not be salient in the West, elements of paternalistic leadership do exist'. My own research on authoritarian leadership over the past 15 years supports Leung's perspective. Inspired by Farh and Cheng's (2000) culture-specific theory of paternalistic leadership, my colleagues and I have conducted a series of empirical studies examining the effects of authoritarian leadership. Our research has revealed some unique findings in samples collected in China. For instance, consistent with the prevalent *yin-yang* or dialectic thinking in China, we found that Chinese workers tend to be more receptive to leaders who exhibit high levels of both authoritarianism and benevolence (Chan, Huang, Snape, & Lam, 2013). Additionally, we observed that although Chinese employees show low trust in highly authoritarian leaders, they tend to disassociate authoritarianism from interactional justice (Wu, Huang, Li, & Liu, 2012). However, a more recent study uncovered that the construct of authoritarian leadership does exist in a sample collected in the UK, and its effects on employees' experienced stressors and work behaviors are consistent with those found in two samples from China (Chen, Huang, Sun, Zhang, Graham, & Jiang, 2024). This suggests that our research has, at least in part, transformed a 'Chinese theory of leadership' into a 'theory of Chinese leadership'.

Do We Really Need a 'Chinese Theory of Management'?

A straightforward response to this question is affirmative. Anne's vision of MOR becoming the birthplace of contextualized theories based on China's unique phenomena is no longer a distant dream. Many papers published in this journal have presented contextualized theoretical models. Xiao-Ping Chen, the current editor-in-chief of MOR, reiterated the journal's mission of including 'context-specific knowledge about China, context-dependent knowledge comparing management practices in China to those in other economies, and context-free knowledge that transcends cultural differences' (Chen, 2021: 4). After revisiting the 20-year debate on theoretical contextualization in this journal, I believe that the pursuit of a 'Chinese theory of management' has been overshadowed by various forms of contextualization in theory. In this final section, I aim to borrow from the classic work of Berry, Poortinga, Segall, and Dasen (1992) to provide a simple roadmap toward developing context-free knowledge, context-dependent knowledge, context-specific knowledge, as well as a 'Chinese theory of management'.

Berry et al. (1992) identified three distinct approaches to theory-building across cultures: the absolutist universal approach, the culture-specific approach, and the functional-universal approach. At one end of the spectrum is the absolutist universal view, which assumes that the core concepts and principles of management are fundamentally the same regardless of national or cultural boundaries. As a hypothetical example, proponents of this context-free approach would predict a negative relationship between authoritarian leadership and employee performance, mediated by interactional justice, across cultures.

In contrast, the culture-specific approach rejects such universalist assumptions. Advocates of this view contend that management theories are inevitably shaped by the cultural values, norms, and beliefs of the contexts in which they were developed. As such, this approach posits that management theories can only be developed and applied locally. This view is akin to Tsui's 'inside-out' or 'context-specific' approach. Using the hypothetical example of authoritarian leadership, proponents of the culture-specific approach would predict that this leadership style may compel employees to deliver better performance through securing their compliance. However, this effect can only be observed in China due to the unique socialization experiences of Chinese employees.

Berry et al. (1992) then proposed a 'functional-universal' perspective, which serves as a middle-ground approach. This view recognizes the existence of universal psychological mechanisms underlying the effects of management practices, while acknowledging cultural variations in the manifestation of related constructs and psychological mechanisms. Proponents of this approach would expect that the construct of authoritarian leadership exists across all cultures, yet the specific authoritarian leadership behaviors may differ from one culture to another. Additionally, functional universalists would predict that the negative effect of authoritarian leadership on employee performance can be observed universally, but the psychological mechanisms underlying this relationship may vary across cultures. For instance, while authoritarian leadership may undermine employee performance by reducing employee-perceived interactional justice as well as employee-experienced organization-based self-esteem (OBSE), interactional justice may be a more salient mediating mechanism in the West, whereas OBSE may be a more salient mediating mechanism in China.

In my view, both the culture-specific and functional-universal approaches may contribute to the development of a 'Chinese theory of management'. Developing a 'Chinese theory of management' using the culture-specific approach is ontologically, epistemologically, and methodologically challenging, as discussed in the previous sections. On the other hand, the functional-universal approach, which is similar to Leung's (2009) etic–emic integration approach, may be a more feasible way to identify unique manifestations of theoretical constructs and explanatory mechanisms in the Chinese context. This approach may require researchers to have a broader understanding of context-specific research and to look for both cultural specificity and cultural similarity.

It is my pleasure and honor to write this essay celebrating the 20th anniversary of MOR. This task has provided me with a valuable opportunity to review the intellectual exchanges on theoretical contextualization among many prominent scholars, reflect on my own work, and rethink the critical role of context in theorization. Additionally, it has allowed me to clarify what we still lack in our scientific expeditions toward developing true Chinese theories of management. In the last 15 years, apart from publishing a few papers in MOR, I have also served as a reviewer and Deputy Editor for the journal. Many of my works have been influenced by the debate on theoretical contextualization in MOR. I hope this debate will continue in future volumes of MOR and inspire original works in the Chinese context.

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