

# OUTCOMES ABOVE ALL ELSE?

EXPLORING THE EFFECTS OF  
CULTURE & GENDER ON LEADER  
BOTTOM-LINE MENTALITY

Thought Leadership



Being focused is a good thing. Taken too far, however, focus may lead to tunnel vision.

Bottom-line mentality (BL mentality) is a single frame-of-mind that prioritizes financial results at the expense of other important outcomes. From prioritizing profits over employee well-being to low-quality relationships between employer and employee, BL mentalities could negatively impact work engagement and commitment, which, consequently, could be detrimental to the very bottom line they are trying to protect. Indeed, employees have started to stand up against their leaders' push for financial results, describing their work cultures as "inhumane," with the well-being of employees treated as secondary to profits.

Leaders who approach their work with a BL mentality tend to pursue financial strength or efficiencies by any means necessary—including behaving in a way that could be considered ethically problematic. This strong emphasis on the bottom line not only guides the behaviors of these leaders, but it also dominates their discussions and decisions, potentially at the expense of their organization.

Focusing on the bottom line may also conflict with the purpose of the employee, or even the purpose of the organization itself if that bottom line is defined as an objective beyond maximizing profit.

The Korn Ferry Institute has conducted a multicultural, exploratory study to better understand the prevalence of BL mentality among leaders. Specifically, we looked at what role culture and gender play in a leader's single-minded focus on organizational goals. What we've

found is that BL mentality is indeed widespread across certain countries and all industries.

## Our methodology.

Is BL mentality found in all cultures? Is it equally represented among genders? Is this mentality critical to success? How does the BL mentality affect company loyalty?

To help us answer these questions, we, alongside PhD student Katrin Riisla from Katholieke Universiteit (KU) Leuven, a research university in Belgium, conducted a global study of 531 managers (70% male, 30% female) and 2691 corresponding followers (65% male, 35% female) in 83 countries to understand the effects of culture and gender on the pervasiveness of bottom-line mentality. We measured leader BL mentality by asking respondents to assess their supervisors based on the following four items (Greenbaum et al., 2012): is solely concerned with meeting the bottom line; only cares about the business; treats the bottom line as more important than anything else; and cares more about profits than employee well-being.

We then evaluated the ubiquity of BL mentality among certain cultures by using the most documented and widely studied cultural dimension in organizational research: collectivism and individualism. We measured collectivism with national scores reported by the Global Leadership and Organizational Behavior Effectiveness (GLOBE) Project, which defines collectivism as

the degree to which individuals express pride, loyalty and cohesiveness in their organizations or families (House et al., 2004). Individualism—that is, the degree to which individuals express pride, loyalty, and cohesiveness in their organizations or families—lies at the opposite end of the societal or organizational scale. These cultural practice scores reflect the ways in which values are currently being displayed, thus more likely affecting people’s behavior in each culture.

We also controlled for standard demographic variables, such as leader age, qualifications, organizational level, and tenure. As we are exploring the prevalence of BL mentality, we also controlled for industry and the level of countries’ development.

### Bottom-line mentality is strongly linked to culture.

Our research shows that culture, both societal and organizational, has a substantial impact on the popularity of BL mentality, as well as leader behaviors. We found that BL mentality is more prevalent in collectivistic cultures and is present in all industries. This suggests that BL mentality is a widely spread phenomenon, thus requiring more attention due to its potentially positive, but mostly negative effects, on organizational functioning.

Indeed, previous research from the Korn Ferry Institute shows positive relations between collectivism and directive leadership, and the GLOBE project reports comparable findings. Employees in collectivistic cultures tend to be more compliant and indebted towards the collective goal and feel strongly about honoring and respecting their leaders. Employees also tend to view themselves as “belonging,” rather than as an isolated being.

However, collectivism often prioritizes the group over the individual. Studies have revealed that an overlap between collectivism and authoritarianism aligns with BL mentality leaders’ misuse of followers who do not contribute well to their bottom-line pursuits.

Culture is not the only variable that plays a role in the prevalence of BL mentality. Our study also found that gender differences do exist among leaders who take a bottom-line approach. Women leaders, while equally driven by results, appear to portray less BL mentality—and can do so in addition to focusing on stakeholders. Men in leadership roles, however, showed more BL

mentality behaviors and tended to be more shareholder-oriented, which is also more consistent with a single-minded focus on the bottom-line.

### Make room for multi-focus aspiration.

Members of collectivistic cultures may feel a stronger sense of obligation toward the bottom-line. Group allegiances, avoiding failure, and striving for group goals are highly valued, thus providing circumstances where BL mentality leadership can prevail.

A focus on reaching organizational goals is still crucial for organizational survival. But the growing conscious-consumer market is demanding companies become more sustainable and transparent, which may seem paradoxical to succeeding in a highly competitive global market. Indeed, in 2019, the Business Roundtable, a consortium of more than 200 CEOs of US-based businesses, issued a statement claiming that maximizing profits should no longer be the sole purpose of organizations. The Roundtable recommends companies change the way they operate and focus on prioritizing people over profits.

Based on our research, we recommend that leaders, particularly those in collectivistic cultures, pay attention to how they pursue their targets, as in the long run this single-minded focus may backfire on the very shareholder value it may have been striving to maximize.

## Contributors

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## Resources

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### About Korn Ferry

Korn Ferry is a global organizational consulting firm. We work with our clients to design optimal organization structures, roles, and responsibilities. We help them hire the right people and advise them on how to reward and motivate their workforce while developing professionals as they navigate and advance their careers.