# Book Rice Wine with the Minister

## Distilled Wisdom to Manage, Lead and Succeed on the Global Stage

Andrew Kakabadse and Nada Kakabadse
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# Recommendation

If, while on an overseas business trip, you've ever poked inquiringly at something unidentifiable on your plate, author Andrew Kakabadse knows how you feel: He survived 21 consecutive toasts with 60-proof rice wine at a business dinner in China. By the end of the dinner, only he and the local provincial minister were still standing. Along with his co-author, Nada Kakabadse, he uses the metaphor of the rice wine test to explain the challenges that global corporate leaders face in dealing with a seemingly homogenized business world that is diverse, complex and sometimes baffling in reality.

# Take-Aways

- Cultural, social and national differences persist among the peoples of the world.
- Thus, to lead successful global organizations, executives must develop cultural awareness by taking 21 "shots" of advice. Some of these tips advise:
- Develop "cultural intelligence," pay attention to local customs and "redefine leadership" within your firm to respect business philosophies from around the globe.
- Learn the local nuances about leadership. No matter where you do business, every environment can teach you important lessons.
- Take your cues from your host when attending meetings in an unfamiliar culture.
- No matter what culture you work in, retain high standards on corporate social responsibility and diversity. "Treat people fairly."
- Respect differences across cultures regarding communication and privacy.
- Network wherever you go. Connections are important in every culture.
- Encourage employees to offer constructive criticism to help identify and solve problems.
- Create a "positive culture of accountability" regardless of the society in which you operate. Be sensitive to the politics that surround your organization.

# Summary

### Appreciating Differences

Technology and globalization have drawn the world closer together. Western media and products permeate even the remotest corners of the globe, and "heterogeneity rules the global roost," particularly in business. However, the morals, values and rituals people hold onto in their communities, regions and countries remain steadfast. Therefore, leaders of global firms need new skills and a greater awareness of the world around them to operate successfully across borders. For example, before business negotiations begin in China's Hunan province, participants must first down numerous shots of potent *Maotai*, a 60-proof rice wine – neat, no chaser. While this certainly is a test of your ability to process lots of alcohol and remain coherent, the real test is to see if you merit your hosts' confidence and their business. Joining a local rite tells your colleagues you value them and their traditions; refusing to imbibe says you're not trustworthy.

"Failure to understand a particular culture can prove expensive. The best global leaders are culturally sensitive."

Three factors, "reach," "readiness" and "roll-out," are crucial to successful international business leadership. Global executives must "reach out to embrace new experiences, knowledge...cultures...[and] people." Worldwide, these leaders must be networked to the appropriate constituencies, including local politicians. The right preparation, including "cultural due diligence," enables managers ready to explore new places, ideas and opportunities. When global leaders roll out new businesses, they don't just drop into a new place and leave with a fistful of business cards. They follow up consistently to ensure results. These three factors headline 21 "shots" of global business leadership advice:

1. **"Live the global paradox"** – In China, finding Starbucks coffee, California grapes or Washington apples no longer is a novelty. Globalization works both ways. International business grew so quickly for India's Infosys that, after taking 23 years to earn its first $1 billion in revenues, it needed "just another 23 months to reach $2 billion." Yet firms continue to make costly foreign market mistakes. Take Walmart's ill-fated foray into Germany: Cultural insensitivity, right down to ignoring local customers' preference for self-bagging their purchases, cost the retailer $1 billion by the time it sold its 85 German stores. Take heed of the paradox: The more global your business, the more attention you need to pay to local customs.

2. **"Be comfortable with complexity"** – Complexity increases as interconnections grow. Globalization brings "complexipacity," an amalgam of modern society's multitasking, "fragmentation, specialization," conflicts and layered decision making. Global leaders must expand from conventional linear thinking to "holistic thinking" that balances local business and cultural issues with global corporate needs and values. "Ambidextrous" leaders take action based on seeing "the world in different ways at different times."

3. **"Redefine leadership"** – The "functionally oriented" and "mono-cultural" leader must give way to the up-and-coming "cosmocrat," a "cosmopolitan businessperson and member of...[a] global ruling elite." That cosmocrat must handle diverging leadership philosophies: Western "orthodoxy" – which is based on having the right idea – and Eastern "orthopraxy" – which cares about "doing the right thing." The Chinese lead based on the prisms of "*ren*, *yi*, *shu*," or "compassion, rightness and reciprocity." In Africa, tribal chiefs place the group's good above their own. South Africa's *ubuntu* philosophy emphasizes bonds among people and a Zulu adage says, "You are a person through others." Command-and-control stewardship is out; the "servant-leader" is in.

4. **"Negotiate the gray areas of governance"** – Navigating the shoals of ethical behavior is a challenge at home and overseas. Contrast the Enron and Tyco International frauds with the "gray money" payments that the Chinese view as an everyday part of doing business. What one culture considers bribery another sees as a broker's fee. Businesses in relationship-oriented cultures value trust and see quid pro quo as normal. But Western firms rely on strict rules and contracts, which can "drive corruption... underground."

5. **"Network like crazy...and globally"** – The old saying, "It's not what you know, it's who you know," still rules. Clubs, alumni groups and social networking websites provide good avenues for collecting and maintaining business contacts. But global executives need to understand people's different motivations and approaches to networking. Westerners distinguish between personal and business acquaintances. Eastern cultures emphasize relationships that transcend work and become "social bonding"; in the Gulf States, the prevailing *et-moon* philosophy connotes, "Whatever I have is yours; you can do whatever you like without my permission."

6. **"Acquire cultural intelligence"** – Leaders need to understand cultural intelligence, the "behaviors, attitudes and policies" that enable cross-border leadership. To "decode" a culture, leaders should appreciate its "symbols, language and arts," preferably from a solid, well-educated perspective that includes overseas experience. Curiosity about and respect for cultural differences can help you avoid errors like General Foods' effort to sell cake mix in Japan where the majority of homes lack ovens.

7. **"Learn the language of business"** – In global business, speaking a foreign language may be a good start, but it's not enough. Understanding the "contextual" meaning of words is critical. For example, in Arabic, the word "leadership" literally translates as "command and control," yet in the Islamic context, "leadership" means that "leaders are servants of the followers." Pay attention to context. Use discussion to build "a lexicon" or "common language" for your company.

8. **"Master meetings that matter"** – The bane of corporate existence, meetings around the world can be formal or informal, planned or spontaneous. But understand their nuances: The Swiss are notoriously punctual; the Italians are not. In Asia, offer your business card with both hands, but not with the left hand in the Middle East. Take your cues from your host on issues such as where you sit, how you address people and whether to shake hands (just about everywhere), bow (in Asia) or even kiss (in Russia).

9. **"Be responsible for business"** – Corporate social responsibility (CSR) means different things in different cultures, so don't assume that your expectations are universally relevant. In the US, ice cream makers Ben & Jerry's incorporated their "socially responsible activities" into their charter so these ventures would survive the sale of the company to Unilever. Indian companies consider CSR "a low priority at best, irrelevant at worse." In Chile, CSR is discretionary, while South African law makes it mandatory.

10. **"Speak up without talking down"** – A manager's influence and example have more of an impact on a group's propensity to speak out than do cultural norms. For example, supervisors in a Chinese factory encouraged workers to bring up problems and issues, and the employees complied – belying China's cultural stereotype of reticence.

11. **"Take a diverse view of diversity"** – Diversity can focus on racial, cultural or gender divides, and sometimes all three, depending on the society. A global leader's belief in the "diversity advantage," that is, in the quantifiable benefits of bridging diversity gaps, will make him or her a more effective manager of cross-cultural groups.

12. **"Understand communication channels"** – How global leaders communicate can be as important as what they communicate, especially in unfamiliar cultures. Prepare to understand your listeners' culture. Some cultures, like in the UK and Germany, are "low-context," and focus their "communication...on verbal elements," relying more on words' actual meanings. Other cultures, as in Mediterranean nations, are "high-context," and depend more on "nonverbal behavior elements," such as eye contact, gestures and facial expressions. Be aware of using symbols, images and color in your advertising and branding. The Chinese, for instance, are very visually attuned and can infer meaning from type fonts (don't advertise lipstick using a "masculine" font) and color (yellow is the right color for gifts for Chinese baby girls, and pink is perfect for baby boys).

13. Respect **"privacy and confidentiality"** – The importance of privacy varies among cultures, so be aware of the parameters around you. Nations that prize the individual tend to value privacy more than those which focus on the collective, though creeping Westernization is blurring this distinction. The UK and the US legislate on confidentiality issues, while the Russian language doesn't even have a word for privacy. European nations have a range of attitudes toward privacy, from the conservative French to the more gregarious Spanish.

14. **"Respond to age-old issues"** – Traditional views on age and aging – the West favoring the young and energetic, and the East venerating the old and wise – are changing as demographics shift, so be aware of individual attitudes. In the US, graying baby boomers rule boardrooms, while young Chinese entrepreneurs are gaining greater authority. Don't make assumptions about people's role or power based on their years.

15. **"Deliver on decisions"** – Cross-cultural issues often can add confusion to the process of achieving results. Know the roles of critical third parties, such as

agents, unions and politicians, and when to use them in trying to reach a decision. Capable global leaders get to the heart of what their team members really believe about an issue or project, and then work to resolve any divisions. They communicate convincingly to get agreement, all the while planning for the future.

16. **"Decide to decide"** – How executives make and implement decisions varies around the world, but global leaders must consider the local, global, tactical and strategic implications of their choices. They should take into account "hard data and soft contextual knowledge." The Japanese *ringisei* method builds agreement from the bottom up, raising and solving problems and disagreements along the way.

17. **"Play to the politics of place"** – Savvy global executives are sensitive to the politics, both organizational and national, that surround their companies. They exercise power discreetly and use political connections to stay ahead. Business and politics inevitably are intertwined, and that's not always a bad thing; "calling someone a political operator in China is a great compliment."

18. **"Treat people fairly"** – All people want to be treated fairly, but standards of fairness vary greatly. For example, a German company with operations in Japan and the US had to swallow the fact that its Japanese head of marketing earned as much as the company's CEO did, and that its American executives earned even more. Having values that respect local differences while adhering to global principles enhances a corporation's morale.

19. **"Learn as you go"** – Every employee in a global environment needs to develop "learnability," the capacity to use knowledge gained from one set of circumstances in another, engendering constant learning. Education goes both ways: While India and China are eager markets for Western business gurus, Westerners learn from the way that Indian and Chinese firms handle the challenges and dynamism of their markets. Business education cannot be imported from one nation to another without an awareness of context and culture. Some Chinese workers who were freshly trained in Western management techniques found that they could not use all they had learned due to cultural constraints about relationships and respect for elders.

20. **"Question authority"** – Despite cultural stereotypes, both Western and Eastern cultures shy away from challenging authority. However, companies should encourage constructive criticism to reveal problems and create better outcomes. Global leaders should distinguish between "debate," which can be personal and acrimonious, and "dialog," which is nonjudgmental and positive.

21. **"Understand who carries the can"** – Blame, responsibility and stress fall on different shoulders in different cultures. For example, individualistic cultures, like in the US and the UK, tend to push blame aside; the higher up in the organization the guilty parties are, the better their chances of skirting responsibility. In collective societies, like China and Japan, individuals take on the shame of wrongdoing. Chinese officials executed two men in a fatal milk-tainting scandal. In Saudi Arabia, the blame always lies elsewhere, particularly with foreigners. Regardless of the context, a global leader must "create a positive culture of accountability without being sucked into the blame game."

## About the Authors

**Andrew Kakabadse**, a professor at Cranfield University's School of Management, and **Nada Kakabadse**, a professor at the University of Northampton Business School, both write extensively on leadership and corporate governance.