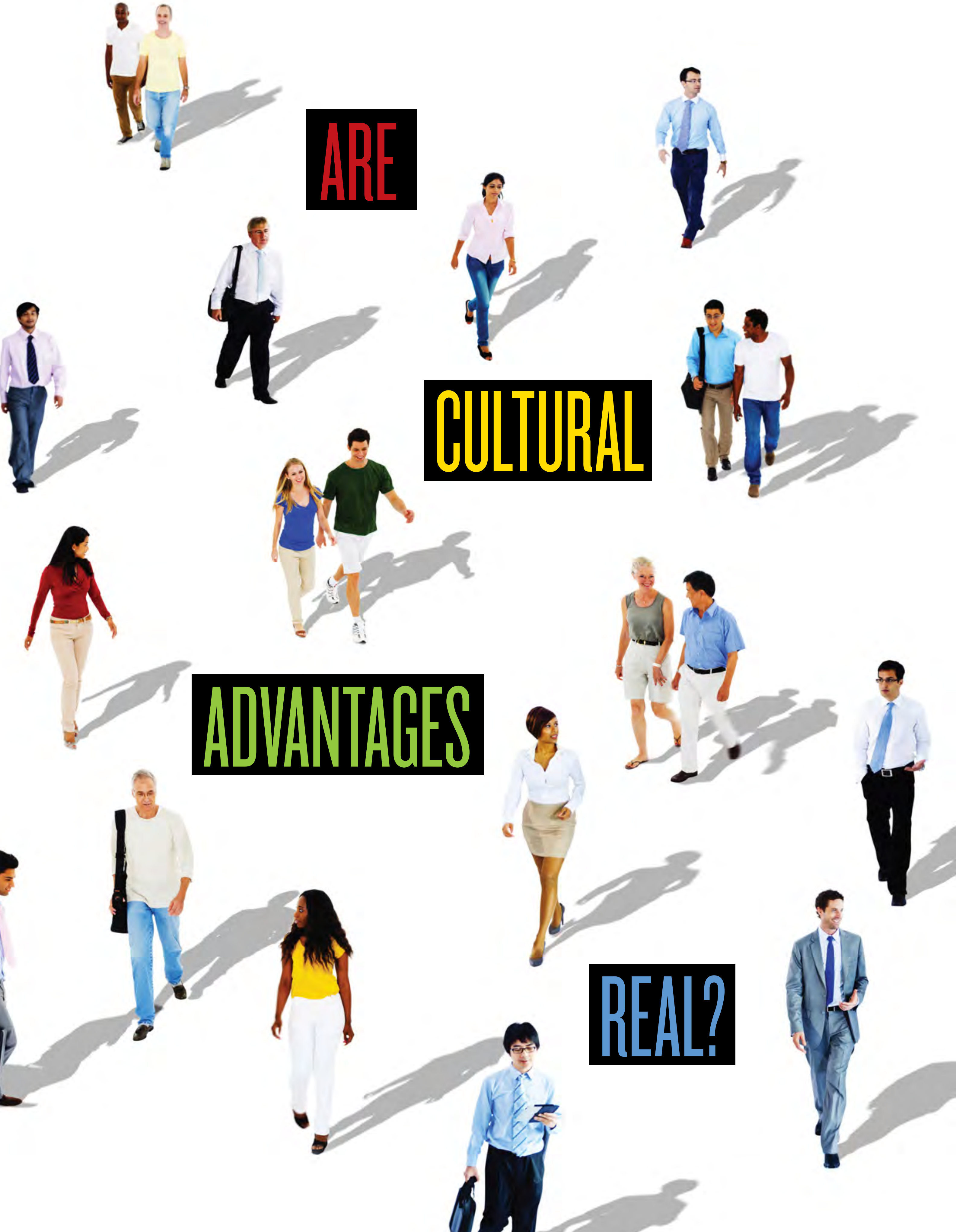
ARE CULTURAL ADVANTAGES REAL?



SIX PERSPECTIVES ON GLOBAL LEADERSHIP

BY LAWRENCE M. FISHER

Remember "Theory Z"? Back when Japan Inc. appeared poised to drive a steamroller over American industry from Silicon Valley to Detroit and all points eastward, William Ouichi's 1981 book of the same name attributed Japanese success to an indigenous managing style focused on a strong company philosophy, long-range staff development and consensus decision making.

You don't hear much about Theory Z or the inexorable rise of Japanese companies these days, but the concept of cultural advantages in leadership styles lives on, lately perhaps in the success of German manufacturers amid Europe's prevailing malaise. Most major M.B.A. programs offer classes in cross-cultural management, and "global leadership," an academic discipline born in the late 1990s, now has the full panoply of college courses, conferences and consultants.

BUT while anecdotal evidence of differing leadership styles by country or culture abounds, there is a dearth of empirical studies showing any correlation with better or worse performance. It is not apparent how or if different styles impact the bottom line.

Indeed, some prominent leadership scholars question whether these cultural differences matter at all in terms of managerial competency, and the late Warren Bennis, author of the iconic book "On Becoming a Leader," never addressed the issue. (And the author of this article has never known a British executive to close an e-mail with "hugs," as one Brazilian CEO always does—"abraços" in Portuguese.)

Globalization and the Internet confront us with an astonishing diversity of cultures, values and beliefs, all with an immediacy unimaginable to previous generations. Clearly, to be a successful leader in this milieu requires the cultivation of new competencies, like the ones recommended by the U.S. Department of Defense in a 2008 publication: willingness to engage, cognitive flexibility and openness, emotional regulation, tolerance of uncertainty, self-efficacy and ethnocultural empathy.

These are not the kinds of skills that can be acquired in a three-day off-site retreat, and some companies have gone to great lengths to instill these competencies in so-called high-potentials being groomed for future leadership roles. I.B.M., for example, created the Corporate Service Corps, modeled after the Peace Corps, which annually places selected employees in developing countries to work with nonprofits, small businesses and international aid organizations. A case study by Harvard Business School found that participants significantly increased their cultural adaptability and teaming skills, as well as employee satisfaction, and indicated that the experience made it more likely they would complete their careers at I.B.M.

At the same time, however, strong corporate cultures and the growing ubiquity of a business school education have led to the homogenization of corporate leadership style. In the author's experience, Harvard M.B.A.'s tend to speak the same language the world over, albeit with different accents, and INSEAD graduates are not notably different either. The chief executive of a well-managed major business in Bangkok sounds a lot like his counterpart in Boston. Cultural difference is real, but it may be transcended by the emerging global standards for competence.

It turns out the best leaders are different from the general population on a number of dimensions, while being similar to each other on those same dimensions. Good leaders tend to be more emotionally stable, and more competitive than average leaders. The best leaders tend to be more outgoing than average leaders. The best leaders also take time to keep themselves informed about the wider world. They are not only concerned with their jobs, they are also concerned with how those jobs will be evolving over time. The bottom line is, the best leaders tend to be qualitatively different than average leaders.

This is not to say difference among leaders are solely related to an individual's personality. Americans, Australians, New Zealanders and Brits all come from strong cultures which add to their personalities. Because Americans tend to be more aggressive than natives of some other nations, their results in the workplace can reflect those differences. Studies have shown that the vast majority of business executives believe that global leadership competency is important in today's market—they just don't know how to acquire it.

Typical is the report "Developing the Global Leader of Tomorrow," produced by the Ashridge Business School as part of the European Academy of Business in Society's Corporate Knowledge and Learning Program. The comprehensive survey of senior executives regarding global leadership and cross-cultural management competencies found that 76 percent think it is important that their own organization develops these skills, but only 7 percent believe their organization is doing this very effectively.

To address the cross-cultural management conundrum, *Briefings* reached out to six scholars, half in the field of global leadership, the others of a more traditional bent.

ROBERT I. SUTTON

BUDDHISM VS. CATHOLICISM

Stanford professor Robert Sutton will probably always be best known for "The No-Asshole Rule," his best-selling and controversial book about the destructive effect of bad bosses and cantankerous co-workers. But in his most recent work, "Scaling Up Excellence," written with Huggy Rao, he posits that attention to cultural differences can be the determining factor between those companies that successfully scale their businesses globally and those that fail.

Pointing to Ikea's tremendous success in China compared to Home Depot's stumble and eventual withdrawal from that market, Sutton suggests that it comes down to knowing when to replicate best practices, versus when to adapt them to different cultures and situations. He and Rao call this "Catholicism versus Buddhism," not so much in a spiritual sense, but as a cultural dichotomy.

"Is it more like Catholicism, where the aim is to replicate preordained design beliefs and practices?" Sutton asks. "Or is it more like Buddhism, where an underlying mindset guides why people do certain things—but the specifics of what they do can vary wildly from person to person and place to place?"

While the different China outcomes for Ikea and Home Depot were primarily driven by marketing and merchandising practices, the same kind of dichotomy applies to leadership, Sutton said.

"There is plenty of evidence that different leadership styles are more appropriate in some cultures than others."

Eastern cultures, from China to Singapore, tend to be more collectivist than those in the West, including the United States, Europe and Israel, Sutton said.

"One of the reasons that many American management techniques don't translate into other cultures is if you are creating a world where you see everybody as a competitor and your job is to best them, and that's what you get rewarded for; then as you move to the collectivist side, you will find that some middle range is best. You will be judged not just for good individual work, but for helping your co-workers succeed. You can be seen as a star by helping them do better work."

But Sutton said it is often a mistake to attribute one company's success, or one country's growth, to differences in cultural styles, as did Theory Z. "Whenever somebody makes a lot of money doing something, they tend to get the attribution that most of what they're doing is correct, but very often they make money despite what they're doing." ●

JOYCE OSLAND

META LEADERSHIP

You can hear an echo of the late, great comedian Rodney Dangerfield when Joyce Osland talks about the relationship of her field and colleagues in global leadership to the scholars in traditional leadership studies, or at least his famous two-word lament: "No respect."

"The global leadership field barely communicates with the local leadership field, and there's good reason, if you think about it," said Osland, executive director of the Global Leadership Advancement Center at California's San Jose State University. "We sent off a paper, trying to come up with a typology of different kinds of global leaders. We sent it to a mainstream journal, and it was turned down. It was very clear that the reviewers were only domestic leadership scholars. They don't see it as anything different because they're not aware; they're not themselves global."

Global leadership may be a foremost concern of corporate executives, but in academe, it's still an upstart discipline. "One of them apparently Googled 'global leadership' and said there are 10,000 things under 'global leadership,' and that's just wrong," said Osland. "There are really less than 50 empirical studies, not 10,000."

What those 50 studies have shown is that global leaders must be good generalists, no matter where they are based. "Global leadership is more of a meta-level leadership," said Osland. "Global leaders have followers from so many countries. They don't have the luxury of learning how local leaders do things, which an expat does. Instead of having culture-specific knowledge, they tend to have culture-general knowledge. For example, I might not know specifically how one culture handles gifts, but I know that gift-giving has different meanings in different cultures, so I better be on my toes."

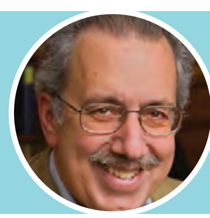
Asked to name an executive who embodies effective global leadership, Osland doesn't hesitate: Carlos Ghosn, the French-Lebanese-Brazilian businessman born in Porto Velho, Brazil, who is currently the chairman and CEO of Paris-based Renault, chairman and CEO of Japan-based Nissan and chairman of Russian automobile manufacturer AvtoVAZ.

> GLOBAL LEADERS MUST BE GOOD GENERALISTS, NO MATTER WHERE THEY ARE BASED.

"One of the key things for global leaders is, they're humble," said Osland. "Carlos Ghosn is quite humble. But he's also said there are times when other things trump culture." ●

RICHARD BOYATZIS

DIFFERENT, BUT SIMILAR



With apologies to Tolstoy, all effective leaders are alike; each ineffective leader is ineffective in his own way. Richard Boyatzis, a professor of organizational behavior at Case Western Reserve University and a much-published author on leadership and emotional intelligence, said he finds that while cultural differences are real and often perpetuated by perceived stereotypes, among top performers he finds great similarities no matter what country he is in.

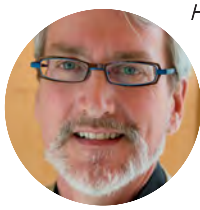
"Regarding business cultural differences, on the whole, I think there are far fewer than people believe," Boyatzis said. "When people look at cultural differences, they look at 'what do most Americans act like, what do most Brazilians act like.' But the problem is, in our research since 1970, we find that 70 to 80 percent of people in management aren't adding value, at any given time. You could take them out of their job and the organization would run more smoothly." For that group of ineffective managers, the stereotypical notions like "this culture lacks initiative" or "that culture is aggressive" may be true, he said. "But if you look at the effective managers, their styles are the same all over the globe."

One of Boyatzis's early mentors was David McClelland, whose 1961 book "The Achieving Society" provided a basis for evaluating economic, historical and sociological theories that explain the rise and fall of civilizations. Boyatzis believes McClelland would have little use for the notion that cultural differences underlie leadership ability. "If you look at what causes people to be effective, and you do the research in an inductive way, which is what I started on with McClelland way back when, you find there are tremendous cultural differences in style, but not in competency, not in endocrine function, and not, when you actually study for it, in effectiveness." ●

P. CHRISTOPHER EARLEY

CULTURAL INTELLIGENCE

Back in 1990, two psychologists, John Mayer and Peter Salovey, came up with a concept they called "emotional intelligence," which a *New York Times* science reporter named Daniel Goleman picked up on and turned into several best-selling books. P. Christopher Earley, dean of Purdue University's Krannert School of Management, believes a similar capacity, "cultural intelligence," determines which individuals will make effective global leaders. And even as Goleman's work led to countless classes in social and emotional learning, Earley suggests that cultural intelligence can be taught and learned.



"Cultural intelligence is related to emotional intelligence, but it picks up where emotional intelligence leaves off," Earley wrote in the *Harvard Business Review.* "A person with high emotional intelligence grasps what makes us human and at the same time what makes each of us different from one another. A person with high cultural intelligence can somehow tease out of a person's or group's behavior those features that would be true of all people and all groups, those peculiar to this person or this group, and those that are neither universal nor idiosyncratic."

Some elements of leadership are universal, like charisma or vision, but how they are expressed tends to differ by culture, Earley said in an interview. An Australian leader's charisma may be expressed in terms like: blunt, honest, extroverted, larger than life or individualistic. But in a more collective environment, like China, Vietnam or Singapore, "people respond to charisma, but that charisma tends to be expressed in looking out for how people relate, modesty, being understated," he said.

Leaders need followers, and cultural intelligence plays a role as well in leader and follower relationships. "In some countries there is the expectation that the leader stands apart from the followers and is very distinctive," said Earley. "In others, the leader that is most effective is very well integrated into the fabric of other individuals and essentially is a part of the team. If the individual is too distinctive, they are seen as not part of the social fabric." ●

MARK E. MENDENHALL

DEFINING LEADERSHIP, DEFINING GLOBAL

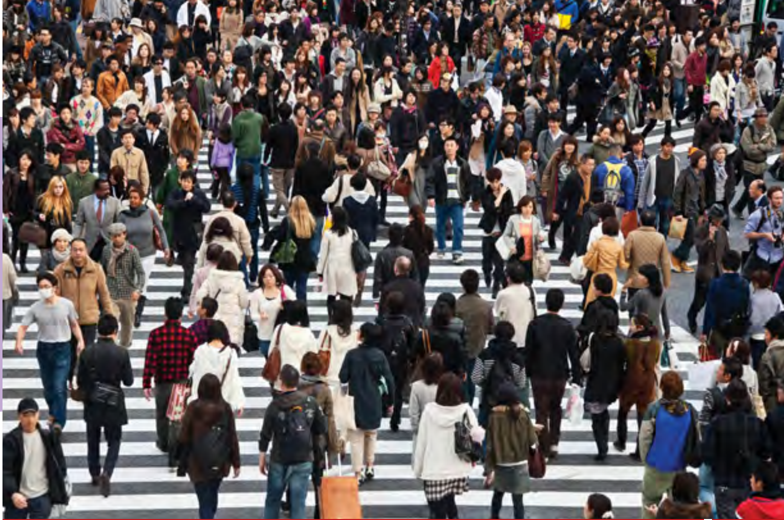
Most efforts to develop global leaders yield mixed results at best, but Mark Mendenhall has an explanation: Most firms don't understand what global leadership is and fail to invest adequate time in training. One obstacle, noted Mendenhall, who holds the J. Burton Frierson Chair of Excellence in Business Leadership at the University of Tennessee, Chattanooga, is that there are as many definitions of "leadership" as there are people who have tried to define it. Adding the adjective "global" just complicates matters further.

"It's a huge problem in large companies," said Mendenhall. "They don't have enough people with global competency. These are competency sets that have to do with working well and living well in globally complex situations. We can measure this in people. We can assess people on these competencies, show them where they're strong, where they're weak. We can do coaching to address their weaknesses."

There are similar sets of competencies in relationship management.

Most companies do not assess new recruits for these competences, nor do they invest adequately in training potential leaders, said Mendenhall. The exceptions—including IBM with its Corporate Service Corps, but also PricewaterhouseCoopers with Project Ulysses, and GlaxoSmithKline—have seen strong results from intensive immersive training.

"They improve big time," he said. "Unless emotions are kindled and cognitive frameworks are challenged, we don't tend to change. But when that happens, people don't change their personalities, they expand their competencies." ●



JAMES O'TOOLE

AN INTERNATIONAL LEADERSHIP CULTURE

Count James O'Toole among the cross-cultural skeptics. O'Toole, a professor at the University of Southern California's Marshall School of Business, has written extensively on leadership, ethics, corporate culture and philosophy, but the concept that cultural differences confer any meaningful advantage in leadership style lands squarely on his "meh" list.

"Every business school talks about it; they feel that it's politically incorrect not to talk about it," said O'Toole. "I really think the notion that you can say, 'In France you lead in this way, and in America in that way,' that's ridiculous. You find a range in any country, and the notion that one is more effective is of the moment. What has really happened over the last 20 years is that with the globalization of business, almost all managers today have been to business school, have read the same literature. And the curriculum of business schools around the world is pretty much the same. There is a global management culture, and there are certain ways you're going to behave in business, in any country."

Indeed, O'Toole said the attention to cultural diversity in leadership styles may be counterproductive. "I'm trained as a social anthropologist, the study of cultures and behavior," he said. "Historically, anthropologists divide into two schools. One stresses the differences between peoples, the other the similarities. There's a little bit of truth to both of them. Cultures really are different, but there are basic human characteristics that are universal. You can overdo the cultural differences, even though they are real. By stressing them, you almost make the situation worse. You turn it into 'them versus us.'"

There can also be huge differences in leadership style within a single culture, O'Toole added. "In terms of style, people either mean 'nurturing' or 'really directive.' Within cultures, you get as varied a reaction to those styles as you do across cultures. Some people I know are not bothered by Jack Welch. I found his style of beating people up totally unacceptable. And we're both Americans, both of Irish descent. Certainly [200 or 300] years ago, when cultures were isolated from each other, there were real differences. In undeveloped countries, there are still ways that seem very strange to us. But once those cultures get exposed to Western media, the differences blur." ●

WHAT COMES AFTER THEORY Z?

SO was Dr. Ouichi wrong? Maybe not. The strong company culture, staff development and consensus-seeking he described are all worthy values, and they probably did play a role in the astonishing success of Japanese companies at that time. The problem arises when you move from description to prescription, and the whole notion that a set of styles that work well in one place at one time are somehow universally applicable. The management world seems to understand that now. At least no one has published a book suggesting that Silicon Valley executives should take up German leadership styles along with their ubiquitous Audis and BMW's.

At the same time, there is a growing awareness that today's global company—and any company that hopes to get to even the first round of venture capital had better have "global" somewhere in its business plan—requires a leader who is sensitive to and comfortable with cultural differences. One can only hope that the cross-cultural courses now offered by most M.B.A. programs provide more than a politically correct checklist of desired skills and topics to cover, to truly inoculate future leaders with the competencies they will need to succeed on a global scale: not only nonjudgmentalness, inquisitiveness and cosmopolitanism, but also interpersonal engagement, emotional sensitivity and social flexibility. These skills truly do apply anywhere, at any time.