

Institution: University of East London (UEL)		
Unit of Assessment: 17 Business and Management Studies		
Title of case study: Small-to-Medium-Enterprises (SMEs) business ethics, stress management and psychological wellbeing in China		
Period when the underpinning research was undertaken: 2014 – 2020 (ongoing)		
Details of staff conducting the underpinning research from the submitting unit:		
Name(s): Dr Qingan Huang	Role(s) (e.g. job title): Senior Lecturer	Period(s) employed by submitting HEI: 2014 – present
Period when the claimed impact occurred: 2016 – 2020		
Is this case study continued from a case study submitted in 2014? N		

1. Summary of the impact (indicative maximum 100 words)

Dr Huang's research has helped SMEs and public services in Guangdong province adapt their business ethics and strategic leadership by improving organisation practices in three areas:

1. By improving the ways in which SME's can work more ethically to strengthen client relationships.
2. By motivating public services to develop impartial policies, improve supervision, reduce lawsuit numbers and standardise tax payments to renew trust in their systems and equalize treatment of organisations.
3. By improving the psychological well-being of SMEs CEOs by introducing accounting management systems and customer-relationship-management systems, improving communication efficiency and reduced employee dissatisfaction.

2. Underpinning research (indicative maximum 500 words)

Since 2014, Dr. Huang and his colleagues at Tongji University examined over 900 SMEs and their CEOs in Shanghai, Jiangsu, Guangdong (27.54% of SMEs in China) and internationalised manufacturing firms in Shanghai, Zhejiang and Beijing (30% of outward investors in China). Huang also investigated CEOs' psychological well-being in over 150 FTSE firms in China. Huang has shown the importance of leaders' ethical behaviours and well-being for the performance of their firms and more broadly the moral standards in their economies. The research has three themes:

1. Every-day Business Deviances (EBD)

EBD, minor criminal behaviours like paying or asking to be paid in cash to avoid paying taxes, is a prevalent problem in emerging economies, often falling into grey legal areas which threaten the moral standards of an economy and the effectiveness of entrepreneurship. Owing to the prevalence of SME cash transactions to evade taxes, the estimated national tax losses were above RMB 500 billion every year (2011). Huang's research demonstrates how economic and institutional pressures on SME owners (i.e. materialism and trust in institutional justice) lead to exacerbated EBD, and how improving their ethical standards can alleviate it. The research exhorted SME owners to be aware of the broader sources of personal strain that they are likely to endure, and for policy makers to promote legitimate means to achieve SME development (R1).

2. Entrepreneurial ethical attitudes

Impact case study (REF3)

This research examines how the socio-economic conditions in stratified societies affect SME owners' ethical stances where profit maximisation is the main motivation. As a result, entrepreneurial ethical attitudes toward money-related deviance are compromised. Huang's research shows that entrepreneurial education level is positively related to ethical attitudes, while household income level is negatively associated with ethical behaviour. Furthermore, the cost of unethical behaviour is significantly less for higher income entrepreneurs than it was for lower income ones. The sufficient financial resources lead higher income entrepreneurs towards increased freedom and fostering a sense of entitlement, thereby leading to increased unethical behaviour. The research informs policy makers how to make institutional improvements toward standardising SME behaviour with understanding of SME motivations (R2).

3. CEO psychological well-being and decision-making

CEOs influence how companies are managed, yet links between CEO well-being and the success of their decision-making is limited. Huang investigated the influence of top managers' psychological well-being on their strategies, focusing on CEO turnover and Post-Succession Strategic Change (PSSC) in FTSE companies. The findings indicate that CEOs' negative emotion is significantly associated with the lack of PSSC and thus their dismissal, whereas forward-looking and positive CEOs have better results and are retained. The research reinforces the need to improve the CEOs well-being so as to achieve the healthy development of a company. It proves the incentive for policy makers to adopt a more balanced approach to help reduce SME owners' pressures and strain. (R3, R4, R5, R6)

3. References to the research (indicative maximum of six references)

R1. Ji, J., Dimitratos, P., Huang, Q. et al. 2019. Everyday-life business deviance among Chinese SME owners. *Journal of Business Ethics* 155, 1179-1194. <https://doi.org/10.1007/s10551-017-3542-2>.

R2. Su, T., Ji, J., Huang, Q. and Chen, L. 2019. Materialism, social stratification, and ethics: evidence from SME owners in China. *International Journal of Entrepreneurial Behaviour & Research* 25 (3), 499-517. <https://doi.org/10.1108/IJEBR-11-2017-0435>.

R3. Huang, Q. 2014. The power of words: CEOs' psychological factors and CEO turnover types. *Academy of Management Proceedings* 2014 (1). <https://doi.org/10.5465/ambpp.2014.14587abstract>

R4. Ji, J., Dimitratos, P. and Huang, Q. 2016. Problem-solving dissension and international entry mode performance. *International Marketing Review* 33 (2), 219-245. <https://doi.org/10.1108/IMR-10-2014-0328>.

R5. Huang, Q., Osabutey, E., Ji, J. and Meng, L. 2017. The impact of social networks on "Born Globals": a case of de-internationalisation, in Ojo, S, (ed.) *Diasporas and transnational entrepreneurship in global contexts*. IGI Global, 152-172. <https://doi:10.4018/978-1-5225-1991-1.ch009>.

R6. Huang, Q. 2014. The impacts of new CEOs' psychological factors on post-succession strategic change. *Academy of Management Proceedings* 2014 (1). <https://doi.org/10.5465/ambpp.2014.14615abstract>

4. Details of the impact (indicative maximum 750 words)

Huang's research on business ethics has improved the behaviour and practices in SMEs and Public Services in Guangdong province (population 113m, GDP 1520bn USD) by enabling them to move away from EBD into more ethical practices. This has resulted in increased institutional credibility and influenced SMEs to follow ethical guidelines in order to increase their long-term profitability and reducing the personal stress of CEOs. Public services have improved

their tax processes by standardising their interactions with companies and thereby built trust with SME owners.

1. Supporting SMEs to behave more ethically

Through his mentoring sessions and consultancy work with 50 SME individuals in management, Huang has improved their understanding of business deviance and its detrimental effects, thereby improving their entrepreneurial practices (**S5**, **S6**). Huang gave two workshops to 318 FOCEA (Foshan Overseas Chinese Enterprises Association) members on business ethics. The success of these workshops led 29 SMEs to consider integrating business ethics into their corporate governance systems (**S5**). This has led the FOCEA to plan a business ethics and social responsibilities training programme for second-generation business owners (**S5**). Business owners have testified that he has “help[ed] our firm build a more professional image in front of the clients” (**S3**), and his sessions “reduced the conventional practice of cash transactions and introduced a relatively sound accounting management system” (**S4**).

Huang’s methods have increased the efficiency of projects by reducing 30% of inter-organizational communications that previously would have led to legal disputes (**S3**). Based on his expertise in business ethics, Huang served as a government appointed commercial dispute mediator to reduce unnecessary lawsuits (**S10**, **S6**).

2. Motivating Public Services to standardise their treatment of organizations and build trust in their systems

Drawing on his research, Huang has provided training on business ethics to tax and civil servants in Guangdong. He has improved supervision, reduced the number of lawsuits, and standardised tax administration processes (which aims to treat all companies equally regardless of size) by providing leadership training to 108 tax officials of Guangdong Provincial Tax Services (**S7**). The overall satisfaction score of this training programme is 4.78 out of 5 and 100% of the responded participants believe the training will be useful or very useful for their future work (mean=4.86) (**S9**).

In 2019, Huang worked with 58 civil servants of Jiangmen Branch of China BIRC to demonstrate that an understanding of business ethics increases the financial credibility of SMEs. This has led to BIRC gradually integrating business ethics into their lending criterion to reduce the risk of bad credit assets and improve the stability of Jiangmen financial market (**S8**).

Huang’s research expertise in the area of building institutional credibility has been acknowledged by global practitioners (**S1**), supported by cooperation between Chinese SMEs and The Ministry of Education. As a result, Huang has been appointed Honorary President of Foshan Overseas Chinese Enterprises Association (FOCEA, representing 250 companies) (**S5**). In this role, he established an NGO, The Innovation Centre for China-US Youth Exchange, that promotes institutional justice worldwide (**S2**). On behalf of FOCEA, he has regular meetings with local SME owners through the Council for the Promotion of International Trade Foshan Committee/Foshan Chamber of International Commerce (3000 members) to promote international standards of business ethics (**S6**).

3. Improving the psychological well-being of SME CEOs

Huang has helped internationally focused Chinese entrepreneurs better understand the causes of business deviance, its impact on business and the solutions through change in strategic management behaviours (**S5**). Huang’s research analyses the overwhelming effects of money related strain on entrepreneurs and advocates for a balanced approach towards between profit-motivation and well-being.

For instance, the CEO of JingTao Machinery and Electric states: “Recognising the potential pressure brought by materialism to entrepreneurs, they have changed their psychological tendency of excessive pursuit of material life and tried to balance the relationship between spiritual life and material pursuit” (**S4**). The strategies advocated by Huang have been implemented by many SMEs with one entrepreneur claiming that their employee dissatisfaction had halved under their new culture (**S4, S5**).

5. Sources to corroborate the impact (indicative maximum of 10 references)

S1a. Article in the *Financial Times* on Huang's research predicting CEO departures, 2017. <https://www.ft.com/content/6db6b9be-1eac-11e7-b7d3-163f5a7f229c>

S1b. Article in the *Financial Times* on the software that scans work emails for signs of stress, 2019.

<https://www.ft.com/content/6dfeea28-eb3b-11e9-aefb-a946d2463e4b>

S2. *Tencent* news article on the launch of The Innovation Center for China-US Youth Exchange, 2019. <https://kuaibao.qq.com/s/20190524A0PA6W00?refer=spider>

S3. Testimony letter from Guangdong Guozheng Law Firm, 20 May 2020.

S4. Testimony letter from the Chairman of the JingTao Machinery and Electric testimony, 22 June 2020.

S5. Certificate appointing Honorary President of Foshan Overseas Chinese Enterprises Association, December 2017- December 2020.

S6. Testimony letter from the Chairman, China Council for the Promotion of International Trade Foshan Committee/Foshan Chamber of International Commerce, 28 April 2020.

S7. Testimonial letter from the Deputy Director, Guangdong Provincial Tax Service, State Taxation Administration, 24 June 2020.

S8. Testimony letter from the Director of Jiangmen Branch of the China Banking and Insurance Regulatory Commission, 8 June 2020.

S9. Evaluation of tax official training.

S10. Appointment letter as mediator for Foshan City's foreign-related commercial disputes involving Hong Kong, Macao and Taiwan for November 2019-October 2020, 19 September 2020.