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Status, Leadership and Organization

In Part One, we examined the cultural roots of behavior and assessed the effects of cultural diversity on people's lives and destinies. Part Two deals principally with the world of business and tackles head-on the issues and problems of international exchanges. The twenty-first century promises to be crunch time for powerful governments, trading blocs and manufacturing powerhouses. The hegemony enjoyed by Western Europe, the United States and Japan is no longer guaranteed. With six to seven billion consumers, the stakes are terrifyingly high. They include not only access to gigantic markets and astronomical profits, but also prospects of failure, recession, even survival.

Success or Failure in the Twenty-First Century

Western and Japanese managers face enormous challenges. They have to come to grips with the problems posed by the rapid expansion of globalized trade and they have to abandon previous habits of arrogance and complacency. They have many economic weapons with which to defend themselves, but they are seriously outnumbered. It is imperative that Western and Japanese managers learn how to *lead*, *manage*, *motivate* and *inspire* their growing number of foreign staff and customers. This is attainable: the top level has gone global (at the time of writing a Frenchman runs Nissan), but this has to happen at many organizational levels. Contact among middle managers and international teams can lead to success or failure for many organizations. Is there such a thing as a global leadership style? Does it work in practice? What are its elements? How does one get there? Get there one must, as there is no alternative if Western managers wish to compete and survive.

Asian competition in the twenty-first century will be fierce and unrelenting. The Asians have endured centuries of playing second fiddle to the West; now

they intend to reverse the situation. In many instances they have already done so. In industries such as textiles, garments, shoes, toys and plastics the West has no chance to compete, nor will it have in the future. In high-tech industries, especially consumer hardware, the West is already threatened by Malaysia, Thailand, Korea and Taiwan; China will ultimately replace these as the implacable competitor. How can the West fight all this?

The United States can be expected to widen its technological lead over competitors for another couple of decades, but not indefinitely. Finland, who in 2003 surpassed the U.S. in global competitiveness, may follow a similar path. Germany, Britain, France and Sweden, all high tech, will have to innovate constantly to stay ahead of Japan and China.

The West's most effective weapons have to be *dynamic leadership, perspicacity, psychological skills, willingness to innovate* and clever use of their *democratic institutions*. A lot is achieved in the West in its clubs, societies, committees, charities, associations, sport and leisure activity groups, alumni fraternities and so on. The influence of such institutions, with their inherent social vibrancy, should not be underestimated and, furthermore, are hard for Eastern cultures to put a finger on.

There remains also the question of control of worldwide organizations such as the WTO, WHO, WWF, OECD, the World Bank, G8, the EU, NAFTA and NATO as well as substantial funding of the UN, UNESCO, UNICEF and so forth. Western control will eventually weaken, China has entered the WTO and countries with burgeoning populations play greater roles, but there is still a bit of *breathing space* for Western and Japanese managers and executives to confront cross-cultural issues, begin to understand others' cultural habitats and learn how to stand in the shoes of foreign colleagues. If they do so, they at least stand a chance of influencing and leading the staff of Western companies in the East, such as those of IBM, Microsoft, Nokia, Unilever, Hewlett-Packard, Motorola and Volkswagen.

It is already late in the day for many organizations to begin this learning curve. Huge multinationals have avoided or postponed cultural training for decades. A few have excelled in their approach, such as Nokia, Ericsson, HSBC, Motorola, ABB, Coca Cola and Unilever.

Which national cultures are reluctant to learn about others? The problem lies with the Big Five, that is to say the globe's biggest economies: the United States, Japan, Germany, Britain and France. These countries (and the companies originating in them) have been particularly insensitive in their handling of intercultural issues. The very size of their own economies endows them with a certain

sense of complacency, but the problem runs deeper than that. Britain, France and Spain assumed that they could continue indefinitely the ways of Empire—with one language, one policy, one supreme authority, one educational system, one code of ethics, one jurisdiction, one way of doing business. One can see how convenient it was!

The United States and Japan fail consistently to understand others because of *isolation* or *insularity*, both geographical and mental. They wallow in powerful, all-encompassing “cultural black holes,” core beliefs of such gravity that they cannot be questioned (Lewis 2003). These cultural black holes prohibit intelligent or perceptive analysis of others’ cultures and agendas. If you swallow, hook, line and sinker, the concept of the American Dream, no other agenda is really worthwhile contemplating. If you devote your life to avoiding loss of face and affirm unswerving obedience to the Emperor, you can hardly be a free agent in assessing others’ values and ways of advancing (this means no disrespect to the Emperor of Japan, who happens to be far more enlightened and perceptive than most of the world’s executives).

With Germans, the problem is different again. On intercultural issues they are in advance of the other members of the Big Five, but they are so honest, frank and, consequently, tactless that they lack the delicacy to fully understand those who do not meet strict German (ethical and organizational) standards. But at least they try.

Smaller countries have no such impasses. They learned long ago that to play the game with the Big Boys, you had to play by their rules. The rules they learned differed from country to country, but they adapted to them, case by case, which meant that they *aspired to multiculturalism*. Consequently, Dutch, Belgians, Finns, Swedes, Danes and Swiss, and to a lesser extent Greeks, Hungarians, Czechs, the Baltic states and Norwegians, have studied and achieved a certain degree of empathy with the cultures of more powerful countries. Poles, Turks and Slovenians are beginning to go down the same track. In the Americas, Canada is an outstanding example of a successful and consciously multicultural society.

When it comes to competing for world markets in terms of understanding the aspirations of others, one can make significant comparisons as to how different national cultures are dealing with the issue.

1. Small Northern European countries—the Netherlands, Belgium, Switzerland and the Nordics—have intercultural skills and are performing well internationally (Nokia, Ericsson, Scania, Volvo, Carlsberg, Heineken, Shell,

- Unilever, Tetra-pak, Nestlé). Their impact on world trade is limited by their size.
2. Multicultural Canada has great future potential.
 3. The Big Five—the United States, Japan, Germany, Britain and France—have a long way to go in learning about how to manage successfully across cultures.
 4. The Latin countries, including France, Italy and Spain, are hampered by their inadequate level of English-language proficiency.

If we compare the performance of Asians in this respect, we see they are no laggards. They have not only learned English, but they have developed sensitivity toward the aspirations of Western consumers. In this they have been greatly aided by the existence and activity of millions of overseas Chinese and overseas Indians. Singapore and Hong Kong have had their own built-in advantages. Thais and Koreans have familiarized themselves with American cultural habits. Malaysians know the British well. The Philippines is the second largest English-speaking country in the world.

Japan's successful penetration of Western markets took place *in spite of* poor intercultural skills. Rising labor costs and Chinese high-tech competition pose an imminent threat to the Japanese economy. Like the Americans, the Japanese are on the right side of a technological gap, which gives them a few years' breathing space. Like the Americans, they will have to learn how to continue to project their success across borders by developing more intercultural sensitivity. The mammoth markets of the future—China, India, Indonesia, Pakistan, Nigeria and Brazil—have wildly different mindsets!

Leaders

Leaders can be born, elected, or trained and groomed; they can seize power or have leadership thrust upon them. Leadership can be autocratic or democratic, collective or individual, merit-based or ascribed, desired or imposed.

It is not surprising that business leaders (managers) often wield their power in conformity with the national setup. For instance, a confirmed democracy like Sweden produces low-key democratic managers; Arab managers are good Muslims; Chinese managers usually have government or party affiliations.

Leaders cannot readily be transferred from culture to culture. Japanese prime ministers would be largely ineffective in the United States; American politicians would fare badly in most Arab countries; mullahs would not be tolerated in Norway.

Cross-national transfers are becoming increasingly common with the globalization of business, so it becomes even more imperative that the composition of international teams, and particularly the choice of their leaders, be carefully considered. Autocratic French managers have to tread warily in consensus-minded Japan and Sweden. Courteous Asian leaders have to adopt a more vigorous style in argumentative Holland and theatrical Spain if they wish to hold the stage. German managers sent to Australia are somewhat alarmed at the irreverence of their staff and their apparent lack of respect for authority.

Changing Notions of Leadership

In the twenty-first century, with multinationals and conglomerates expanding their global reach, corporate governance and international teams will learn a lot about leading multicultural enterprises and workforces. The new impetus provided by fresh managers from Asia, Russia, Poland, Hungary, East European states, Latin America and Africa will change notions of leadership as will the increasing number of women in management positions.

At cross-century, two of the world's most respected leaders—Nelson Mandela and Kofi Annan—were African. The ultimate numerical superiority of non-white leaders, already significant in the political world, will permeate business. Based on Singapore's commercial success and development within a given time frame, Lee Kuan Yew stakes a reasonable claim to have been the most successful “manager” of the last three decades of the twentieth century. His tenets were largely those enshrined in Asian precepts. This does not mean that Confucian rules are equally applicable everywhere. Lee concocted his own individual version of leadership style, not unaffected by his Cambridge education. The diagrams in Figures 7.1, 7.2, and 7.3 show some special and widely varying leadership styles.

Cultural Roots of Organization and Leadership

The development of concepts of leadership is a historical phenomenon, closely connected with the organizational structure of society. Each society breeds the type of leader it wants, and expects him or her to keep to the path their age-old cultural habits have chosen.

The behavior of the members of any cultural group is dependent, almost entirely, on the history of the people in that society. It is often said that we fail to learn the lessons of history—and indeed we have seen mistakes repeated over

hundreds of years by successive generations—but in the very long run (and we may be talking in millennia) a people will adhere collectively to the set of norms, reactions and activities which their experience and development have shown to be most beneficial for them. Their history may have consisted of good and bad years (or centuries), migrations, invasions, conquests, religious disputes or crusades, tempests, floods, droughts, subzero temperatures, disease and pestilence. They may have experienced brutality, oppression or near-genocide. Yet, if they survive, their culture, to some extent, has proven successful.

Besides being a creation of historical influence and climatic environment, the mentality of a culture—the inner workings and genius of the mindset—are also dictated by the nature and characteristics of the language of the group. The restricted liberties of thought that any particular tongue allows will have a pervasive influence on considerations of vision, charisma, emotion, poetic feeling, discipline and hierarchy.

Historical experience, geographic and geolinguistic position, physiology and appearance, language, instinct for survival—all combine to produce a core of beliefs and values that will sustain and satisfy the aspirations and needs of a given society. Based on these influences and beliefs, societal cultural conditioning of the members of the group is consolidated and continued, for as many generations as the revered values continue to assure survival and success. Infants and youth are trained by their parents, teachers, peers and elders. The characteristics of the group gradually emerge and diverge from those of other groups. Basic needs for food, shelter and escaping from predators are dealt with first. Social, economic and military challenges will ensue. Traumatic historical developments may also have an impact. For example, Japan's samurai traditions, discredited in 1945–46, gave way to growing enthusiasm for success in industry and commerce.

At all events, in victory or defeat, in prosperity or recession, a society needs to organize, adapt and reorganize according to external pressures and its own objectives. Cultural groups organize themselves in strikingly different ways and think about such matters as authority, power, cooperation, aims, results and satisfaction in a variety of manners. The term *organization* automatically implies leadership, people in authority who write the rules for the system. There are many historical examples of leadership having been vested in the person of one man or woman—Alexander the Great, Tamerlane, Louis XIV, Napoleon, Queen Elizabeth I, Joan of Arc are clear examples. Others, equally renowned and powerful but less despotic (Washington, Bismarck, Churchill), ruled and acted with the acquiescence of their fellow statesmen. Parliamentary rule, introduced by the British in the early part of the seventeenth century, initiated a new type of

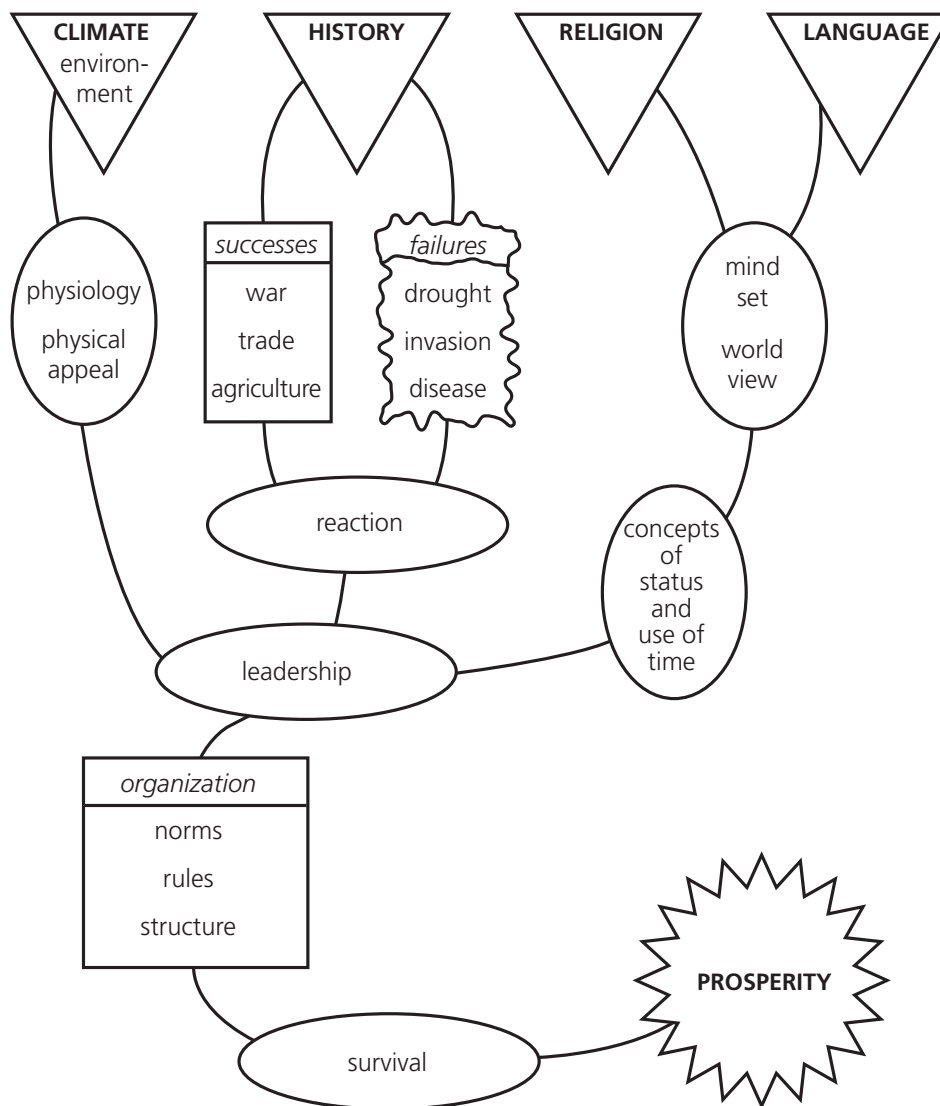


Figure 7.1 Factors Leading to the Organization of Society

collective leadership at government level, although this had existed at regional, local and tribal levels for many centuries. Minoan collective rule—one of the earliest examples we know about—inspired a similar type of leadership both in the Greek city-states and later in Rome. In another hemisphere, Mayan and North American Indians held similar traditions.

In the business world, a series of individuals have also demonstrated outstanding abilities and success in leadership—Ford, Rockefeller, Agnelli, Berlusconi, Barnevik, Gyllenhammer, Iacocca, Geneen, Matsushita and Morita are some of them. It is now common for leadership and authority also to be vested in boards of directors or management committees.

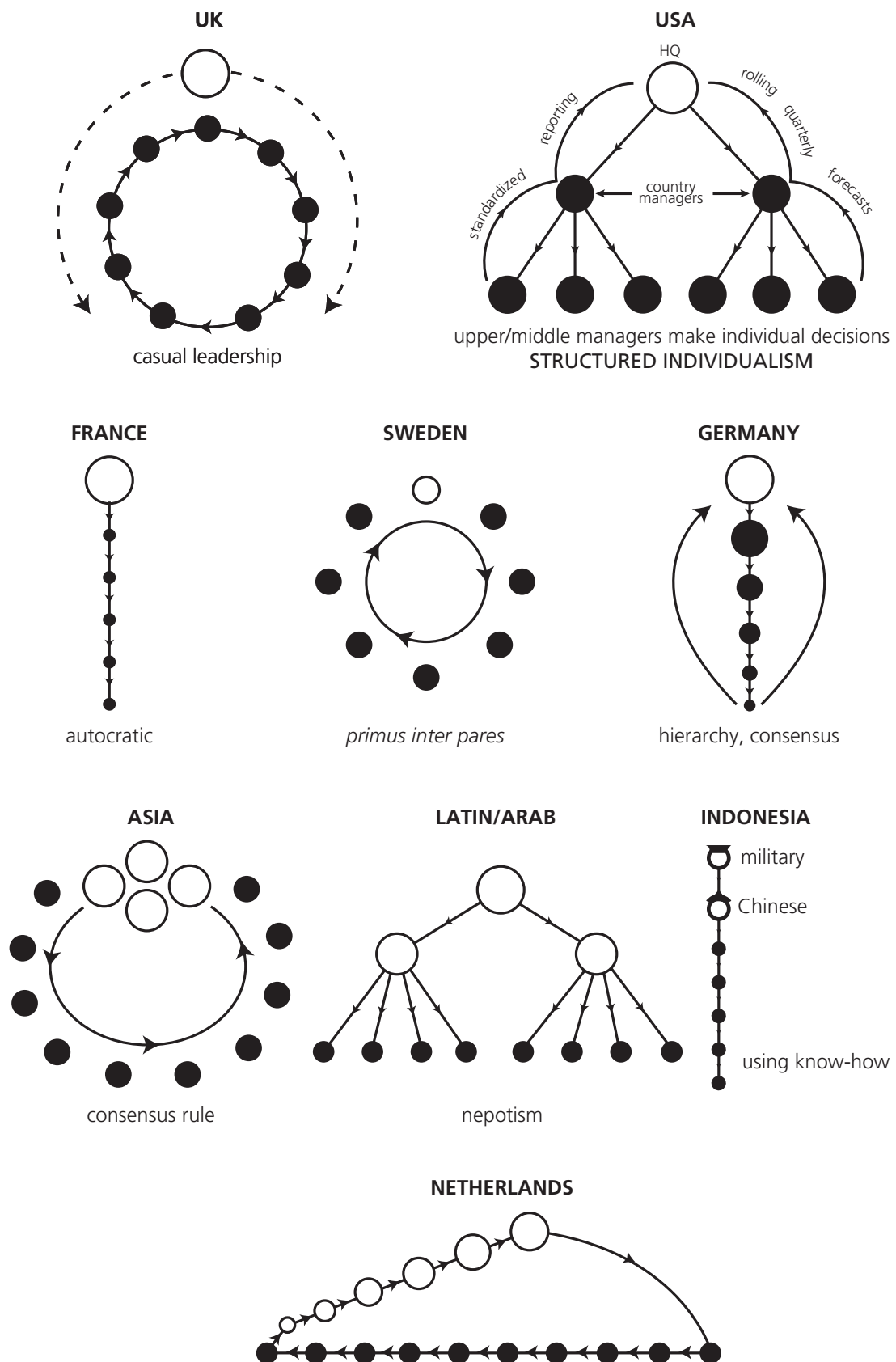
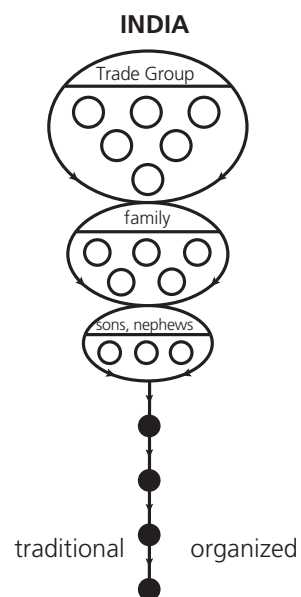
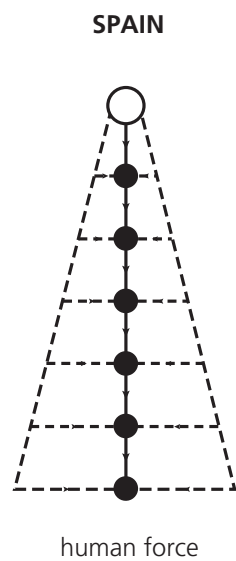
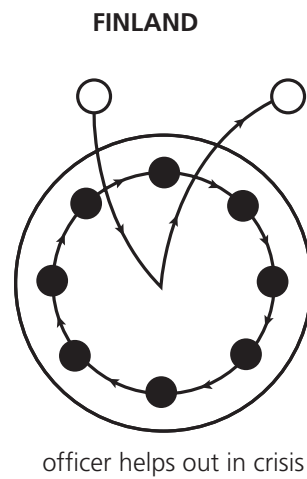
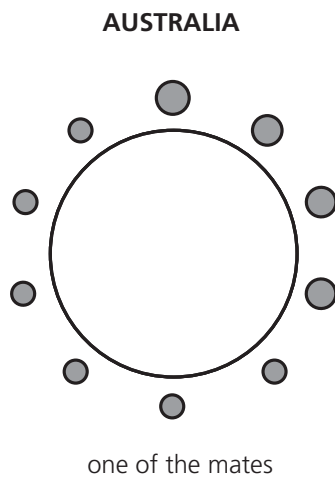
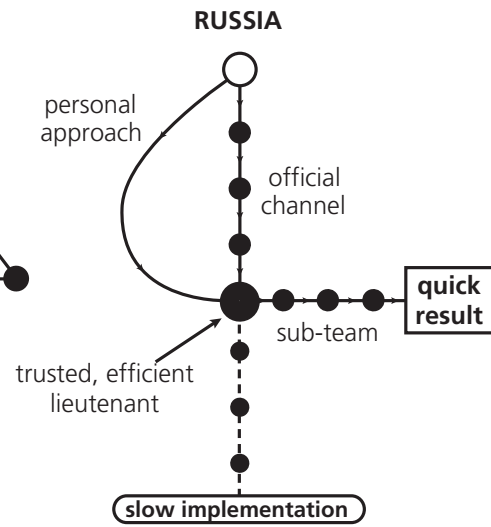
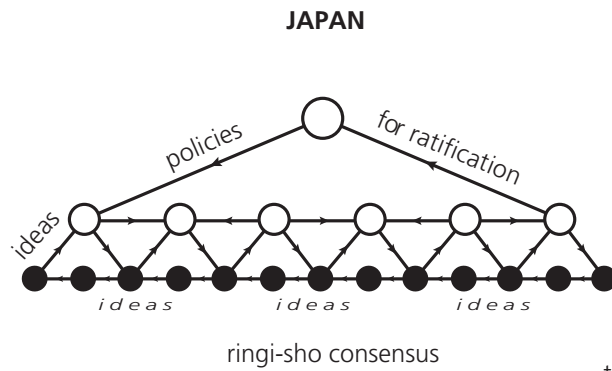


Figure 7.2 Leadership Styles



The way in which a cultural group goes about structuring its commercial and industrial enterprises or other types of organizations usually reflects to a considerable degree the manner in which it itself is organized. The two basic questions to be answered are these: (a) How is authority organized? and (b) What is authority based on? Western and Eastern answers to these questions vary enormously, but in the West alone there are striking differences in attitude.

There is, for instance, precious little similarity in the organizational patterns of French and Swedish companies, while Germans and Australians have almost diametrically opposing views as to the basis of authority. Organizations are usually created by leaders, whether the leadership is despotic, individual or collective. Leadership functions in two modes—*networking* and *task orientation*. In networking mode, the concerns, in order of appearance, are the status of the leader(s), the chain of command, the management style, the motivation of the employees, and the language of management used to achieve this. In task-orientation mode, the leadership must tackle issues, formulate strategies, create some form of work ethic and decide on efficiency, task distribution and use of time.

Managers in linear-active cultures will generally demonstrate a task orientation. They look for technical competence, place facts before sentiment, logic before emotion; they will be deal oriented, focusing their own attention and that of their staff on immediate achievements and results. They are orderly, stick to agendas and inspire staff with their careful planning.

Multi-active managers are much more extroverted, rely on their eloquence and ability to persuade and use human force as an inspirational factor. They often complete human transactions emotionally, assigning the time this may take—developing the contact to the limit. Such managers are usually more oriented to networking.

Leaders in reactive cultures are equally people oriented but dominate with knowledge, patience and quiet control. They display modesty and courtesy, despite their accepted seniority. They excel in creating a harmonious atmosphere for teamwork. Subtle body language obviates the need for an abundance of words. They know their companies well (having spent years going around the various departments); this gives them balance, the ability to react to a web of pressures. They are also paternalistic.

Because of the diverse values and core beliefs of different societies, concepts of leadership and organization are inevitably culture-bound. Authority might be based on achievement, wealth, education, charisma or birthright (ascription). Corporations may be structured in a vertical, horizontal or matrix fashion and may be molded according to religious, philosophical or governmental consider-

ations and requirements. No two cultures view the essence of authority, hierarchy or optimum structure in an identical light.

Different Concepts of Status, Leadership and Organization

Germany

Germans believe in a world governed by *Ordnung*, where everything and everyone has a place in a grand design calculated to produce maximum efficiency. It is difficult for the impulsive Spaniard, the improvising Portuguese or the soulful Russian to conceive of German *Ordnung* in all its tidiness and symmetry. It is essentially a German concept which goes further in its theoretical perfection than even the pragmatic and orderly intent of Americans, British, Dutch and Scandinavians.

Just as they believe in simple, scientific truth, Germans believe that true *Ordnung* is achievable, provided that sufficient rules, regulations and procedures are firmly in place. In the business world, established, well-tried procedures have emerged from the long experience of Germany's older companies and conglomerates, guided by the maturity of tested senior executives. In Germany, more than anywhere else, there is no substitute for *experience*. Senior employees pass on their knowledge to people immediately below them. There is a clear chain of command in each department and information and instructions are passed down from the top. The status of managers is based partly on achievement, but this is seen as interwoven with the length of service and ascribed wisdom of the individual, as well as formal qualifications and depth of education.

German management is, however, not exclusively autocratic. While the vertical structure in each department is clear, considerable value is placed on consensus. German striving for perfection of systems carries with it the implication that the manager who vigorously applies and monitors these processes is showing faith in a framework which has proved successful for all. Although few junior employees would question the rules, there is adequate protection in German law for dissenting staff. Most Germans feel comfortable in a rather tight framework which would irritate Americans and British. Germans welcome close instruction: they know where they stand and what they are expected to do. They enjoy being told twice, or three or four times.

German managers, issuing orders, can motivate by showing solidarity with their staff in following procedures. They work long hours, obey the rules themselves and, although they generally expect immediate obedience, they insist on fair play.