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CHAPTER 2

Global and Cross-Cultural Leadership

The purpose of this chapter is to help the reader understand the leadership challenges stemming from working in international and culturally diverse environments. In addition, the reader is given many specific suggestions for leading effectively in such an environment.

CHAPTER OUTLINE AND LECTURE NOTES

Sensitivity to and an appreciation of cultural diversity improves working relationships. The modern leader must be multicultural because corporate success, profit, and growth depend increasingly on the management of a diverse workforce. An increasing number of new entrants to the workforce are women and people of color. The leader must respond to the needs of diverse groups of people. In addition to the workforce becoming more diverse, business has become increasingly global.

I. THE ADVANTAGES OF MANAGING FOR DIVERSITY

The ethical and social responsibility goals of leaders and their organizations support the importance of providing adequately for members of the diverse workforce. Ethical leaders feel compelled to use merit as a basis for making human resource decisions. A firm that embraces diversity is also behaving in a socially responsible manner. Managing for diversity brings a competitive advantage to the firm in the following ways:

1. Reduction of turnover and absenteeism costs.
2. Managing diversity well offers a marketing advantage. For example, a multicultural group of decision makers may be at an advantage in reaching a multicultural market. Another marketing advantage is that many people from culturally diverse groups prefer to buy from a company that has a good reputation for managing diversity.
3. Companies with a favorable record in managing diversity are at a distinct advantage in recruiting and retaining talented people.
4. Heterogeneity in the workforce may offer the company a creativity advantage, plus improved problem solving and decision making.
5. Diversity and inclusion programs help local economies thereby boosting social responsibility.

Recent research found that cultural diversity had positive effects in service industry settings, but slightly negative effects in manufacturing settings. Diversity can be a double-edge sword: it increases both the opportunity for creativity and the likelihood that group members will be dissatisfied and fail to identify with the group.

II. CULTURAL FACTORS INFLUENCING LEADERSHIP PRACTICE

A **multicultural leader** is a leader with the skills and attitudes to relate effectively to and motivate people across race, gender, age, social attitudes, and lifestyles. To influence, motivate,

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and inspire culturally diverse people, the leader must be aware of overt and subtle cultural differences. Such culturally based differences are generalizations and stereotypes that are starting points in attempting to lead a person from a particular culture.

A. Key Dimensions of Differences in Cultural Values

One way of understanding how national cultures differ is to examine their standing on selected values, ten of which are described here.

1. **Performance orientation** is the degree to which a society encourages (or should encourage) and rewards group members for performance improvement and excellence.
2. **Assertiveness** is the degree to which individuals are (and should be) assertive, confrontational, and aggressive in their relationships with one another.
3. **Future orientation** is the extent to which individuals engage (and should engage) in future-oriented behaviors such as delaying gratification, planning, and making investments for the future.
4. **Time orientation** is the importance nations and individuals attach to time. People with an urgent time orientation, perceive time as a scarce resource and tend to be impatient.
5. **Humane orientation** is the degree to which a society encourages and rewards, and should encourage and reward, individuals for being fair, altruistic, and caring to others.
6. **In-group collectivism** is the degree to which individuals express, and should express, pride, loyalty, and cohesiveness in their organizations and families.
7. **Gender egalitarianism** is the degree to which a culture minimizes, and should minimize, gender inequality.
8. **Power distance** is the degree to which members of a society expect, and should expect, power to be distributed unequally.
9. **Uncertainty avoidance** is the extent to which members of a society rely, and should rely, on social norms, rules, and procedures to lessen the unpredictability of future events.
10. **Work orientation** is the number of hours per week and weeks per year people expect to invest in work versus leisure or other nonwork activities.

To use the above information, a leader should recognize that a person's national values might influence his or her behavior. For example, a person with a low power-distance orientation would not immediately comply with a superior's suggestions. The leader might therefore have to sell the person on the request.

B. Cultural Values and Leadership Style

Relationships between people in a society are affected by the values programmed in the minds of these people. Because management deals heavily with interpersonal relationships, management and leadership are affected by cultural values.

1. *French Managers.* In France, which is a class society, French managers are part of an elite class and behave in a superior, authoritarian manner.
2. *German Managers.* In Germany, middle managers were studied as part of the GLOBE project. A strong performance orientation (combined with low compassion) was found to be the most pronounced German cultural value.
3. *Malaysian Managers.* Based also on the GLOBE project, the preferred leadership style of Malaysian managers is to show compassion, while at the same time being more autocratic than participative.
2. *Northern U. S. versus Southern U. S. Managers.* An example of a cross-regional stereotype is that managers in the southern United States are lower key and more interested in relationship building than their brusque counterparts in the north. The stereotype of southern business leaders being more laidback, and slow moving has been challenged.

III. CULTURAL SENSITIVITY AND CULTURAL INTELLIGENCE

Cultural sensitivity and cultural intelligence, and certain specific global leadership skills are essential for inspiring people from cultures other than one's own. Leadership attributes in general are also important.

A. Cultural Sensitivity

Cultural sensitivity is essential for inspiring people from cultures other than one's own. To influence others, leaders must be sensitive to cultural differences. A cross-cultural leader must also be patient, adaptable, flexible, and willing to listen and learn. These characteristics are part of **cultural sensitivity**, an awareness of and a willingness to investigate the reasons why people of another culture act as they do.

Cultural sensitivity is also important because it helps a person become a **multicultural worker**—one who is convinced that all cultures are equally good and who enjoys learning about other cultures. Sensitivity is the most important characteristic for leading people from other cultures because cultural stereotypes rarely provide reliable guides. Another aspect of cultural sensitivity for cross-cultural leaders is to pay close attention to foreign business practices.

Problems of cultural misunderstanding that leaders should be aware of cluster in five areas: (1) language differences; (2) religious differences; (3) different work habits, such as

being willing to invest personal time in work; (4) differences in women's roles across cultures; and (5) differences in personal appearance and behavior.

Generational differences are another manifestation of cultural differences, quite often within a leader's national culture. For example, young people typically want more frequent recognition and rewards as well as flexible scheduling.

The reality of a greater number of *transgender* employees in the workplace requires considerable sensitivity on the part of the leader or manager. A general guide is that transgender employees are rare, but are still part of a culturally diverse workforce and they have legal protections with respect to job discrimination.

Cultural sensitivity is enhanced by diversity training as well as by simply listening carefully and observing. A key principle is to be flexible when dealing with people from other cultures.

B. Cultural Intelligence

A refinement and expansion of cultural sensitivity is **cultural intelligence (CQ)**: an outsider's ability to interpret someone's unfamiliar and ambiguous gestures the way that person's compatriots would. Cultural intelligence has three facets or components: (a) Cognitive CQ (Head), (b) Physical CQ (body), and (c) Emotional/motivational CQ (Heart). To attain the highest level of cultural intelligence, the head, body, and head would have to work together smoothly.

IV. GLOBAL LEADERSHIP SKILLS

Global leadership skills refer to the ability to exercise effective leadership in a variety of countries. The essence of global leadership is the ability to influence people who are dissimilar to the leader and stem from different cultural backgrounds. Global leadership skills improve a company's reputation and contribute to a sustainable competitive advantage. Excellent global leaders have a leadership style that generates superior corporate performance in terms of four criteria: (1) profitability and productivity, (2) continuity and efficiency, (3) commitment and morale, and (4) adaptability and innovation. Attaining all four criteria of organizational performance is called *behavioral complexity*.

Another perspective on global leadership skills is that the leader must tap into a deep, universal layer of human motivation in order to build loyalty, trust, and teamwork in different cultures. Universal needs include wanting to be part of a group, and wanting to perform meaningful work.

A. Success Factors in International Management Positions

Effective global leaders also exhibit leadership skills necessary for dealing with day-by-day interactions. As revealed by a study, two success factors are sensitivity to cultural differences and being culturally adventurous. Being a *contextual chameleon*, or adapting to different roles and environments, is also quite important according to the consulting firm of DDI. A study demonstrated that deficits in emotional intelligence contributed to executive failure on assignments in Latin America, Europe, and Japan.

Tolerance for ambiguity is especially important for developing global leadership skills because every country represents a new way of doing things. Providing leadership to cross-

cultural teams also requires tolerance for ambiguity, such as team members having different attitudes toward power and authority.

A confusing skill issue for many international managers is the importance of having a good command of a second language. English is the standard language of business and science, but when trying to influence a person from another culture, speaking his or her language well gives you an advantage.

A. Motivating and Inspiring Workers in Other Cultures

Expectancy theory provides the best general clue to motivating people in other cultures—figure out which rewards have high valence for them. Also, workers will be motivated and inspired to the extent that need satisfaction will be forthcoming. One stereotype is that German professionals prefer motivating through exciting work, whereas Americans prefer external rewards.

A highly visible example of a leader with global leadership skills is Carlos Ghosn, the chief executive of both Nissan and Renault, known as the “hottest car guy on earth.” He crosses time zones and cultures with great facility.

V. LEADERSHIP INITIATIVES FOR ACHIEVING CULTURAL DIVERSITY

For organizations to value diversity, top management must also be committed to embedding diversity in company strategy. The commitment is clearest when it is embedded in organizational strategy, as well as in the life and culture of the organization. Diversity initiatives should be deep rather than superficial.

A. Hold Managers Accountable for Achieving Diversity

If managers are held accountable for behavior and business changes in the diversity arena, an organizational culture supportive of diversity will develop. Achieving diversity objectives can be included in performance appraisals and linked to compensation. Allstate has worked hard to hold managers accountable for achieving cultural diversity within the firm. The company diversity education program focuses on inclusion and maximizing performance at the same time.

B. Establish Minority Recruitment, Retention, and Mentoring Programs

An essential initiative for building a diverse work force is to recruit and retain members of the targeted minority group. Because recruiting talented members of minority groups and women is competitive, careful human resources planning is required. Efforts at recruiting a culturally diverse work force must be supported by a leadership and management approach that leads to high retention, such as cultural training programs.

Mentoring is a key initiative for retaining minority group members, as well as facilitating their advancement. Successful minorities with supportive managers and coworkers have faster compensation growth and progress more rapidly in their firms.

One component of attaining culturally diverse leaders is to work with executive placement firms who have developed strong networks with successful managers from various demographic groups.

C. Conduct Diversity Training

Diversity training has become a widely used, though controversial, method for enhancing diversity within organizations. The purpose of **diversity training** is to bring about workplace harmony by teaching people how to get along better with diverse work associates. Training sessions in valuing differences focus on the ways in which men and women and people of different races reflect different values, attitudes, and cultural backgrounds. Sometimes these programs are confrontational, sometimes not. An essential part of relating more effectively to diverse groups is to empathize with their point of view.

An extension of diversity training is to help organizational leaders develop empathy for diverse groups by having them spend time working with demographic groups different from their own.

A concern about diversity training is that it serves to reinforce stereotypes about groups. Leaders of diversity training are cautioned to guard against encouraging participants to be too confrontational and expressing too much hostility.

Diversity training may not accelerate the number of minority group members and women into managerial positions. An extensive review suggested that when diversity training was mandatory and aimed to avoiding liability in discrimination lawsuits, the number of women in management decreased. The opposite effect occurred when diversity training is voluntary and implemented to advance a company's business strategy.

Diversity training needs to be incorporated into a culture that supports inclusion for the training to have much of an impact on the organization.

D. Conduct Cross-Cultural Training

The method frequently chosen for overseas assignments is **cross-cultural training**, a set of learning experiences designed to help employees understand the customs, traditions, and beliefs of another culture. The art of facial cheek kissing is an amusing, yet important aspect of cross-cultural training.

A recent development in intercultural training is to train global leaders in cultural intelligence. Global managers receive training in the cognitive, physical, and emotional/motivational domain.

E. Encourage the Development of Employee Networks

An **employee network group** is composed of employees throughout the company who affiliate on the basis of a group characteristic such as race, ethnicity, sex, sexual orientation, or physical ability status. Group members typically have similar interests and look to the

group as a way of sharing information about succeeding in the organization. Allstate and Macys are two examples of visible companies that emphasize employee network groups.

Employee network groups often play a functional role in the organization in addition to a social role. For example, the Latino Employee Network at Frito-Lay made a major contribution during the development of Doritos Guacamole Flavored Tortilla Chips.

F. Avoid Group Characteristics When Hiring for Person-Organization Fit

Person-organization fit centers around the extent to which a person's major work-related values and personality traits fit major elements of the organization culture. Selecting for person-organization fit can lead to a cohesive and strong organizational culture. The danger, however, is that when employers focus too sharply on cultural fit in the hiring process, they might inadvertently discriminate against protected classes of workers. Selecting candidates who look and act alike conflicts with a diversity strategy. The antidote is to focus on traits, behaviors, and values rather than group characteristics when hiring.

G. Modify Products and Services for Targeted Demographic Groups

Managing diversity often means modifying products and services to increase their appeal to targeted demographic groups. A basic example is the availability of Spanish-speaking call-center workers to conform to the needs of Latino customers.

H. Attain Diversity among Organizational Leaders

To achieve a multicultural organization, firms must also practice **leadership diversity**, the presence of a culturally heterogeneous group of leaders. An organization with leadership diversity also has a heterogeneous group of leaders in such positions as supervisors, middle managers, and team leaders. The presence of a chief diversity officer is another way of attaining diversity among organizational leaders.

VI. GUIDELINES FOR ACTION AND SKILL DEVELOPMENT

A major problem to manage in developing a diverse workforce is for company leadership to reduce turnover among the employees they have worked so hard to recruit. A report suggested that companies include a clear path for employee advancement, and provide suggestions for development as part of performance evaluation.

A caution in implementing diversity management programs is for managers and other interviewers not to go overboard in trying to make a minority group member feel comfortable. The head of a diversity recruiting firm advises, "The best way to make minority candidates feel comfortable is to make them feel that they have an equal opportunity to compete for a position. That's all they want."

COMMENTS ON EXPERIENTIAL EXERCISES

Leadership Skill-Building Exercise 2-1: Capitalizing on Diversity

An important feature of this exercise is that it helps illustrate the importance of leadership in bringing about the potential competitive advantage of diversity. The group might decide, for example, that it is not implementing the right mechanisms for obtaining the full contribution of diverse employees. One possibility is that the leaders have not created a climate permissive enough to encourage the contribution of ideas.

Leadership Self-Assessment Quiz 2-1: Charting Your Cultural Value Profile

In addition to plotting their own cultural profiles, students are asked to speculate on the impact of the profile on leading others. Students are asked to identify which type of profile would respond well or poorly to their leadership. We can assume in general that it is easier to lead a person with a cultural profile comparable to our own.

Leadership Self-Assessment Quiz 2-2: My Tolerance for Cultural Differences

Given that students are inherently interested in cross-cultural relations, they should enjoy confronting themselves with the various scenarios mentioned in the statements. A message this quiz may carry for many people is that they have a long way to go in terms of being tolerant of cultural differences.

Leadership Skill-Building Exercise 2-2: The Diversity Circle

The diversity circle is a powerful exercise in demonstrating how some people feel about being diverse. Volunteerism is very important in this exercise. No person should feel compelled to participate. Self-selection helps avoid placing somebody in an uncomfortable position. Ask students to describe a perception of being different that they are willing to share with the rest of the class. Our experience using this exercise repeatedly has been a student participation rate of over 98 percent.

Leadership Skill-Building Exercise 2-3: My Leadership Portfolio

This portfolio entry is yet another opportunity for the student to reach out into everyday life to practice a skill or develop an attitude that should prove helpful in a leadership role. Many students already are taking the opportunity to spend meaningful time with somebody quite different from them. Others may have to reach out, which is a major point of the exercise.

Leadership Skill-Building Exercise 2-4: Positive Cross-Cultural Experiences in the Workplace

Brainstorming to identify positive cross-cultural experiences is somewhat related to the leadership portfolio exercise just mentioned. Identifying the positive cross-cultural experiences might also be considered to be a form of consciousness-raising. Drawing conclusions from this exercise will require reflection. One possible conclusion might be, “Most workers enjoy the opportunity to work with people different than themselves. They have no problem with cultural differences.”

COMMENTS ON DISCUSSION QUESTIONS AND ACTIVITIES

1. Some American consumers object to voice-mail customer support systems that include the direction, “Press 1 for English.” How should a manager respond to such an objection?

The manager might have to be diplomatic. Yet at the same time the manager could explain that an important part of the company’s mission is to respond to the needs of as many customers as possible, including the part of the customer base that is Spanish speaking. (“Press 2 for Spanish” is typically the other language option.)

2. A friend of yours who is Arab is conducting a job search to land a middle-management position. Given that so many companies are attempting to build a more culturally diverse group of managers, should your friend include a photo of himself on his job résumé? Explain your reasoning.

This question will elicit a wide range of responses. One problem with including a photograph of oneself is that many employers do not want to see a photo because if the candidate is rejected, he or she might claim discrimination. Another subtle problem here is that many people believe that there is considerable anti-Arab discrimination in North America, so a photo might backfire. The counterargument is that some companies want to hire an Arab manager to help attain diversity goals. Nevertheless, the Arab in question can hint at his nationality through his name and community activities to avoid being so blatant with a photo.

3. With so much business being conducted over the Internet, including email, why is it important to understand cross-cultural differences in values?

Although a considerable amount of business is conducted electronically, values can be incorporated into electronically transmitted messages. For example, a person from a high-power-distance culture might respond best to directive messages. Another example is that when communicating with people from an in-group collectivism culture it would be prudent to mention their work mates.

4. If a business leader is regarded as charismatic by many people in one culture, to what extent do you think the leader would be perceived as charismatic in many other cultures?

Many of the traits and behaviors that contribute to the perception of a leader being charismatic cut across many cultures. In almost any culture, for example, having a warm smile and a friendly greeting would enhance a business leader’s charisma, and so would being visionary. We can therefore conclude that a leader who is perceived as charismatic in one culture, would also be perceived similarly in many other cultures.

5. What actions might a leader take to demonstrate that his or her interest in diversity goes beyond rhetoric?

An obvious step to show that a leader has a genuine interest in diversity would be to promote diverse people into key positions. A related step would be for the leader to have diverse people as his or her closest advisers. Hiring a male administrative assistant is another visible way of demonstrating that the leader values diversity.

6. Assume that a manager becomes the leader of a division in which the vast majority of the workers are under 25, such as a restaurant chain. Would you recommend that the leader get some body piercing to help establish rapport with the division workforce? Explain your reasoning.

A danger point in attempting to establish rapport with another group is to duplicate certain aspects of their behavior that make you appear patronizing. Cultural sensitivity and good judgment are required. In this instance we think that the leader who suddenly emerged with body piercing would appear to be too obvious.

7. Many international companies have found that it is particularly helpful to hire local citizens for key management positions in a company location in another country. What advantages might a native offer the company?

The native manager is likely to understand the local culture and the organizational culture better than a foreigner. Also, the manager whose origin is the same country as the company location will have an easier time establishing rapport with the workforce. The presence of this local manager will also strengthen the image of the foreign company as being also a local company.

8. Assume that an outstanding sales representative works for a company that considers it unethical to bribe officials to make a sale. The sales representative is about to close a deal in a foreign country where bribing is standard practice. Her commission will be \$60,000 for a signed contract. What should the representative do if the official demands a \$4,000 *gift* before closing the deal?

The representative should consult with the home office to see if the no-bribe policy also applies to countries where *greasing the palm* is standard practice. If the home office executive says that bribes are still out of the question the representative will have to refuse to give the gift. Yet the representative might look to grant every consideration that still lies within company policy.

9. Suppose you are a team leader and one of your team members has a strong work ethic, based on his or her cultural values. Is it fair to assign this member much more work just because he or she is willing to work longer and harder than other team members?

It might be helpful to use an ethical screen to answer this question. A significant ethical issue is whether the workhorse employee receives bigger rewards than coworkers with a weaker work ethic. Assigning the person with a strong work ethic more work than others might facilitate his or her being promoted, thereby rewarding his or her extra work.

10. What can you do this week to help prepare yourself to become a multicultural leader?

Action steps this week to prepare for multicultural leadership would include many of the suggestions in this chapter. Working or socializing with people from a different culture or demographic groups would be helpful. Spending a couple of hours working on a second language

would be very helpful. Even modest steps like visiting a restaurant in an ethnic section of town would help the person become more culturally adept.

PLAUSIBLE RESPONSES TO CASE QUESTIONS

Leadership Case Problem A: What to Do About Louie

The case about the auto-service manager illustrates a common scenario—a worker who is otherwise performing satisfactorily in a public contact position is culturally insensitive. For example, many male and female managers, will sometimes innocently use the term “girls” to refer to female workers thereby offending somebody.

1. Does Louie have a problem, or are the people who made the negative comments about Louie just being too sensitive?

By today’s standards of cultural sensitivity, especially for managers and customer -contact workers, Louie does have a problem. He may not be malicious, but he needs to become more aware of the context in which he works. Even his language is too sexist for a professional environment.

2. What improvements might Louie need to make to become a truly multicultural manager?

Louie needs to develop better cultural sensitivity, including having more modern attitudes toward women, older people, and gays. The “high-fives” reserved for African Americans appear to be a well-meaning gesture, and are infrequently regarded as discriminatory. Louie has to work to overcome some of his stereotypes.

3. What activity or program do you recommend to help make Louie more culturally sensitive?

At some point, Louie might attend diversity training, but right now the general suggestions might just bounce off him because he is insensitive. One -on-one sessions with a business coach on the subject of being less stereotyped in his thinking would be a good starting point. For data, the coach might work with the feedback slips. Coaching and training might be presented to Louie as performance enhancement, not punishment.

Associated Role Play

The content of this role play is important because it deals with becoming more culturally sensitive. The process of coaching is also important. As a good coach, Emma will not place herself in the role of punishing Louie for his mistakes, but will guide and encourage him toward improvement.

Leadership Case Problem B: Curses, Foiled Again in France

This case illustrates how challenging it can be to establish rapport with key people at a foreign affiliate, particularly when you lack much formal authority.

1. How should Erin conduct herself in her future visits to the Dijon operation in order to get down to business?

The French affiliates are being a little stubborn, so Erin has to move slowly. Because French people tend to value power distance, Erin might gently mention that the CEO has certain issues he would like covered. At the same time she should not be pushy about getting legitimate work accomplished.

2. Should the company replace Erin with another person for the position of international liaison? Explain your answer.

Erin may be making more progress than she realizes because she has to work slowly to gain credibility with the French contingent. The frustrations she has experienced are an investment in relationship building. If she is replaced, the replacement would probably have to go through the same process of relationship building.

3. What message or messages about global business relationships do you extract from this case history?

As just mentioned, relationships have to be built slowly with people from another country. Another lesson is that knowing the language of the target group does not mean that they will readily speak with you in their language. You might need to speak their language with them a few times to gain credibility. Another lesson here is that not having much formal authority can be a handicap when attempting to conduct business in a culture that values power distance.

Associated Role Play

An inherent theme in this role play is that Erin is attempting to influence the group of French managers to focus on the business purposes of the meeting. Yet at the same time, Erin needs to recognize that the French managers want to emphasize socializing and conviviality during the dinner. Observers might look to see how well Erin balances the social and business purposes of the meeting.