



Chapter 13

LEADERSHIP ACROSS CULTURES

OBJECTIVES OF THE CHAPTER

Leadership is often credited (or blamed) for the success (or failure) of international operations. As with other aspects of management, leadership styles and practices that work well in one culture are not necessarily effective in another. The leadership approach commonly used by U.S. managers would not necessarily be the same as that employed in other parts of the world. Even within the same country, effective leadership tends to be very situation-specific. However, as with the other areas of international management you have studied in this text, certain leadership styles and practices may be more or less universally applicable and transcend international boundaries. This chapter examines some differences and similarities in leadership styles across cultures.

First, we review the basic foundation for the study of leadership. Next, we examine leadership in various parts of the world, Europe, East Asia, and the Middle East, including some developing countries. Finally, we'll analyze specific types of leadership, drawing from recent research on leadership across cultures. The specific objectives of this chapter are:

- 1. DESCRIBE** the basic philosophic foundation and styles of managerial leadership.
- 2. EXAMINE** the attitudes of European managers toward leadership practices.
- 3. COMPARE** and **CONTRAST** leadership styles in Japan with those in the United States.
- 4. REVIEW** leadership approaches in China, the Middle East, and developing countries.
- 5. EXAMINE** recent research and findings regarding leadership across cultures.
- 6. DISCUSS** the relationship of culture clusters and leader behavior on effective leadership practices, including increasing calls for more responsible global leadership.

The World of *International Management*

Global Leadership Development: An Emerging Need

Firms are currently bolstering their leadership development programs to prevent a future shortage of managers. As reported in *The Wall Street Journal* in August 2010, the number of potential managers has decreased as a result of layoffs and cuts in training during the economic downturn. Larry Looker, Amway Corp.'s manager of global leadership development, told *The Wall Street Journal*, "We're finding times when we want to open a new market but don't have anyone with the capabilities to do it. It's a real weakness." When Amway needed country managers for an expansion in Latin America, it could not find qualified candidates in its local operations. During the recession, Amway put on hold two leadership development programs. In 2011, it plans to restart these programs in the hope of training future managers. It's a positive sign that companies are growing their global leadership development programs. What does a global leadership development program look like? What qualities are companies looking for in candidates for these programs? What are the benefits to the individual in participating in such a program? To answer these questions, one MNC will be examined in detail.

Spotlight on Roche

The worldwide health care company, Roche, has extensive global leadership development programs. Roche has 81,507 employees and is active in 150 countries. Roche's training for employees includes language courses, interpersonal skills training, and individual coaching and programs on leadership and change management.

According to Roche's website, "Every Roche site has its own training and development programs geared to local needs and resources, and in line with local legal and regulatory requirements." One such program is

Shanghai Roche Pharma's "People & Leadership Development Program." Shanghai Roche has a specific training program for managers to reinforce leadership skills, such as strategic leadership. Furthermore, each employee has an individualized development plan. Based on the Roche 3E (Experience, Education, and Exposure) development model, each employee works with his or her manager to work out a customized development plan together.

To prepare its future leaders, Roche offers two distinct leadership programs, especially designed for managers:

1. **Leadership Impact.** Through this program, managers can build their
 - People management skills (developing, coaching, etc.).
 - Functional management skills (process knowledge and compliance).
 - Leadership skills (creating a vision, guiding a team, etc.).
2. **Leadership Excellence.** Through this program, senior level managers can
 - Remain honest and transparent regarding the realities of their roles.
 - Provide each other with support through peer networking.
 - Increase their collective competencies while sharing common challenges.

Moreover, Roche has a special global leadership development program in its home country, Switzerland. One of Roche's programs has been highlighted on LinkedIn. The following is adapted from a description of the Perspectives Global Accelerated Talent Development Program at Roche:

Our success is built on innovation, curiosity, and diversity, and on seeing each other's differences as an advantage. The headquarters in Basel is one of Roche's largest sites; over 8,000 people from approximately 80 countries work at Roche Basel.

The Perspectives Global Accelerated Talent Development Program is a Roche Corporate program designed to provide a "rapid fire" induction experience to one of the two divisions of Roche (Pharmaceuticals/Diagnostics). It is targeted at talented individuals who are at a very early stage of their career and are seeking to make significant

contributions to the industry. Roche is looking for highly energetic and globally mobile future business leaders from around the globe.

Recognizing the central importance of experiential learning and development, Perspectives provides a unique opportunity to build a broad global network, experience different areas of the business, and gain skills that will be necessary for a career in general management in an accelerated timeframe.

Features of the Perspectives program include:

- Two years (temporary contract), four assignments of six months (three or four are typically international assignments)
- Completely tailored to your development needs and areas of interest in line with Roche needs.
- Diverse experience: different areas of the business, functions, countries, sites, markets, leadership styles, business and ethnic cultures.
- Training targeted at accelerating your leadership capabilities.
- Personal Development Coach: dedicated senior management support throughout the program and beyond.

For this program, Roche is looking for candidates with master's degrees, fluency in two languages, global mindset and mobility, strong leadership potential and business acumen, and excellent communication skills.

Employee Development Yields Results

Two Roche employees' experiences demonstrate the results of Roche's training programs.

At age 24, Luciana, an employee at the Roche Diagnostics affiliate in São Paulo, Brazil, participated in one of Roche's programs. As part of the program, she had the opportunity to work at Roche Diagnostics in Rotkreuz, Switzerland, and the Roche Diagnostics affiliate in Burgess Hill, U.K. Those at Roche believe, "Experiencing new ways of working and thinking inspires creativity in employees, advancing their careers and the company."

This appears to have been the case for Luciana. As a result of her experience, Luciana said, "I have no words to describe how it changes your point of view of life. In two and a half years at Roche, I feel I've gained five

years' growth. I have opportunities to grow every day, with challenging projects, good professionals around me, and space to express myself and to learn how to express myself better."

Tuygan Goeker has been at Roche for 30 years. His career "has scarcely stood still, punctuated by a change in responsibilities or a country move every three to four years." He has worked in Roche Istanbul, Roche Indonesia, and at the Roche headquarters in Switzerland. Today, he is Head of the Central and Eastern Europe, Middle East, Africa, and Indian subcontinent region. He is currently working on developing strategies for maximizing market potential in Brazil, Russia, India, China, South Korea, Mexico, and his native Turkey. As

an international manager, Tuygan has learned adaptability. Tuygan said, "Along the way I've had to expand the way I define success. Sometimes the scope or budget of a new role has been tiny in comparison to a previous position. On the other hand, the number of employees and indirect responsibilities turn out to be infinitely greater."

Roche considers its key to success to be: "Placing the best people with the most advanced skills and attributes in the right place, at the right time, focused on the right priorities." This focus on what's right requires good leadership. Thus, good leadership is essential to corporate success. When companies invest in global leadership development programs, they are investing in their firms' future.

Effective global leadership is an essential competency of leading MNCs, and therefore companies are investing in programs to ensure effective global leadership development. Having leaders who can help companies enter and operate in new markets is especially important. At Amway, Roche, and other companies, a shortage of such employees could constrain global growth. Roche like many MNCs has developed a series of formal, structured programs that are available to employees around the world. These programs are designed to develop skills and capabilities that will help the firms become more culturally sensitive, adaptable, and able to effectively manage in challenging global environments. In this chapter we address different leadership styles as a platform for building effective leadership across cultures.

■ Foundation for Leadership

More academic research over the years has focused on leadership than on nearly any other social science topic. Much of historical studies, political science, and the behavioral sciences is either directly or indirectly concerned with leadership. Despite all this attention there still is no generally agreed-on definition of leadership, let alone sound answers to the question of which leadership approach is more effective than others in the international arena. For our present purposes, **leadership** can be defined simply as the process of influencing people to direct their efforts toward achievement of some particular goal or goals.¹ Leadership is widely recognized as being very important in the study of international management, which raises the question, What is the difference between being a manager and being a leader? While there is no concise answer to this either, some interesting and helpful perspectives have emerged.

leadership

The process of influencing people to direct their efforts toward the achievement of some particular goal or goals.

The Manager-Leader Paradigm

While the terms *manager* and *leader* have often been used interchangeably in the business environment, many believe that there exist clear distinctions in characteristics and behaviors between the two. Some believe that leaders are born, but managers can be shaped. MNCs that have simply sought out employees with appropriate skill sets now face a new challenge: clarifying the seemingly dichotomous roles of managers and leaders to ensure a cohesive vision going forward.

It has been postulated that managers may provide leadership and leaders perform management functions. But managers don't perform the unique functions of leaders.² Managerial positions often consist of sheer responsibility. The attributes necessary to make a successful manager can be learned through academic study or observation and training.³ Behaviors of managers vary greatly, but fundamentally they tend to follow company objectives and rules while attempting to maintain stability as they react to

inevitable change. Essentially, management is something that one does, and the journey consists of striving to always do things right (as opposed to doing the right thing). Unfortunately this often results in focusing on failures as a basis for identifying what needs improvement and ignoring success or denying praise.⁴

Leadership is more difficult to articulate as views of what makes a leader are inconsistent across studies. Leader status is not something that can be learned, but something that must be earned through respect.⁵ In other words, people are not hired as leaders, but appointed as such via employee perspective on the individual. Leaders guide and motivate team members and are extremely visible. While managers often merely focus on reaching objectives by mastering financial information, leaders work to get the right people in the right positions and motivate them; money matters become a secondary objective. Proactive behavior is often crucial as these individuals create change on the basis of a vision of the future. To sum it up in a word, leadership is about the drive to ultimately do the right thing.⁶ The focus of the leader is on the success of team members and building their morale and motivation, as the firm seeks to implement and execute the right strategy.

Many firms are beginning to search for an all-encompassing package of skill sets, and while it is imperative for the survival of a business to have both managers and leaders, it is extremely difficult, if not impossible, to find someone who fits the inclusive criteria of both roles.⁷ Still, hope abounds that it is a reasonable venture to search for individuals with the latent attributes of the leader-manager, who may benefit from training methods that can magnify the most relevant qualities. Skills in effective communication, planning, organizing, and problem solving are what both leaders and managers should develop in order to live up to their roles. The manager-leader must exhibit the ability to focus on the future while maintaining current organizational trends. After that a certain undefined charisma must come into play, evoking the support and respect of subordinates, since the leadership role is ultimately determined by team member perspectives.⁸

Table 13–1 provides a comparison of perceived differences between leadership and management. Again, whether or not these contrasting qualities and abilities are mutually exclusive or if one list is a subset of the other is highly debatable. But it seems clear that pitfalls loom when individuals who do not really exhibit the capacities of both a leader and a manager attempt to fill both sets of shoes. Uncertain and shifting roles and practices can lead to inconsistencies in execution, leading to a belief among subordinates that those in positions of authority may not have the qualification to serve in either capacity.⁹ In the context of our discussion of international management, it is important to note that cultural perspectives are often responsible for how the roles of managers and

Table 13–1
Perceived Differences: Managers vs. Leaders

Managers	Leaders
Can learn skills necessary	Harbor innate characteristics
Take care of where you are	Bring you to new horizons
Oversee	Motivate
Point out flaws to improve on	Give recognition for good work
Deal with complexity	Deal with ambiguity
Are fact finders	Are decision makers
Focus on efficiency	Focus on effectiveness
Are given immediate authority	Earn respect through actions
Follow company objectives	Set new standards
Have present vision	Have future vision
Do things right	Do the right things

leaders are seen to overlap, and in some cases, viewed as synonymous. In some cultures, especially those characterized by high power distance, the aura of leader is projected onto the manager whether or not he or she is ready for it. At the same time, globalization and international operations are evolving such that the manager may be cast into the role of leader out of necessity because there is no one else or no other choice available. Today, managers that seek to do more than balance the budget may be shaped through appropriate training into the leaders of tomorrow.

For the purpose of this book and the multiple challenges associated with managing in an international context we may assume a high level of overlap in characteristics such that international managers will often be called upon to assume the role of manager-leader, or leader-manager. Indeed, in our discussion in the international context we use the terms “supervisor,” “leader,” and “manager” somewhat interchangeably.

Leadership definitions may not be universal, yet it is true that relatively little effort has been made to systematically study and compare leadership approaches throughout the world. Most international research efforts on leadership have been directed toward a specific country or geographic area. Two comparative areas provide a foundation for understanding leadership in the international arena: (1) the philosophical grounding of how leaders view their subordinates and (2) leadership approaches as reflected by autocratic-participative behaviors of leaders. The philosophies/approaches common in the United States often are quite different from those employed by leaders in overseas organizations. At the same time, the differences often are not as pronounced as is commonly believed. First, we will review historical viewpoints on leadership and then move on to exploring new findings.

Philosophical Background: Theories X, Y, and Z

One primary reason that leaders behave as they do is rooted in their philosophy or beliefs regarding how to direct their subordinates most effectively. Managers who believe their people are naturally lazy and work only for money will use a leadership style that is different from the style of managers who believe their people are self-starters and enjoy challenge and increased responsibility. Douglas McGregor, the pioneering leadership theorist, labeled these two sets of assumptions “Theory X” and “Theory Y.”

Theory X manager

A manager who believes that people are basically lazy and that coercion and threats of punishment often are necessary to get them to work.

A **Theory X manager** believes that people are basically lazy and that coercion and threats of punishment must be used to get them to work. The specific philosophical assumptions of Theory X managers or leaders are:

1. By their very nature, people do not like to work and will avoid it whenever possible.
2. Workers have little ambition, try to avoid responsibility, and like to be directed.
3. The primary need of employees is job security.
4. To get people to attain organizational objectives, it is necessary to use coercion, control, and threats of punishment.¹⁰

Theory Y manager

A manager who believes that under the right conditions people not only will work hard but will seek increased responsibility and challenge.

A **Theory Y manager** believes that under the right conditions people will not only work hard but will seek increased responsibility and challenge. In addition, a great deal of creative potential basically goes untapped, believes Theory Y, and if these abilities can be tapped, workers will provide much higher quantity and quality of output. The specific philosophical assumptions of Theory Y leaders are:

1. The expenditure of physical and mental effort at work is as natural to people as resting or playing.
2. External control and threats of punishment are not the only ways of getting people to work toward organizational objectives. If people are committed to the goals, they will exercise self-direction and self-control.

3. Commitment to objectives is determined by the rewards that are associated with their achievement.
4. Under proper conditions, the average human being learns not only to accept but to seek responsibility.
5. The capacity to exercise a relatively high degree of imagination, ingenuity, and creativity in the solution of organizational problems is widely distributed throughout the population.
6. Under conditions of modern industrial life, the intellectual potential of the average human being is only partially tapped.¹¹

The reasoning behind these beliefs will vary by culture. U.S. managers believe that to motivate workers, it is necessary to satisfy their higher-order needs. This is done best through a Theory Y leadership approach. In China, Theory Y managers act similarly—but for different reasons. After the 1949 revolution, two types of managers emerged in China: Experts and Reds. The Experts focused on technical skills and primarily were Theory X advocates. The Reds, skilled in the management of people and possessing political and ideological expertise, were Theory Y advocates. The Reds also believed that the philosophy of Chairman Mao supported their thinking (i.e., all employees had to rise together both economically and culturally). Both Chinese and U.S. managers support Theory Y, but for very different reasons.¹²

The same is true in the case of Russian managers. In a survey conducted by Puffer, McCarthy, and Naumov, 292 Russian managers were asked about their beliefs regarding work.¹³ Table 13–2 shows the six different groupings of the responses. Drawing together the findings of the study, the researchers pointed out the importance of Westerners getting beyond the stereotypes of Russian managers and learning more about the latter’s beliefs in order to be more effective in working with them as employees and as joint-venture partners. Obviously, the assumption that Russian managers are strict adherents of Theory X may be common, but it may also be erroneous.¹⁴

The assumptions of Theory X or Y are most easily seen in the managers’ behaviors, such as giving orders, getting and giving feedback, and creating an overall climate within which the work will be done.

William Ouchi proposed an additional perspective, which he called “Theory Z,” that brings together Theory Y and modern Japanese management techniques. A **Theory Z manager** believes that workers seek opportunities to participate in management and are motivated by teamwork and responsibility sharing.¹⁵ The specific philosophical assumptions of a Theory Z leader are:

1. People are motivated by a strong sense of commitment to be part of a greater whole—the organization in which they work.
2. Employees seek out responsibility and look for opportunities to advance in an organization. Through teamwork and commitment to common goals, employees derive self-satisfaction and contribute to organizational success.
3. Employees who learn different aspects of the business will be in a better position to contribute to the broader goals of the organization.
4. By making commitments to employees’ security through lifetime or long-term employment, the organization will engender in employees strong bonds of loyalty, making the organization more productive and successful.

In sum, each of these three theories, Theory X, Y, and Z, provide useful insights that reveal how different leadership approaches and styles appeal to different constituencies and to certain aspects of human behavior. Theory X has generally fallen out of fashion and managers and leaders are increasingly aware of nonpecuniary (nonfinancial) incentives and rewards. Theories Y and Z are somewhat complementary in that each assumes some degree of intrinsic motivation on the part of employees.

Theory Z manager

A manager who believes that workers seek opportunities to participate in management and are motivated by teamwork and responsibility sharing.

Table 13–2
Russian Managerial Beliefs about Work

A. Humanistic Beliefs

- Work can be made meaningful.
- One's job should give one a chance to try out new ideas.
- The workplace can be humanized.
- Work can be made satisfying.
- Work should allow for the use of human capabilities.
- Work can be a means of self-expression.
- Work should enable one to learn new things.
- Work can be organized to allow for human fulfillment.
- Work can be made interesting rather than boring.
- The job should be a source of new experiences.

B. Organizational Beliefs

- Survival of the group is very important in an organization.
- Working with a group is better than working alone.
- It is best to have a job as part of an organization where all work together even if you don't get individual credit.
- One should take an active part in all group affairs.
- The group is the most important entity in any organization.
- One's contribution to the group is the most important thing about one's work.
- Work is a means to foster group interests.

C. Work Ethic

- Only those who depend on themselves get ahead in life.
- To be superior a person must stand alone.
- A person can learn better on the job by striking out boldly on his own than by following the advice of others.
- One must avoid dependence on other persons whenever possible.
- One should live one's life independent of others as much as possible.

D. Beliefs about Participation in Managerial Decisions

- The working classes should have more say in running society.
- Factories would be better run if workers had more of a say in management.
- Workers should be more active in making decisions about products, financing, and capital investment.
- Workers should be represented on the boards of directors of companies.

E. Leisure Ethic

- The trend toward more leisure is not a good thing. (R)
- More leisure time is good for people.
- Increased leisure time is bad for society. (R)
- Leisure-time activities are more interesting than work.
- The present trend toward a shorter workweek is to be encouraged.

F. Marxist-Related Beliefs

- The free-enterprise system mainly benefits the rich and powerful.
- The rich do not make much of a contribution to society.
- Workers get their fair share of the economic rewards of society. (R)
- The work of the laboring classes is exploited by the rich for their own benefit.
- Wealthy people carry their fair share of the burdens of life in this country. (R)
- The most important work is done by the laboring classes.

Notes: 1. Response scales ranged from 1 (strongly disagree) to 5 (strongly agree).

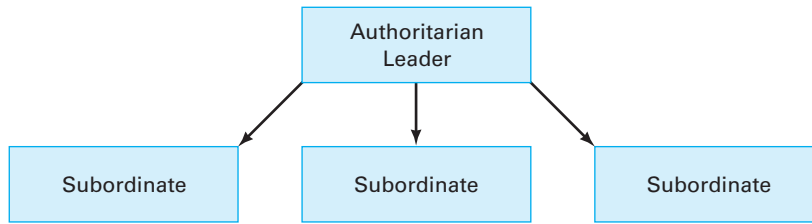
2. R denotes reverse-scoring items.

3. The 45 individual items contained in the 6 belief clusters were presented to respondents in a mixed fashion, rather than categorized by cluster as shown above.

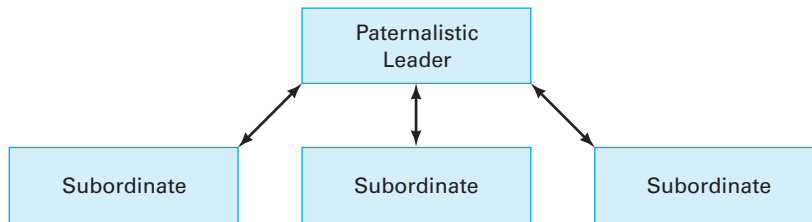
4. Participation was a subset of Marxist-related values in Buchholz's original study, but was made a separate cluster in his later work.

Source: Adapted from Sheila M. Puffer, Daniel J. McCarthy, and Alexander I. Naumov, "Russian Managers' Beliefs about Work: Beyond the Stereotypes," *Journal of World Business* 32, no. 3 (1997), p. 262.

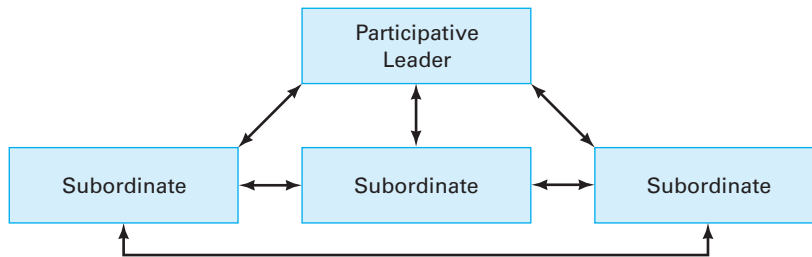
Figure 13–1
Leader-Subordinate Interactions



One-way downward flow of information and influence from authoritarian leader to subordinates.



Continual interaction and exchange of information and influence between leader and subordinates.



Continual interaction and exchange of information and influence between leader and subordinates and between subordinates.

Source: Adapted from Richard M. Hodgetts, *Modern Human Relations at Work*, 8th ed. (Ft. Worth, TX: Harcourt, 2002), p. 264.

Leadership Behaviors and Styles

Leader behaviors can be translated into three commonly recognized styles: (1) authoritarian, (2) paternalistic, and (3) participative. **Authoritarian leadership** is the use of work-centered behavior that is designed to ensure task accomplishment. As shown in Figure 13–1, this leader behavior typically involves the use of one-way communication from manager to subordinate. The focus of attention usually is on work progress, work procedures, and roadblocks that are preventing goal attainment. There is a managerial tendency toward a lack of involvement with subordinates, where final decisions are in the hands of the higher-level employees. The distance translates into a lack of a relationship where managers focus on assignments over the needs of the employees. At times, the organizational leadership behavior is reflective of the political surroundings, as indicated in one study which focused on Romania.¹⁶ Leaders in this region were slightly more authoritarian (55 percent), which could have been influenced by the Romanian communistic roots that stressed the importance of completing planned productions. Although this leadership style often is effective in handling crises, some leaders employ it as their primary style regardless of the situation. It also is widely used by Theory X managers, who believe that a continued focus on the task is compatible with the kind of people they are dealing with.

authoritarian leadership
The use of work-centered behavior designed to ensure task accomplishment.

paternalistic leadership

The use of work-centered behavior coupled with a protective employee-centered concern.

Paternalistic leadership uses work-centered behavior coupled with a protective employee-centered concern. This leadership style can be best summarized by the statement, “Work hard and the company will take care of you.” Paternalistic leaders expect everyone to work hard; in return, the employees are guaranteed employment and given security benefits such as medical and retirement programs. Usually, this leadership behavior satisfies some employee needs, and in turn subordinates tend to exhibit loyalty and compliance.¹⁷

Studies have shown that this behavior is seen throughout Latin America, including Argentina, Bolivia, Chile, and Mexico,¹⁸ but also in China, Pakistan, India, Turkey, and the United States.¹⁹ Mexico appears to be a country that has high paternalistic values, owing in part to Mexican cultural values of respect for hierarchical relations and strong family and personal relationships²⁰ and the fact of the absence of welfare or employment benefits.²¹ There is also some evidence that paternalistic leadership is still a common leadership approach in greater China, stemming from Confucian ideology, which is founded on social relations, such as “benevolent leader with loyal minister” and “kind father with filial son.” In Malaysia, paternalistic leadership acts as a positive reinforcer because paternalistic treatment is contingent on subordinates’ task accomplishment. More broadly, paternalistic leadership has been shown to have a positive impact on employees’ attitudes in collectivistic cultures because the care, support, and protection provided by paternalistic leaders may address employees’ need for frequent contact and close personal relationships.²²

participative leadership

The use of both work- or task-centered and people-centered approaches to leading subordinates.

Participative leadership is the use of both work-centered and people-centered approaches. Participative leaders typically encourage their people to play an active role in assuming control of their work, and authority usually is highly decentralized. The way in which leaders motivate employees could be through consulting with employees, encouraging joint decisions, or delegating responsibilities. Regardless of the method, employees tend to be more creative and innovative when driven by leaders exhibiting this behavior.²³ Participative leadership is very popular in many technologically advanced countries. Such leadership has been widely espoused in the United States, England, and other Anglo countries, and it is currently very popular in Scandinavian countries as well. At General Electric, managers are encouraged to use a participative style that delivers on commitment and shares the values of the firm. Recent research has shown how participative leadership contributes to employees’ task performance, especially in the presence of psychological empowerment on the part of subordinates who are managers themselves and trust in the supervisors in the case of nonmanagerial subordinates.²⁴

One way of characterizing participative leaders is in terms of the managerial grid, which is a traditional, well-known method of identifying leadership styles, as shown in Figure 13–2. Perspectives on and preferences toward where leaders perform on the grid can be influenced by culture. The next section explores this idea as a way to better illustrate the managerial grid.

The Managerial Grid Performance: A Japanese Perspective

The managerial grid is a useful visual to chart how leadership behaviors compare with one another. Participative leaders are on the 9,9 position of the grid. This is in contrast to paternalistic leaders, who tend to be about 9,5, and autocratic leaders, who are in more of a 9,1 position on the grid. How does this translate into practice, and how effective are these in motivating employees? One early but still relevant study examined the ways in which leadership style could be used to influence the achievement motivation of Japanese subjects.²⁵ Japanese participants were separated into eight subsets: four groups of high achievers and four groups of low achievers. Leaders were then assigned to the groups. The first leader focused on performance (called “P supervision” in the study) and mirrored the autocratic style. There was a work-centered focus where subordinates were compared to other groups, and if they were behind, they were pressed to catch up. This correlates to point 9,1 on the grid (high on task, low on people). The second leadership

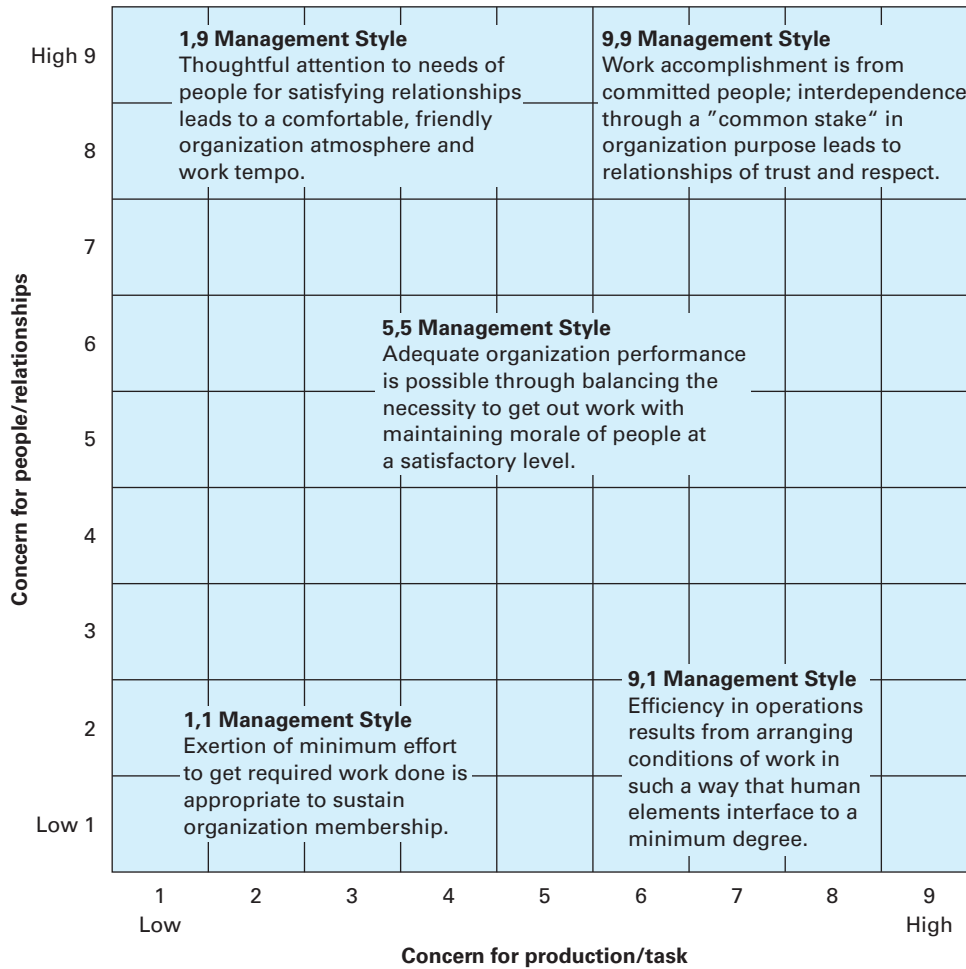


Figure 13–2
The Managerial Grid

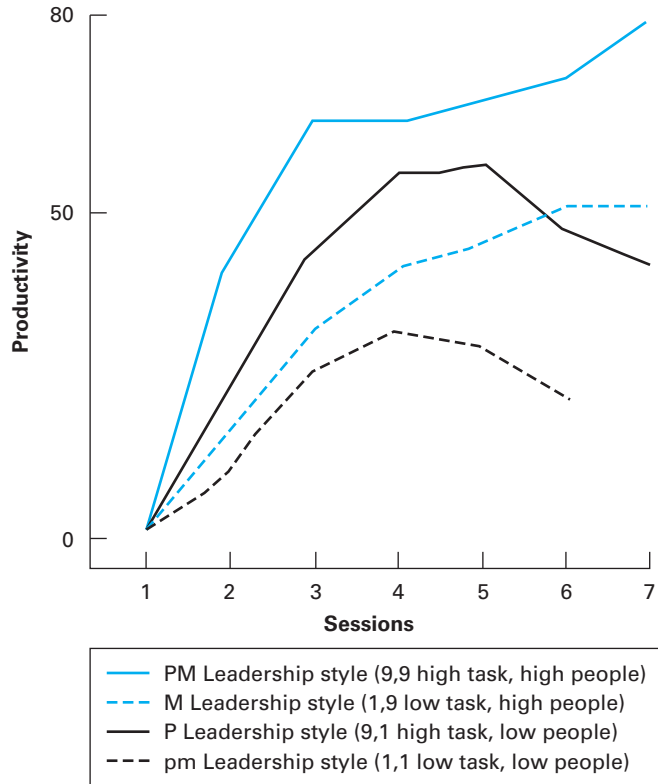
Source: Adapted from Robert S. Blake and Jane S. Mouton, "Managerial Facades," *Advanced Management Journal*, July 1966, p. 31.

style focused on maintaining and strengthening the group (called "M supervision" in the study). The individual used a 1,9 (low on task, high on people) leadership style on the managerial grid, and created a warm, friendly, sympathetic environment where tensions were reduced, interpersonal relationships strengthened, and suggestions welcomed.

The third leader combined the first two methods into a performance-maintenance style (called "PM supervision" in the study). While pressure to complete tasks was prevalent, supervisors still offered encouragement and support. This style correlates with participative leadership, and is at point 9,9 on the managerial grid. Finally, the fourth leader exhibited more absenteeism, as the focus was neither on performance nor maintenance (called "pm supervision" in the study). This supervisor simply did not get very involved in either the task or the people side of the group being led. In other words, the supervisor used a 1,1 leadership style on the grid.

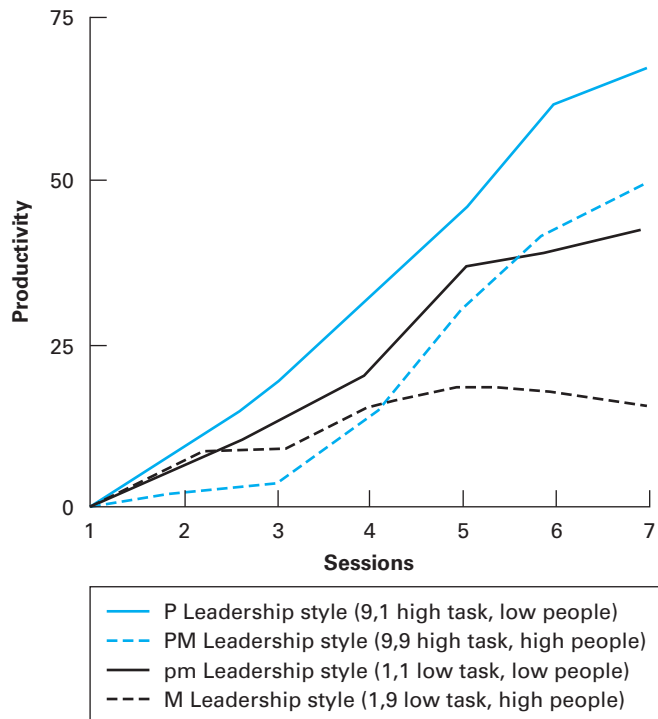
The results of these four leadership styles among the high-achieving and low-achieving groups are reported in Figures 13–3 and 13–4. In the high-achieving groups, the PM, or participative (9,9) style, was most effective across all phases. The P, or authoritarian (9,1—high on task, low on people), leadership style was second most effective during early and middle phases of the study, but later phases proved M supervision (1,9—low on task, high on people) to be more relevant, possibly suggesting that the more familiar the supervisor and subordinate become with one another, the more significant a personal relationship is over a task-focused objective. Finally, the pm (1,1) leadership style was consistently ineffective.

Figure 13-3
Productivity of Japanese Groups with High-Achievement Motivation under Different Leadership Styles



Source: Reprinted from "Effects of Achievement Motivation on the Effectiveness of Leadership Patterns," by Jyuji Misumi and Fumiyasu Seki, published in Volume 16, No. 1, March 1971, of *Administrative Science Quarterly*. Copyright © 1971 Johnson Graduate School of Management, Cornell University.

Figure 13-4
Productivity of Japanese Groups with Low-Achievement Motivation under Different Leadership Styles



Among low-achieving groups, the P, or authoritarian (9,1), supervision was most effective. The M (1,9) leadership style was the second most effective during early sessions, but eventually led to negative results. The PM, or participative (9,9), style was moderately ineffective during the first three stages but improved rapidly and was the second most effective by the end of the seventh session. The pm (1,1) leadership style was consistently effective until the fifth session; then productivity began to level off.

So what does this all mean? One can infer from the results that if an individual is high-achieving, then he or she may be driven by intrinsic factors. This translates into being the most motivated when a creative and supportive environment is provided, as indicated by the success of the participative leadership style. This group preferred to be actively challenged, and became unproductive when faced with absentee leadership. On the other hand, low-achieving groups seemed to be driven by extrinsic factors, such as supervisor behavior toward subordinates. The success of the authoritarian style indicates that this group prefers to be told what to do, and a creative environment that encouraged participation was not a successful motivator until after the supervisors and subordinates were familiar with one another. This group tended to be more self-motivated, as absentee leadership initially resulted in satisfactory production, but this did not last throughout the study. This could be an indication that subordinates were active because of the uncertainty involved, but relaxed efforts when it was clear that supervisors would not intervene.

While results of this study were not specific as to what actually occurs in Japan, other studies from high-achieving societies have supported the findings. Korean firms, for example, are relying more heavily on 9,9, or participatory, leadership. Sang Lee and associates have reported that among Korea's largest firms, a series of personality criteria are used in screening employees, and many of these directly relate to 9,9 leadership: harmonious relationships with others, creativeness, motivation to achieve, future orientation, and a sense of duty.²⁶ These findings have important implications as to what it means to be a leader in different cultures. The next section looks at leadership in the international context in more detail.

■ Leadership in the International Context

How do leaders in other countries attempt to direct or influence their subordinates? Are their approaches similar to those used in the United States? Research shows that there are both similarities and differences. Most international research on leadership has focused on Europe, East Asia, the Middle East, and developing countries such as India, Peru, Chile, and Argentina.

Attitudes of European Managers toward Leadership Practices

In recent years, much research has been directed at leadership approaches in Europe. Most effort has concentrated on related areas, such as decision making, risk taking, strategic planning, and organization design, which have been covered in previous chapters. Some of this previous discussion is relevant to an understanding of leadership practices in Europe. For example, British managers tend to use a highly participative leadership approach. This is true for two reasons: (1) the political background of the country favors such an approach and (2) because most top British managers are not highly involved in the day-to-day affairs of the business, they prefer to delegate authority and let much of the decision making be handled by middle- and lower-level managers. This preference contrasts sharply with that of the French and the Germans,²⁷ who prefer a more work-centered, authoritarian approach. In fact, if labor unions had no legally mandated seats on the boards of directors, participative management in Germany likely would be even less pervasive than it is, a problem that currently confronts firms like Volkswagen that are trying to reduce sharply their overhead to meet increasing competition in Europe.²⁸ Scandinavian countries, however, make wide use of participative

leadership approaches, with worker representation on the boards of directors and high management-worker interaction regarding workplace design and changes.

As a general statement, most evidence indicates that European managers tend to use a participative approach. They do not entirely subscribe to Theory Y philosophical assumptions, however, because an element of Theory X thinking persists. This was made clear by the Haire, Ghiselli, and Porter study of 3,641 managers from 14 countries.²⁹ (The motivation-related findings of this study were reported in Chapter 12.) The leadership-related portion of this study sought to determine whether these managers were basically traditional (Theory X, or system 1/2) or democratic-participative (Theory Y, or system 3/4) in their approach. Specifically, the researchers investigated four areas relevant to leadership:

1. *Capacity for leadership and initiative.* Does the leader believe that employees prefer to be directed and have little ambition (Theory X), or does the leader believe that characteristics such as initiative can be acquired by most people regardless of their inborn traits and abilities (Theory Y)?
2. *Sharing information and objectives.* Does the leader believe that detailed, complete instructions should be given to subordinates and that subordinates need only this information to do their jobs, or does the leader believe that general directions are sufficient and that subordinates can use their initiative in working out the details?
3. *Participation.* Does the leader support participative leadership practices?
4. *Internal control.* Does the leader believe that the most effective way to control employees is through rewards and punishment or that employees respond best to internally generated control?

Overall Results of Research on Attitudes of European Managers Responses by managers to the four areas covered in the Haire, Ghiselli, and Porter study, as noted in Chapter 12, are quite dated but remain the most comprehensive available and are relevant to the current discussion of leadership similarities and differences. The specifics by country may have changed somewhat over the years, but the leadership processes revealed should not be out of date. The clusters of countries studied by these researchers are shown in Table 13–3. Results indicate that none of the leaders from various parts of the world, on average, were very supportive of the belief that individuals have a capacity for leadership and initiative. The researchers put it this way: “In each country, in each group of countries, in all of the countries taken together, there is a relatively low opinion of the capabilities of the average person, coupled with a relatively positive belief in the necessity for democratic-type supervisory practices.”³⁰

An analysis of standard scores compared each cluster of countries against the others, and it revealed that Anglo leaders tend to have more faith in the capacity of their people for leadership and initiative than do the other clusters. They also believe that

Table 13–3
Clusters of Countries in the Haire, Ghiselli, and Porter Study

NORDIC-EUROPEAN COUNTRIES	ANGLO-AMERICAN COUNTRIES
Denmark	England
Germany	United States
Norway	
Sweden	DEVELOPING COUNTRIES
	Argentina
LATIN-EUROPEAN COUNTRIES	Chile
Belgium	India
France	
Italy	JAPAN
Spain	

sharing information and objectives is important; however, when it comes to participation and internal control, the Anglo group tends to give relatively more autocratic responses than all the other clusters except developing countries. Interestingly, Anglo leaders reported a much stronger belief in the value of external rewards (pay, promotion, etc.) than did any of the clusters except that of the developing countries. These findings clearly illustrate that attitudes toward leadership practices tend to be quite different in various parts of the world.

The Role of Level, Size, and Age on European Managers' Attitudes toward Leadership

The research of Haire and associates provided important additional details within each cluster of European countries. These findings indicated that in some countries, higher-level managers tended to express more democratic values than lower-level managers; however, in other countries, the opposite was true. For example, in England, higher-level managers responded with more democratic attitudes on all four leadership dimensions, whereas in the United States, lower-level managers gave more democratically oriented responses on all four. In the Scandinavian countries, higher-level managers tended to respond more democratically; in Germany, lower-level managers tended to have more democratic attitudes.

Company size also tended to influence the degree of participative-autocratic attitudes. There was more support among managers in small firms than in large ones regarding the belief that individuals have a capacity for leadership and initiative; however, respondents from large firms were more supportive of sharing information and objectives, participation, and use of internal control.

There were findings that age also had some influence on participative attitudes. Younger managers were more likely to have democratic values when it came to capacity for leadership and initiative and to sharing information and objectives, although on the other two areas of leadership practices older and younger managers differed little. In specific countries, some important differences were found. For example, younger managers in both the United States and Sweden espoused more democratic values than did their older counterparts; in Belgium, the opposite was true.

Japanese Leadership Approaches

Japan is well known for its paternalistic approach to leadership. As noted in Figure 12–7, Japanese culture promotes a high safety or security need, which is present among home country–based employees as well as MNC expatriates. For example, one study examined the cultural orientations of 522 employees of 28 Japanese-owned firms in the United States and found that the native Japanese employees were more likely than their U.S. counterparts to value paternalistic company behavior.³¹ Another study found that Koreans also value such paternalism.³² However, major differences appear in leadership approaches used by the Japanese and those in other locales.

For example, the comprehensive Haire, Ghiselli, and Porter study found that Japanese managers have much greater belief in the capacity of subordinates for leadership and initiative than do managers in most other countries.³³ In fact, in the study, only managers in Anglo-American countries had stronger feelings in this area. The Japanese also expressed attitudes toward the use of participation to a greater degree than others. In the other two leadership areas, sharing information and objectives and using internal control, the Japanese respondents were above average but not distinctive. Overall, however, this study found that the Japanese respondents scored highest on the four areas of leadership combined. In other words, these findings provide evidence that Japanese leaders have considerable confidence in the overall ability of their subordinates and use a style that allows their people to actively participate in decisions.

In addition, the leadership process used by Japanese managers places a strong emphasis on ambiguous goals. Subordinates are typically unsure of what their manager wants them to do. As a result, they spend a great deal of time overpreparing their

assignments. Some observers believe that this leadership approach is time-consuming and wasteful. However, it has a number of important benefits. One is that the leader is able to maintain stronger control of the followers because the latter do not know with certainty what is expected of them. So they prepare themselves for every eventuality. Second, by placing the subordinates in a position where they must examine a great deal of information, the manager ensures that the personnel are well prepared to deal with the situation and all its ramifications. Third, the approach helps the leader maintain order and provide guidance, even when the leader is not as knowledgeable as the followers.

Two experts on the behavior of Japanese management have noted that salarymen (middle managers) survive in the organization by anticipating contingencies and being prepared to deal with them. So when the manager asks a question and the salaryman shows that he has done the research needed to answer the question, the middle manager also shows himself to be a reliable person. The leader does not have to tell the salaryman to be prepared; the individual knows what is expected of him.

Japanese managers operate this way because they usually have less expertise in a division's day-to-day business than their subordinates do. It is the manager's job to maintain harmony, not to be a technical expert. Consequently, a senior manager doesn't necessarily realize that E, F, G, and H are important to know. He gives ambiguous directions to his subordinates so they can use their superior expertise to go beyond A, B, C, and D. One salaryman explained it this way: "When my boss asks me to write a report, I infer what he wants to know and what he needs to know without being told what he wants." Another interviewee added that subordinates who receive high performance evaluations are those who know what the boss wants without needing to be told. What frustrates Japanese managers about non-Japanese employees is the feeling that, if they tell such a person they want A through D, they will never extract E through H; instead, they'll get exactly what they asked for. Inferring what the boss would have wanted had he only known to ask is a tough game, but it is the one salarymen must play.³⁴

As we saw in 2010 with the massive safety recall of certain Toyota vehicles (see Chapter 4), some researchers believe that this paternalistic approach may have impeded and constrained Toyota's ability to respond quickly to vehicle quality safety problems. The *Financial Times* reported that, in response, Toyota is shifting more responsibility to non-Japanese managers by promoting North Americans and Europeans to run factories outside Japan. Toyota officials concluded that poor communication between local managers and their bosses in Japan contributed to the crisis. In the U.S., especially, warnings from local managers about the outcry were either passed on too slowly or not at all.³⁵

Differences between Japanese and U.S. Leadership Styles

In a number of ways, Japanese leadership styles differ from those in the United States. For example, the Haire and associates study found that except for internal control, large U.S. firms tend to be more democratic than small ones, whereas in Japan, the profile is quite different.³⁶ A second difference is that younger U.S. managers appear to express more democratic attitudes than their older counterparts on all four leadership dimensions, but younger Japanese fall into this category only for sharing information and objectives and in the use of internal control.³⁷ Simply put, evidence points to some similarities between U.S. and Japanese leadership styles, but major differences also exist.

A number of reasons have been cited for these differences. One of the most common is that Japanese and U.S. managers have a basically different philosophy of managing people. Table 13–4 provides a comparison of seven key characteristics that come from Ouchi's *Theory Z*, which combines Japanese and U.S. assumptions and approaches. Note in the table that the Japanese leadership approach is heavily group-oriented, paternalistic, and concerned with the employee's work and personal life. The U.S. leadership approach is almost the opposite.³⁸

Another difference between Japanese and U.S. leadership styles is how senior-level managers process information and learn. Japanese executives are taught and tend to use

Table 13–4
Japanese vs. U.S. Leadership Styles

Philosophical Dimension	Japanese Approach	U.S. Approach
Employment	Often for life; layoffs are rare	Usually short-term; layoffs are common
Evaluation and promotion	Very slow; big promotions may not come for the first 10 years	Very fast; those not quickly promoted often seek employment elsewhere
Career paths	Very general; people rotate from one area to another and become familiar with all areas of operations	Very specialized; people tend to stay in one area (accounting, sales, etc.) for their entire careers
Decision making	Carried out via group decision making	Carried out by the individual manager
Control mechanism	Very implicit and informal; people rely heavily on trust and goodwill	Very explicit; people know exactly what to control and how to do it
Responsibility	Shared collectively	Assigned to individuals
Concern for employees	Management's concern extends to the whole life, business and social, of the worker	Management concerned basically with the individual's work life only

Source: Adapted from William Ouchi, *Theory Z: How American Business Can Meet the Japanese Challenge* (Reading, MA: Addison-Wesley, 1981).

variety amplification, which is the creation of uncertainty and the analysis of many alternatives regarding future action. By contrast, U.S. executives are taught and tend to use **variety reduction**, which is the limiting of uncertainty and the focusing of action on a limited number of alternatives.³⁹ Through acculturation, patterning, and mentoring, as well as formal training, U.S. managers tend to limit the scope of questions and issues before them, emphasize one or two central aspects of that topic, identify specific employees to respond to it, and focus on a goal or objective that is attainable. Japanese managers, in contrast, tend to be inclusive in their consideration of issues or problems, seek a large quantity of information to inform the problem, encourage all employees to engage in solutions, and aim for goals that are distant in the future.

Further, this research found that Japanese focused very heavily on problems, while the U.S. managers focused on opportunities.⁴⁰ The Japanese were more willing to allow poor performance to continue for a time so that those who were involved would learn from their mistakes, but the Americans worked to stop poor performance as quickly as possible. Finally, the Japanese sought creative approaches to managing projects and tried to avoid relying on experience, but the Americans sought to build on their experiences.

Still another major reason accounting for differences in leadership styles is that the Japanese tend to be more ethnocentric than their U.S. counterparts. The Japanese think of themselves as Japanese managers who are operating overseas; most do not view themselves as international managers. As a result, even if they do adapt their leadership approach on the surface to that of the country in which they are operating, they still believe in the Japanese way of doing things and are reluctant to abandon it.

Despite these differences, managerial practices indicate that there may be more similarities than once believed. For example, in the United States, the approach used in managing workers at the Saturn plant was quite different from that employed in other GM plants. (Saturn was once one of General Motors' most successful auto offerings; as a result of GM's restructuring it has since been folded back into GM proper.) Strong attention was given to allowing workers a voice in all management decisions, and pay was linked to quality, productivity, and profitability. Japanese firms such as Sony use a similar approach, encouraging personnel to assume authority, use initiative, and work as a team. Major emphasis also is given to developing communication links between management and the employees and to encouraging people to do their best.

Another common trend is the movement toward team orientation and away from individualism. International Management in Action, "Global Teams," illustrates this point.

variety amplification

The creation of uncertainty and the analysis of many alternatives regarding future action.

variety reduction

The limiting of uncertainty and the focusing of action on a limited number of alternatives.

Institutional productivity used to involve a cavalcade of employees manning factory floors, where meetings with international subsidiaries had to be carefully planned. As technology continues to evolve and the window for decision making periods quickly closes, the need to instantly connect and coordinate with regional and transnational offices becomes imperative to stay competitive. But how is this implemented? International leaders now put increasing focus on developing global teams that are capable of overcoming cultural barriers and working together in an efficient, harmonious manner. At Dallas-based Maxus Energy (a wholly owned subsidiary of YPF, the largest Argentinean corporation in the world), teams consist of Americans, Dutch, British, and Indonesians who have been brought together to pursue a common goal: maximize oil and gas production. Capitalizing on the technical expertise of the members and their willingness to work together, the team has helped the company to achieve its objective and add oil reserves to its stockpiles—an almost unprecedented achievement. This story is only one of many that help illustrate the way in which global teams are being created and used to achieve difficult international objectives.

In developing effective global teams, companies are finding there are four phases in the process. In phase one, the team members come together with their own expectations, culture, and values. In phase two, members go through a self-awareness period, during which they learn to respect the cultures of the other team members. Phase three is characterized by a developing trust among members, and in phase four, team members begin working in a collaborative way.

How are MNCs able to create the environment that is needed for this metamorphosis? Several specific steps are implemented by management, including:

1. The objectives of the group are carefully identified and communicated to the members.
2. Team members are carefully chosen so that the group has the necessary skills and personnel to reinforce and complement each other.
3. Each person learns what he or she is to contribute to the group, thus promoting a feeling of self-importance and interdependency.
4. Cultural differences between the members are discussed so that members can achieve a better understanding of how they may work together effectively.
5. Measurable outcomes are identified so that the team can chart its progress and determine how well it is doing. Management also continually stresses the team's purpose and its measurable outcomes so that the group does not lose sight of its goals.
6. Specially designed training programs are used to help the team members develop interpersonal, intercultural skills.
7. Lines of communication are spelled out so that everyone understands how to communicate with other members of the group.
8. Members are continually praised and rewarded for innovative ideas and actions.

MNCs now find that global teams are critical to their ability to compete successfully in the world market. As a result, leaders who are able to create and lead interdisciplinary, culturally diverse groups are finding themselves in increasing demand by MNCs.

Leadership in China

In the past few years a growing amount of attention has been focused on leadership in China. In particular, international researchers are interested in learning if the country's economic progress is creating a new cadre of leaders whose styles are different from the styles of leaders of the past. In one of the most comprehensive studies to date, Ralston and his colleagues found that, indeed, a new generation of Chinese leaders is emerging and they are somewhat different from past leaders in work values.⁴¹

The researchers gathered data from a large number of managers and professionals ($n = 869$) who were about to take part in management development programs. These individuals were part of what the researchers called the "New Generation" of Chinese organizational leaders. The researchers wanted to determine if this new generation of managers had the same work values as those of the "Current Generation" and "Older Generation" groups. In their investigation, the researchers focused their attention on the importance that the respondents assigned to three areas: individualism, collectivism, and Confucianism.

Individualism was measured by the importance assigned to self-sufficiency and personal accomplishments. Collectivism was measured by the person's willingness to subordinate personal goals to those of the work group with an emphasis on sharing and group harmony. Confucianism was measured by the importance the respondent assigned to societal harmony, virtuous interpersonal behavior, and personal and interpersonal harmony.

The researchers found that the new generation group scored significantly higher on individualism than did the current and older generation groups. In addition, the new generation leaders scored significantly lower than the other two groups on collectivism and Confucianism. These values appear to reflect the period of relative openness and freedom, often called the "Social Reform Era," during which these new managers grew up. They have had greater exposure to Western societal influences, and this may well be resulting in leadership styles similar to those of Western managers.

These research findings show that leadership is culturally influenced, but as the economy of China continues to change and the country moves more and more toward capitalism, the work values of managers may also change. As a result, the new generation of leaders may well use leadership styles similar to those in the West, something that has also occurred in Japan, as seen in Figures 13-3 and 13-4.

Leadership in the Middle East

Research also has been conducted on Middle East countries to determine the similarities and differences in managerial attitudes toward leadership practices. For example, in a follow-up study to that of Haire and associates, midlevel managers from Arab countries were surveyed and found to have higher attitude scores for capacity for leadership and initiative than those from any of the other countries or clusters reported in Table 13-3.⁴² The Arab managers' scores for sharing information and objectives, participation, and internal control, however, all were significantly lower than the scores of managers in the other countries and clusters reported in Table 13-3. The researcher concluded that the results were accounted for by the culture of the Middle East region. Table 13-5 summarizes not only the leadership differences between Middle Eastern and Western managers but also other areas of organization and management.

More recent research provides some evidence that there may be much greater similarity between Middle Eastern leadership styles and those of Western countries.⁴³ In particular, the observation was made that Western management practices are very evident in the Arabian Gulf region because of the close business ties between the West and this oil-rich area and the increasing educational attainment, often in Western universities, of Middle Eastern managers. A study on decision making styles in the United Arab Emirates showed that organizational culture, level of technology, level of education, and management responsibility were good predictors of decision-making styles in such an environment.⁴⁴ These findings were consistent with similar studies in Western environments. Also, results indicated a tendency toward participative leadership styles among young Arab middle management, as well as among highly educated managers of all ages.⁴⁵

Leadership Approaches in India

India is developing at a rapid rate as MNCs increase investment. India's workforce is quite knowledgeable in the high-tech industry, and society as a whole is moving toward higher education. However, India is still bound by old traditions. This raises the question, What kind of leadership style does India need to satisfy its traditional roots while heading into a high-tech future? One study showed that Indian workers were more productive when managers took a high people and high task approach (participative). Meanwhile, the less productive workers were managed by individuals who showed high people orientation, but low focus on task-related objectives.⁴⁶ These findings may indicate that it is important in India to focus on the individual, but in order to be efficient and produce results, managers need to maintain awareness of the tasks that need to be completed.

Table 13–5
Differences between Middle Eastern and Western Management

Management Dimensions	Middle Eastern Management	Western Management
Leadership	Highly authoritarian tone, rigid instructions. Too many management directives.	Less emphasis on leader's personality, considerable weight on leader's style and performance.
Organizational structures	Highly bureaucratic, overcentralized, with power and authority at the top. Vague relationships. Ambiguous and unpredictable organization environments.	Less bureaucratic, more delegation of authority. Relatively decentralized structure.
Decision making	Ad hoc planning, decisions made at the highest level of management. Unwillingness to take high risk inherent in decision making.	Sophisticated planning techniques, modern tools of decision making, elaborate management information systems.
Performance evaluation and control	Informal control mechanisms, routine checks on performance. Lack of vigorous performance evaluation systems.	Fairly advanced control systems focusing on cost reduction and organizational effectiveness.
Personnel policies	Heavy reliance on personal contacts and getting individuals from the "right social origin" to fill major positions.	Sound personnel management policies. Candidates' qualifications are usually the basis for selection decisions.
Communication	The tone depends on the communicants. Social position, power, and family influence are ever-present factors. Chain of command must be followed rigidly. People relate to each other tightly and specifically. Friendships are intense and binding.	Stress usually on equality and a minimization of difference. People relate to each other loosely and generally. Friendships not intense and binding.

Source: From M. K. Badawy, "Styles of Mid-Eastern Managers," *California Management Review*, Spring 1980. Copyright © 1980, by The Regents of the University of California. Reprinted from the *California Management Review*, Vol. 22, No. 3. By permission of The Regents. All rights reserved. This article is for personal viewing by individuals accessing this site. It is not to be copied, reproduced, or otherwise disseminated without written permission from the *California Management Review*. By viewing this document, you hereby agree to these terms. For permission or reprints, contact: cmr@haas.berkeley.edu.

Because of India's long affiliation with Great Britain, leadership styles in India would seem more likely to be participative than those in the Middle East or in other developing countries. Haire and associates found some degree of similarity between leadership styles in India and Anglo-American countries, but it was not significant. The study found Indians to be similar to the Anglo-Americans in managerial attitudes toward capacity for leadership and initiative, participation, and internal control. The difference is in sharing information and objectives. The Indian managers' responses tended to be quite similar to those of managers in other developing countries.⁴⁷ These findings from India show that a participative leadership style may be more common and more effective in developing countries than has been reported previously. Over time, developing countries (as also shown in the case of the Persian Gulf nations) may be moving toward a more participative leadership style. Recently, researchers have suggested there may be some unique management and leadership styles that emerge from the polyglot nature of India's population and some of the unique challenges of doing business there. For example, some suggest that Indian leaders can improvise quickly to overcome hurdles, a concept sometimes referred to here as *jugaad*.⁴⁸

Leadership Approaches in Latin America

Research pertaining to leadership styles in Latin America has indicated that as globalization increases, so does the transitional nature of managers within these regions. One study that compared Latin American leadership styles reviewed past research indicating an

initial universality among the countries.⁴⁹ In Mexico, leaders tended to have a combination of authoritarian and participative behaviors, while Chile, Argentina, and Bolivia also showed signs of authoritarian behaviors. Typically, Mexican managers who welcomed input from subordinates were viewed as incompetent and weak. This may be the reason that in Mexico, as well as in Chile, managers tend to be socially distant from those working below them. Romero found that Mexican managers who worked close to the U.S. border, however, exhibited even more participative behavior, and that trend enhanced as globalization increased.⁵⁰ Overall, the study found that Mexico is moving toward a modern leader style, while other Latin American countries continue to lead based on tradition. However, this is not the only viewpoint.

Haire and associates originally found quite different results for Chile and Argentina, and one can only assume that Peru would be similar to the aforementioned countries due to their geographic and cultural similarities. The results from the study for those two developing countries were similar to those for India.⁵¹ Additional research, however, has found that leadership styles in Peru may be much closer to those in the United States than was previously assumed.

As in the case of Middle Eastern managers, these findings in South America indicate there indeed may be more similarities in international leadership styles than previously assumed. As countries become more economically advanced, participative styles may well gain in importance. Of course, this does not mean that MNCs can use the same leadership styles in their various locations around the world. There still must be careful contingency application of leadership styles (different styles for different situations); however, many of the more enlightened participative leadership styles used in the United States and other economically advanced countries, such as Japan, also may have value in managing international operations even in developing countries as well as in the emerging Eastern European countries.

■ Recent Findings and Insights about Leadership

In recent years researchers have begun raising the question of universality of leadership behavior. Do effective leaders, regardless of their country culture or job, act similarly? A second, and somewhat linked, research inquiry has focused on the question, Are there a host of specific behaviors, attitudes, and values that leaders in the 21st century will need in order to be successful? Thus far the findings have been mixed. Some investigators have found that there is a trend toward universalism for leadership; others have concluded that culture continues to be a determining factor and that an effective leader, for example, in Sweden will not be as effective in Italy if he or she employs the same approach, most likely due to motivational factors being different (see Chapter 12). One of the most interesting recent efforts has been conducted by Bass and his associates, and has focused on the universality and effectiveness of both transformational and transactional leadership.

Transformational, Transactional, and Charismatic Leadership

Transformational leaders are visionary agents with a sense of mission who are capable of motivating their followers to accept new goals and new ways of doing things. One recent variant on transformational leadership focuses on the individual's charismatic traits and abilities. This research stream, known as the study of **charismatic leaders**, has explored how the individual abilities of an executive work to inspire and motivate her or his subordinates.⁵² **Transactional leaders** are individuals who exchange rewards for effort and performance and work on a “something for something” basis.⁵³ Do these types of leaders exist worldwide, and is their effectiveness consistent in terms of performance? Drawing on an analysis of studies conducted in Canada, India, Italy, Japan, New Zealand, Singapore, and Sweden, as well as in the United States, Bass discovered that very little of the variance in leadership behavior could be attributed to culture. In fact, in many cases he found that national differences accounted for less than 10 percent of the results. This led him to create a model of leadership and conclude that “although this model . . . may

transformational leaders

Leaders who are visionary agents with a sense of mission and who are capable of motivating their followers to accept new goals and new ways of doing things.

charismatic leaders

Leaders who inspire and motivate employees through their charismatic traits and abilities.

transactional leaders

Individuals who exchange rewards for effort and performance and work on a “something for something” basis.

require adjustments and fine-tuning as we move across cultures, particularly into non-Western cultures, overall, it holds up as having considerable universal potential.”⁵⁴

Simply stated, Bass discovered that there was far more universalism in leadership than had been believed previously. Additionally, after studying thousands of international cases, he found that the most effective managers were *transformational* leaders and they were characterized by four interrelated factors. For convenience, the factors are referred to as the “4 I’s,” and they can be described this way:

1. *Idealized influence.* Transformational leaders are a source of charisma and enjoy the admiration of their followers. They enhance pride, loyalty, and confidence in their people, and they align these followers by providing a common purpose or vision that the latter willingly accept.
2. *Inspirational motivation.* These leaders are extremely effective in articulating their vision, mission, and beliefs in clear-cut ways, thus providing an easy-to-understand sense of purpose regarding what needs to be done.
3. *Intellectual stimulation.* Transformational leaders are able to get their followers to question old paradigms and to accept new views of the world regarding how things now need to be done.
4. *Individualized consideration.* These leaders are able to diagnose and elevate the needs of each of their followers through individualized consideration, thus furthering the development of these people.⁵⁵

Bass also discovered that there were four other types of leaders. All of these are less effective than the transformational leader, although the degree of their effectiveness (or ineffectiveness) will vary. The most effective of the remaining four types was labeled the *contingent reward (CR) leader* by Bass. This leader clarifies what needs to be done and provides both psychic and material rewards to those who comply with his or her directives. The next most effective manager is the *active management-by-exception (MBE-A) leader*. This individual monitors follower performance and takes corrective action when deviations from standards occur. The next manager in terms of effectiveness is the *passive management-by-exception (MBE-P) leader*. This leader takes action or intervenes in situations only when standards are not met. Finally, there is the *laissez-faire (LF) leader*. This person avoids intervening or accepting responsibility for follower actions.

Bass found that through the use of higher-order factor analysis it is possible to develop a leadership model that illustrates the effectiveness of all five types of leaders: I’s (transformational), CR, MBE-A, MBE-P, and LF. Figure 13–5 presents this model. The higher the box in the figure and the farther to the right on the shaded base area, the more effective and active is the leader. Notice that the 4 I’s box is taller than any of the others in the figure and is located more to the right than any of the others. The CR box is second tallest and second closest to the right, on down to the LF box, which is the shortest and farthest from the right margin.

Bass also found that the 4 I’s were positively correlated with each other, but less so with contingent reward. Moreover, there was a near zero correlation between the 4 I’s and management-by-exception styles, and there was an inverse correlation between these four factors and the laissez-faire leadership style.

Does this mean that effective leader behaviors are the same regardless of country? Bass concluded that this statement is not quite true—but there is far more universalism than people believed previously. In putting his findings in perspective, he concluded that there certainly would be differences in leadership behavior from country to country.⁵⁶ For example, he noted that transformational leaders in Honduras would have to be more directive than their counterparts in Norway. Moreover, culture can create some problems in using universal leadership concepts in countries such as Japan, where the use of contingent reward systems is not as widespread as in the West. These reward systems can also become meaningless in Arab and Turkish cultures where there is a strong belief that things will happen “if God wills” and not because a leader has decided to carry

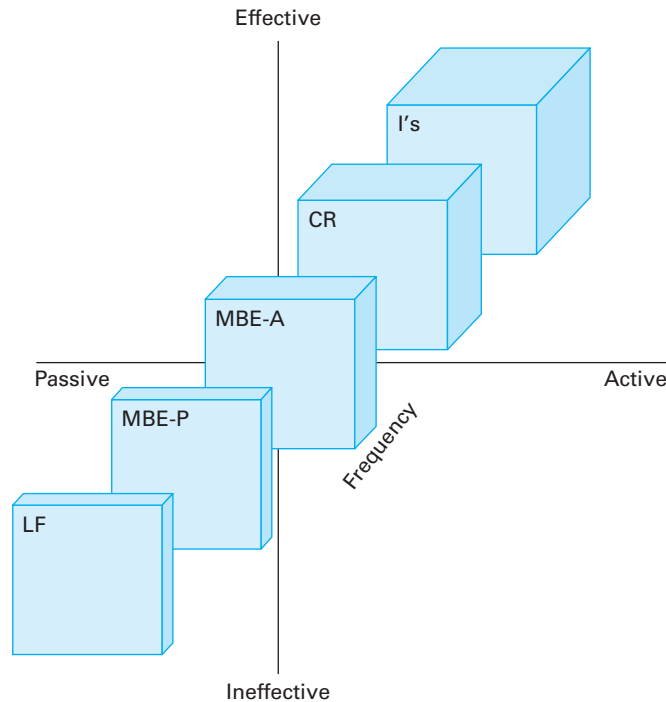


Figure 13-5
An Optimal Profile of Universal Leadership Behaviors

Source: Adapted from Bernard M. Bass, "Is There Universality in the Full Range Model of Leadership?" *International Journal of Public Administration* 16, no. 6 (1996), p. 738.

them out. Yet even after taking these differences into consideration, Bass contends that universal leadership behavior is far more common than many people realize.⁵⁷

Qualities for Successful Leaders

Another recent research approach that has been used to address the issue of international leadership is that of examining the characteristics that companies are looking for in their new executive hires. Are all firms seeking the same types of behaviors or qualities or, for example, are companies in Sweden looking for executives with qualities that are quite different from those being sought by Italian firms? The answer to this type of question can help shed light on international leadership because it helps focus attention on the behaviors that organizations believe are important in their managerial workforce. It also helps examine the impact, if any, of culture on leadership style.

Tollgerdt-Andersson examined thousands of advertisements for executives in the European Union (EU). She began by studying ads in Swedish newspapers and journals, noting the qualities, characteristics, and behaviors that were being sought. She then expanded her focus to publications in other European countries including Denmark, Norway, Germany, Great Britain, France, Italy, and Spain. The results are reported in Table 13-6. Based on this analysis, she concluded:

Generally, there seem to be great differences between the European countries regarding their leadership requirements. Different characteristics are stressed in the various countries. There are also differences concerning how frequently various characteristics are demanded in each country. Some kind of personal or social quality is mentioned much more often in the Scandinavian countries than in the other European countries. In the Scandinavian advertisements, you often see many qualities mentioned in a single advertisement. This can be seen in other European countries too, but it is much more rare. Generally, the characteristics mentioned in a single advertisement do not exceed three and fairly often, especially in Mediterranean countries (in 46-48% of the advertisements) no personal or social characteristics are mentioned at all.⁵⁸

At the same time, Tollgerdt-Andersson did find that there were similarities between nations. For example, Italy and Spain had common patterns regarding desirable leadership

Table 13–6
Qualities Most Demanded in Advertisements for European Executives

Quality	Sweden (n = 225)	Denmark (n = 175)	Norway (n = 173)	Germany (n = 190)
Ability to cooperate (interpersonal ability)	25	42	32	16
Independence	22	22	25	9
Leadership ability	22		16	17
Ability to take initiatives	22	12	16	
Aim and result orientation	19	10	42	
Ability to motivate and inspire others	16	11		
Business orientation	12			
Age	10	25		13
Extrovert personality/contact ability	10	8	12	11
Creativity	9	10	9	9
Customer ability	9			
Analytic ability		10		
Ability to communicate		12	15	
High level of energy/drive			12	
Enthusiasm and involvement			14	14
Organization skills				7
Team builder				
Self-motivated				
Flexibility				
Precision				
Dynamic personality				
Responsibility				
Quality	Great Britain (n = 163)	France (n = 164)	Italy (n = 132)	Spain (n = 182)
Ability to cooperate (interpersonal ability)	7	9	32	18
Independence			16	4
Leadership ability	10		22	16
Ability to take initiatives			10	8
Aim and result orientation	5			2
Ability to motivate and inspire others		9	26	20
Business orientation				8
Age		12	46	34
Extrovert personality/contact ability				
Creativity	5			4
Customer ability				2
Analytic ability			10	
Ability to communicate	23			8
High level of energy/drive	8			20
Enthusiasm and involvement				
Organization skills		6	12	12
Team builder	10	5		
Self-motivated	10			
Flexibility				2
Precision		7		
Dynamic personality		6		6
Responsibility				10

Note: The qualities most demanded in Swedish, Danish, Norwegian, German, British, French, Italian, and Spanish advertisements for executives are expressed in percentage terms. n = total number of advertisements analyzed in each country. Each entry represents the percentage of the total advertisements requesting each quality.

Source: Adapted from Ingrid Tollgerdt-Andersson, "Attitudes, Values and Demands on Leadership—A Cultural Comparison among Some European Countries," in *Managing Across Cultures*, ed. Pat Joynt and Malcolm Warner (London: International Thomson Business Press, 1996), p. 173.

characteristics. Between 52 and 54 percent of the ads she reviewed in these two countries stated specific personal and social abilities that were needed by the job applicant. The same pattern was true for Germany and Great Britain, where between 64 and 68 percent of the advertisements set forth the personal and social abilities required for the job. In the Scandinavian countries these percentages ranged between 80 and 85.

Admittedly, it may be difficult to determine the degree of similarity between ads in different countries (or cultural clusters) because there may be implied meanings in the messages or it may be the custom in a country not to mention certain abilities but simply to assume that applicants know that these will be assessed in making the final hiring decision. Additionally, Tollgerdt-Andersson did find that all countries expected executive applicants to have good social and personal qualities. So some degree of universalism in leadership behaviors was uncovered. On the other hand, the requirements differed from country to country, showing that effective leaders in northern Europe may not be able to transfer their skills to the southern part of the continent with equal results. This led Tollgerdt-Andersson to conclude that multicultural understanding will continue to be a requirement for effective leadership in the 21st century. She put it this way: “If tomorrow’s leaders possess international competence and understanding of other cultures it will, hopefully, result in the increased competitive cooperation which is essential if European commerce and industry is to compete with, for example, the USA and Asia.”⁵⁹

Culture Clusters and Leader Effectiveness

Although the foregoing discussion indicates there is research to support universalism in leadership behavior, recent findings also show that effective leader behaviors tend to vary by cultural cluster. Brodbeck and his associates conducted a large survey of middle managers ($n = 6,052$) from 22 European countries.⁶⁰ Some of the results, grouped by cluster, are presented in Table 13–7. A close look at the data shows that while there are

Table 13–7
Rankings of the Most Important Leadership Attributes by Region and Country Cluster

North/West European Region				
Anglo Culture (Great Britain, Ireland)	Nordic Culture (Sweden, Netherlands, Finland, Denmark)	Germanic Culture (Switzerland, Germany, Austria)	Czech Republic	France
Performance-oriented	Integrity	Integrity	Integrity	Participative
Inspirational	Inspirational	Inspirational	Performance-oriented	Nonautocratic
Visionary	Visionary	Performance-oriented	Administratively skilled	
Team integrator	Team integrator	Nonautocratic	Inspirational	
Decisive	Performance-oriented	Visionary	Nonautocratic	
South/East European Region				
Latin Culture (Italy, Spain, Portugal, Hungary)	Central Culture (Poland, Slovenia)	Near East Culture (Turkey, Greece)	Russia	Georgia
Team integrator	Team integrator	Team integrator	Visionary	Administratively skilled
Performance-oriented	Visionary	Decisive	Administratively skilled	Decisive
Inspirational	Administratively skilled	Visionary	Inspirational	Performance-oriented
Integrity	Diplomatic	Integrity	Decisive	Visionary
Visionary	Decisive	Inspirational	Integrity	Integrity

Source: Adapted from Felix C. Brodbeck et al., “Cultural Variation of Leadership Prototypes Across 22 European Countries,” *Journal of Occupational and Organizational Psychology* 73 (2000), p. 15.

similarities between some of the cultures, none of the lists of leadership attributes are identical. For example, managers in the Anglo cluster reported that the five most important attributes of an effective manager were a performance orientation, an inspirational style, having a vision, being a team integrator, and being decisive. Managers in the Nordic culture ranked these same five attributes as the most important but not in this order. Moreover, although the rankings of clusters in the North/West European region were fairly similar, they were quite different from those in the South/East European region, which included the Latin cluster, countries from Eastern Europe that were grouped by the researchers into a Central cluster and a Near East cluster, and Russia and Georgia, which were listed separately.

Leader Behavior, Leader Effectiveness, and Leading Teams

Culture is also important in helping explain how leaders ought to act in order to be effective. A good example is provided by the difference in effective behaviors in Trompenaars's categories (covered in Chapter 4) of affective (or emotional) cultures and neutral cultures. In affective cultures, such as the United States, leaders tend to exhibit their emotions. In neutral cultures, such as Japan and China, leaders do not tend to show their emotions. Moreover, in some cultures people are taught to exhibit their emotions but not let emotion affect their making rational decisions, while in other cultures the two are intertwined.

Researchers have also found that the way in which managers speak to their people can influence the outcome. For example, in Anglo cultures it is common for managers to raise their voices in order to emphasize a point. In Asian cultures managers generally speak at the same level throughout their communication, using a form of self-control that shows respect for the other person. Latin American managers, meanwhile, vary their tone of voice continually, and this form of exaggeration is viewed by them as showing that they are very interested in what they are saying and committed to their point of view. Knowing how to communicate can greatly influence leadership across cultures. Here is an example:

A British manager posted to Nigeria found that it was very effective to raise his voice for important issues. His Nigerian subordinates viewed that unexpected explosion by a normally self-controlled manager as a sign of extra concern. After success in Nigeria he was posted to Malaysia. Shouting there was a sign of loss of face; his colleagues did not take him seriously and he was transferred.⁶¹

One of the keys to successful global leadership is knowing which style and which behavior work best in a given culture and adapting appropriately. In the case of affective and neutral cultures, for example, Trompenaars and Hampden-Turner have offered the specific tips provided in Table 13–8.

Cross-Cultural Leadership: Insights from the GLOBE Study

As discussed in Chapter 4, the GLOBE (Global Leadership and Organizational Behavior Effectiveness) research program, a 15-year, multimethod, multiphase research program, is examining the relationships among societal and organizational culture, societal and organizational effectiveness, and leadership. In addition to the identification of nine major dimensions of culture described in Chapter 4, the GLOBE program also includes the classification of six global leadership behaviors. Through a qualitative and quantitative analysis of leadership, GLOBE researchers determined that leadership behaviors can be summarized into six broad categories:

- **Charismatic/Value-Based** leadership captures the ability of leaders to inspire, motivate, and encourage high performance outcomes from others based on a foundation of core values.
- **Team-Oriented** leadership places emphasis on effective team building and implementation of a common goal among team members.

Table 13–8
Leadership Tips for Doing Business in Affective and Neutral Cultures

When Managing or Being Managed in . . .	
<p>Affective Cultures</p> <p>Avoid a detached, ambiguous, and cool demeanor because this will be interpreted as negative behavior.</p> <p>Find out whose work and enthusiasm are being directed into which projects, so you are able to appreciate the vigor and commitment they have for these efforts.</p> <p>Let people be emotional without personally becoming intimidated or coerced by their behavior.</p>	<p>Neutral Cultures</p> <p>Avoid warm, excessive, or enthusiastic behaviors because these will be interpreted as a lack of personal control over one’s feelings and be viewed as inconsistent with one’s high status.</p> <p>Extensively prepare the things you have to do and then stick tenaciously to the issues.</p> <p>Look for cues regarding whether people are pleased or angry and then amplify their importance.</p>
When Doing Business with Individuals in . . .	
<p>Affective Cultures (for Those from Neutral Cultures)</p> <p>Do not be put off stride when others create scenes and get histrionic; take time-outs for sober reflection and hard assessments.</p> <p>When others are expressing goodwill, respond warmly.</p> <p>Remember that the other person’s enthusiasm and readiness to agree or disagree do not mean that the individual has made up his or her mind.</p> <p>Keep in mind that the entire negotiation is typically focused on you as a person and not so much on the object or proposition that is being discussed.</p>	<p>Neutral Cultures (for Those from Affective Cultures)</p> <p>Ask for time-outs from meetings and negotiations where you can patch each other up and rest between games of poker with the “impassive ones.”</p> <p>Put down as much as you can on paper before beginning the negotiation.</p> <p>Remember that the other person’s lack of emotional tone does not mean that the individual is uninterested or bored, only that the person does not like to show his or her hand.</p> <p>Keep in mind that the entire negotiation is typically focused on the object or proposition that is being discussed and not on you as a person.</p>
Recognize the Way in Which People Behave in . . .	
<p>Affective Cultures</p> <p>They reveal their thoughts and feelings both verbally and nonverbally.</p> <p>Emotions flow easily, vehemently, and without inhibition.</p> <p>Heated, vital, and animated expressions are admired.</p> <p>Touching, gesturing, and strong facial expressions are common.</p> <p>Statements are made fluently and dramatically.</p>	<p>Neutral Cultures</p> <p>They often do not reveal what they are thinking or feeling.</p> <p>Emotions are often dammed up, although they may occasionally explode.</p> <p>Cool and self-possessed conduct is admired.</p> <p>Physical contact, gesturing, or strong facial expressions are not used.</p> <p>Statements are often read out in a monotone voice.</p>
<p><i>Source:</i> Adapted from Fons Trompenaars and Charles Hampden-Turner, <i>Riding the Waves of Culture: Understanding Diversity in Global Business</i>, 2nd ed. (New York: McGraw-Hill, 1998), pp. 80–82.</p>	

- **Participative** leadership reflects the extent to which leaders involve others in decisions and their implementation.
- **Humane-Oriented** leadership comprises supportive and considerate leadership.
- **Autonomous** leadership refers to independent and individualistic leadership behaviors.
- **Self-Protective** leadership “focuses on ensuring the safety and security of the individual and group through status-enhancement and face-saving.”⁶²

As is the case in the classification of culture dimensions, these categories build on and extend classifications of leadership styles described earlier in this chapter.

The GLOBE study, like earlier research, found that certain attributes of leadership were universally endorsed, while others were viewed as effective only in certain cultures. Among the leadership attributes found to be effective across cultures are being trustworthy, just, and honest (having integrity); having foresight and planning ahead; being positive, dynamic, encouraging, and motivating and building confidence; and being communicative and informed and being a coordinator and a team integrator.⁶³

In linking the cultural dimensions of the GLOBE study with the leadership styles described above, the GLOBE researchers investigated the association between cultural values and leadership attributes, and cultural practices and leadership attributes. With regard to the relationship between cultural values and leadership attributes, the GLOBE researchers concluded the following:

- Collectivism I values, as found in Sweden and other Nordic and Scandinavian countries, were likely to view Participative and Self-Protective leadership behaviors favorably while viewing Autonomous leadership behaviors negatively.⁶⁴
- In-Group Collectivism II values, as found in societies such as the Philippines and other East Asian countries, were positively related to Charismatic/Value-Based leadership and Team-Oriented leadership.⁶⁵
- Gender Egalitarian values, as found in countries such as Hungary, Russia, and Poland, were positively associated with Participative and Charismatic/Value-Based leader attributes.⁶⁶
- Performance Orientation values, as found in countries such as Switzerland, Singapore, and Hong Kong, were positively associated with Participative and Charismatic/Value-Based leader attributes.⁶⁷
- Future Orientation values, as found in societies such as Singapore, were positively associated with Self-Protective and Humane-Oriented leader attributes.⁶⁸
- Societal Uncertainty Avoidance values, as found in Germany, Denmark, and China, were positively associated with Team-Oriented, Humane-Oriented, and Self-Protective leader attributes.⁶⁹
- Societal Humane Orientation values, as found in countries such as Zambia, the Philippines, and Ireland, were positively associated with Participative leader attributes.⁷⁰
- Societal Assertiveness values, as found in countries such as the United States, Germany, and Austria, were positively associated with Humane-Oriented leader attributes.⁷¹
- Societal Power Distance values, as found in countries such as Morocco, Nigeria, and Argentina, were positively correlated with Self-Protective and Humane-Oriented leader attributes.⁷²

One of the most influential and possibly universal leadership attributes is future orientation. An extension of the GLOBE project compared the future orientation of select countries, and surprisingly found that “the greater a society’s future orientation, the higher its average GDP per capita and its levels of innovativeness, happiness, confidence, and . . . competitiveness.”⁷³ Figure 13–6 illustrates the findings. As shown, Singapore is the most future-oriented country, while Slovenia is the most competitive. Other extremely competitive cultures include Switzerland, the Netherlands, and Malaysia. Conversely, Russia, Argentina, Poland, and Hungary were the least future-oriented, with Germany, Taiwan, Korea, and Ireland posed somewhere in between.

In summarizing the GLOBE findings, researchers suggest that cultural values influence leadership preferences. Specifically, societies that share particular values prefer leadership attributes or styles that are congruent with or supportive of those values, with some exceptions. The studies also resulted in some unexpected findings. For example, societies that valued assertiveness were positively correlated with valuing Humane-Oriented leadership.



Figure 13–6
Cross-Country Comparison: Future Orientation and Competitiveness

Source: Reprinted by permission of *Harvard Business Review* from “ForwardThinking Cultures” by Mansour Javidan, July–August 2007, p. 20. Copyright © 2007 by the Harvard Business School Publishing Corporation; all rights reserved.

According to one interpretation, some of these contradictions may reflect desires by societies to make up for or mitigate some aspects of cultural values with seemingly opposing leadership attributes. In the case of societies that value assertiveness, a preference for Humane-Oriented leader attributes may reflect a desire to provide a social support structure in an environment characterized by high competition.⁷⁴

A recent study that used GLOBE data explored preferred leadership styles and approaches and their effectiveness across gender. As reported in Chapter 4 and elsewhere in Part Two, gender roles differ greatly in various cultures around the world, although there is some evidence of convergence among many of these cultures. One study showed preferred leadership prototypes held by female leaders differ from the prototypes held by male leaders, and that these prototype differences vary across countries, cultures, and especially industries. In general, female managers prefer participative, team oriented, and charismatic leadership prototype dimensions more than males. Contrary to popular belief, both males and females valued humane-oriented leadership equally. Gender egalitarianism and industry type were important moderators of the gender-leadership prototype relationship. Gender egalitarianism increased females’ desire for participative leadership, while prototype differences between genders were magnified in the finance and food sectors. Interestingly, gender differences were surprisingly consistent across most of the countries studied. The researchers concluded:

Our findings show that the combination of gender, gender egalitarianism and industry type is an important determinant of leaders’ role expectations. These factors are likely to influence women’s success in organizational leadership. Cultures in some industries and nations are less rigid, and may allow female leaders to express their natural preferences towards a feminine leadership prototype. Other industries and nations may require a single leadership prototype for leaders to be effective.⁷⁵

Positive Organizational Scholarship and Leadership

Positive organizational scholarship (POS) focuses on positive outcomes, processes, and attributes of organizations and their members.⁷⁶ This is a dynamic view that factors in fundamental concerns, but ultimately emphasizes positive human potential, something of

positive organizational scholarship (POS)
A method that focuses on positive outcomes, processes, and attributes of organizations and their members.

obvious relevance as MNCs are increasingly called upon to make contributions to society beyond the bottom line. It consists of three subunits: *enablers*, *motivations*, and *outcomes or effects*. Enablers could be capabilities, processes or methods, and structure of the environment, which are all external factors. Motivations focus inward, and are categorized as unselfish, altruistic, or as having the ability to contribute without self-regard. Finally, the outcomes or effects in this model accentuate vitality, meaningfulness, exhilaration, and high-quality relationships.⁷⁷

The way POS relates to leadership is encompassed in the name. POS recognizes the *positive* potential that people have within. Constructive behavior will yield desired outcomes, in the sense that those who are able to create meaning in actions and are relatively flexible will be more successful in receiving praise and creating lasting relationships. These are characteristics that could be attributed to leaders, as future vision and relating to employees are positive driving forces that encourage leadership progress. Next, this method outlines positive *organizational* actions. For instance, if a firm is doing financially well due to actions such as downsizing, POS would accentuate the revenue and its potentials, instead of harping on the negative side effects. As indicated earlier in the chapter, leaders tend to reward for good things, and deemphasize the general tendency to motivate through pointing out issues. Effective leaders seem to live by the POS model, as they are constantly innovating, creating relationships, striving to bring the organization to new heights, and ultimately working for the greater global good through self-improvement. While positive internal and external factors provide a general framework for what makes a leader, how does one know that the person in power is a true leader?

Authentic Leadership

What makes a leader “authentic”? Researchers have sought to explain what makes a leader authentic and why leaders are important to today’s organizations.

As indicated throughout the chapter, leaders tend to be dynamic, forward-thinking, and pioneers in setting new standards. Therefore, individuals who are stagnant or meet the status quo without reaching for higher realms could be considered ineffectual, or inauthentic, leaders. Just as with positive organizational scholarship, authentic leadership accentuates the positive. Authentic leaders are defined by an all-encompassing package of personality traits, styles, behaviors, and credits.⁷⁸ Many interpretations exist as to what makes a leader authentic. For example, authentic leaders could be defined as “those who are deeply aware of how they think and behave and are perceived by others as being aware of their own and others’ values/moral perspectives, knowledge, and strengths; aware of the context in which they operate; and who are confident, hopeful, optimistic, resilient, and of high moral character.”⁷⁹ An interpretation by Shamir and Eilam suggested that authentic leaders have four distinct characteristics: (1) authentic leaders do not fake their actions; they are true to themselves and do not adhere to external expectations; (2) authentic leaders are driven from internal forces, not external rewards; (3) authentic leaders are unique and guide based on personal beliefs, not others’ orders; and (4) authentic leaders act based on individual passion and values.⁸⁰ However, the authors did not accentuate personal moral drive, which is elsewhere considered to be of great importance to the authentic leader.

Authentic leaders must possess several interrelated qualities. First, they must have positive psychological aspects, such as confidence and optimism. Next, leaders should have positive morals to guide them through processes. However, these aspects are not effective unless the leader is self-aware, as it is essential for leaders to be cognizant of their duties and be true to themselves. This also means that leaders should periodically check their actions and make sure they are congruous with ultimate goals, and that they do not stray from internal standards or expected outcomes. Authentic leaders are expected to lead by example, and therefore their processes and behaviors should be virtuous and reflect the positive moral values inherent in the leader. However, a leader cannot exist

without followers, and if the methods are effective, then the open communication and functionality will motivate followers to exhibit the same characteristics. In other words, followers will become self-aware, and a new clarity will be created in relation to values, morals, and drivers.⁸¹ This could eventually result in followers being indirectly molded into leaders, as inspiration is quite effective. Furthermore, followers will tend toward a sense of trust in their leader, actively engage in processes, and experience a sense of overall workplace well-being.⁸² Environment also plays a role in leadership development, and in order for an authentic leader to succeed, the organization should be evaluated. An optimal situation would be one in which the organization values open communication and sharing, where leaders can both promote the company values and still have room to improve through learning and continued self-development. Finally, an authentic leader consistently performs above expected standards. In other words, in a competitive environment, it is imperative for the leader to sustain innovation, and avoid the tendency to remain stagnant. Future orientation and personal drives will motivate the leader to perform above expectations, as long as he or she remains true to him- or herself and is not simply acting out a part for superiors.⁸³

How are authentic leaders different from traditional leaders? We discussed transformational leadership earlier in the chapter. Authentic leadership and transformational leadership are similar but with one important difference. Authentic leadership focuses mainly on the internal aspects of the leader, such as morals, values, motivators, and so forth. While transformational leaders may have all the characteristics of an authentic leader, the key to transformational leadership is how the leader motivates others, which is a secondary concern with authentic leadership. In other words, transformational leaders may very well be authentic, but not all authentic leaders are inherently transformational. Charismatic leadership, on the other hand, does not seem to encompass a sense of self-awareness, with either the leader or the follower. Since this is an important component of authentic leadership, it is also a key point of differentiating between the charismatic and authentic leader. Again, charismatic leaders may have similar attributes to the authentic cohorts, but the individual is just not aware of it.⁸⁴ Table 13–9 outlines some other areas where these may differ and where they overlap.

Authentic leadership, while similar to traditional leadership, is becoming more important in today's globally marketed world. Through a sense of higher awareness, authentic leadership can create a better understanding within the organization. As cohesive relationships form, understanding is created, and the authentic leaders' drive to reach new standards will motivate everyone to attain their future-oriented goals.

Ethical, Responsible, and Servant Leadership

Related to the concept of authentic leadership is ethically responsible leadership. As discussed in Part One of the text, globalization and MNCs have come under fire from a number of areas. Criticisms have been especially sharp in relation to the activities of companies—such as Nike, Levi's, and United Fruit—whose sourcing practices in developing countries have been alleged to exploit low-wage workers, take advantage of lax environmental and workplace standards, and otherwise contribute to social and economic degradation. Ethical principles provide the philosophical basis for responsible business practices, and leadership defines the mechanism through which these principles become actionable.

As a result of scandals at Royal Ahold, Andersen, BP, Enron, Tyco, WorldCom, and others, there is decreasing trust of global leaders. A recent public opinion survey conducted for the World Economic Forum by Gallup and Environics found that leaders have suffered declining public trust in recent years and enjoy less trust than the institutions they lead. The survey asked respondents questions about how much they trust various leaders “to manage the challenges of the coming year in the best interests of you and your family.” Leaders of nongovernmental organizations (NGOs) were the only ones

Table 13–9
Comparative Leadership Styles

Components of Authentic Leadership Development Theory	TL	CL(B)	CL(SC)
Positive psychological capital	x	x	x
Positive moral perspective	x	x	x
Leader self-awareness			
Values	x	x	x
Cognitions	x	x	x
Emotions	x	x	x
Leader self-regulation			
Internalized	x		x
Balanced processing	x		
Relational transparency	x		
Authentic behavior	x	x	x
Leadership processes/behaviors			
Positive modeling	x	x	x
Personal and social identification	x	x	x
Emotional contagion			
Supporting self-determination	x	x	x
Positive social exchanges	x	x	x
Follower self-awareness			
Values	x		x
Cognitions	x		x
Emotions	x		x
Follower self-regulation			
Internalized	x	x	x
Balanced processing	x		
Relational transparency	x		x
Authentic behavior	x		x
Follower development			
Organizational context			
Uncertainty	x	x	x
Inclusion	x		
Ethical	x		
Positive, strengths-based			
Performance			
Veritable			
Sustained	x	x	
Beyond expectations	x	x	

Note: x—Focal Component.

x—Discussed.

Key: TL—Transformational Leadership Theory.

CL(B)—Behavioral Theory of Charismatic Leadership.

CL(SC)—Self-Concept Based Theory of Charismatic Leadership.

Source: Reprinted from *The Leadership Quarterly*, Vol. 15, Bruce J. Avolio and William L. Gardner, "Authentic Leadership Development: Getting to the Root of Positive Forms of Leadership," p. 323. Copyright © 2005 with permission from Elsevier.

receiving the trust of a clear majority of citizens across the countries surveyed.⁸⁵ Leaders at the United Nations and spiritual and religious leaders were the next-most-trusted leaders; over 4 in 10 citizens said they had a lot or some trust in them. Next most trusted were leaders of Western Europe, “individuals responsible for managing the global economy,” those “responsible for managing our national economy,” and executives of multinational companies. Those four groups were trusted by only one-third of citizens.⁸⁶ Over 4 in 10 citizens reported decreased trust in executives of domestic companies. Figure 3–2 in Chapter 3 summarizes these findings.

The decline in trust in leaders is prompting some companies to go on the offensive and to develop more ethically oriented and responsible leadership practices in their global operations. Some researchers link transformational leadership and corporate social responsibility, arguing that transformational leaders exhibit high levels of moral development, including a sense of obligation to the larger community.⁸⁷ According to this view, authentic charismatic leadership is rooted in strong ethical values, and effective global leaders are guided by principles of altruism, justice, and humanistic notions of the greater good.

On a more instrumental basis, another research effort linking leadership and corporate responsibility defines “responsible global leadership” as encompassing (1) values-based leadership, (2) ethical decision making, and (3) quality stakeholder relationships.⁸⁸ According to this view, global leadership must be based on core values and credos that reflect principled business and leadership practices, high levels of ethical and moral behavior, and a set of shared ideals that advance organizational and societal well-being. The importance of ethical decision making in corporations, governments, not-for-profit organizations, and professional services firms is omnipresent. In addition, the quality of relationships with internal and external stakeholders is increasingly critical to organizational success, especially to governance processes. Relationships involving mutual trust and respect are important within organizations, between organizations and the various constituencies that they affect, and among the extended networks of individuals and their organizational affiliates.

Leaders at many companies have dedicated themselves to responsible global leadership with apparent benefits for their companies’ reputations and bottom lines. Even British Petroleum (BP), whose drilling practices in the Gulf of Mexico resulted in the worst oil spill in history in 2010, has attempted to accentuate responsible global leadership. BP will have to work harder now than ever, but keeping a socially responsible and clear objective will certainly aid in its continued global success. Executives at ICI India, a manufacturer and marketer of paints and various specialty chemicals, believe that adhering to global standards, even though doing so increases costs, can boost competitiveness. Aditya Narayan, president of ICI India, explains: “At ICI, standards involving ethics, safety, health, and environment policies are established by headquarters but are adapted to meet national laws. I can benefit by drawing on these corporate policies and in some cases we do far more than required by Indian laws.”⁸⁹

A concept related to ethical and responsible leadership is *servant leadership*. Servant-leaders achieve results for their organizations by giving priority attention to the needs of their colleagues and those they serve. Servant-leaders are often seen as humble stewards of their organization’s resources (human, financial, and physical). In order to be a servant leader, one needs the following qualities: listening, empathy, healing, awareness, persuasion, conceptualization, foresight, stewardship, growth, and building community. Acquiring these qualities tends to give a person authority versus power. Some trace the concept of servant leadership to ancient Indian and Chinese thought. In the 4th century BC, Chanakya wrote in his book *Arthashastra*: “the king [leader] shall consider as good, not what pleases himself but what pleases his subjects [followers]”; “the king [leader] is a paid servant and enjoys the resources of the state together with the people.” The following statement appears in the *Tao Te Ching*, attributed to Lao-Tzu, who is believed to have lived in China sometime between 570 and 490 BC: “The highest type of ruler is one of whose existence the people are barely aware. Next comes one whom they love and praise. Next comes one whom they fear.

Next comes one whom they despise and defy. When you are lacking in faith, others will be unfaithful to you. The Sage is self-effacing and scanty of words. When his task is accomplished and things have been completed, all the people say, 'We ourselves have achieved it!'"⁹⁰

More recently, an intellectual movement, led by Robert Greenleaf, but with many followers, has proposed servant leadership as an underlying philosophy of leadership, demonstrated through specific characteristics and practices. Larry Spears, one of Greenleaf's disciples, identifies 10 characteristics of servant leaders in the writings of Greenleaf. The 10 characteristics are listening, empathy, healing, awareness, persuasion, conceptualization, foresight, stewardship, commitment to the growth of others, and building community. Kent Keith, author of *The Case for Servant Leadership* and the current CEO of the Greenleaf Center, states that servant leadership is ethical, practical, and meaningful. He identifies seven key practices of servant leaders: self-awareness, listening, changing the pyramid, developing your colleagues, coaching not controlling, unleashing the energy and intelligence of others, and foresight. Unlike leadership approaches with a top-down hierarchical style, servant leadership instead emphasizes collaboration, trust, empathy, and the ethical use of power. At heart, the individual is a servant first, making the conscious decision to lead in order to better serve others, not to increase her or his own power. The objective is to enhance the growth of individuals in the organization and increase teamwork and personal involvement. Large MNCs, such as Starbucks, have adopted aspects of servant leadership in their global operations.⁹¹

Entrepreneurial Leadership and Mindset

As discussed in Chapter 8, an increasing share of international management activities is occurring in entrepreneurial new ventures. But given the high failure rate for international new ventures, what leadership characteristics are important for such ventures to succeed?

Promising start-ups fail for many reasons, including lack of capital, absence of clear goals and objectives, and failure to accurately assess market demand and competition. For international new ventures, these factors are significantly complicated by differences in cultures, national political and economic systems, geographic distance, and shipping, tax, and regulatory costs. A critical factor in the long-term success of a new venture—whether domestic or international—is the personal leadership ability of the entrepreneurial CEO.

Entrepreneurship research has examined some of the key personal characteristics of entrepreneurs, some of which coincide with those of strong leaders. In comparison to nonentrepreneurs, entrepreneurs appear to be more creative and innovative. They tend to break the rules and do not need structure, support, or an organization to guide their thinking. They are able to see things differently and add to a product, system, or idea value that amounts to more than an adaptation or linear change. They are more willing to take personal and business risks and to do so in visible and salient ways. They are opportunity seekers—solving only those problems that limit their success in reaching the vision—and are comfortable with failure, rebounding quickly to pursue another opportunity.⁹² Others characterize them as adventurous, ambitious, energetic, domineering, and self-confident.

In addition to these traits, entrepreneurial leaders operating internationally must also possess the cultural sensitivity, international vision, and global mindset to effectively lead their venture as it confronts the challenges of doing business in other countries. Well-known entrepreneurs such as Richard Branson (Virgin Group), Arthur Blank (Home Depot), and Russell Simmons (Def Jam Recordings) have all been successful leading their companies on a global scale while preserving the integrity and values of the host country.⁹³ As Yang Yuanqing (Lenovo) has shown, this is a trend that is growing, and soon we may see more entrepreneurs emerge from countries where such ventures are not common practice.

■ The World of International Management—Revisited

The World of International Management that opens this chapter underscores the importance and value of understanding differences in leadership styles and approaches across cultures. It also emphasizes the related need to prepare prospective international managers so that they can be successful in these varying environments. A number of global companies—including Roche, Amway, and others—have developed comprehensive and challenging programs to help provide their employees with experiences to understand when consistent, “universalist” approaches may be appropriate, and when adaptation to local practices, norms, and expectations is called for.

In this chapter, it was noted that effective leadership is often heavily influenced by culture. The approach that is effective in Europe is different from approaches used in the United States or Latin America. For example, according to one Roche employee, defining success may mean different things in different contexts. Even so, there are threads of universalism evident, for example, in the case of Japanese and U.S. leadership styles in managing both high- and low-achieving workers. The research by Bass also lends support to universalism. But can Roche rely on the leadership style that has served it well in Europe to oversee operations in other countries as it looks to expand? In most cases, leadership styles need to be adjusted to fit the cultural subtleties of disparate markets.

After reviewing the chapter and considering the experience of Roche, Amway, and other companies mentioned in the chapter, respond to the following questions: (1) Do the leadership programs developed by Roche emphasize development of managerial characteristics, leadership characteristics, or a combination of the two? (2) How do Roche’s programs prepare prospective leaders to manage in differing cultural contexts? (3) How might deeper understanding of the GLOBE dimensions and the different leadership behaviors across countries help Roche in developing future leaders?

SUMMARY OF KEY POINTS

1. Leadership is a complex and controversial process that can be defined simply as influencing people to direct their efforts toward the achievement of some particular goal or goals. While some claim that managers and leaders conduct two separate job functions, the lack of a universal definition of leadership allows both terms to be used interchangeably, especially as the world moves toward a manager-leader model. Two areas warrant attention as a foundation for the study of leadership in an international setting: philosophical assumptions about people in general and leadership styles. The philosophical foundation is heavily grounded in Douglas McGregor’s Theories X and Y and William Ouchi’s Theory Z. Leadership styles relate to how managers treat their subordinates and incorporate authoritarian, paternalistic, and participative approaches. These styles can be summarized in terms of the managerial grid shown in Figure 13–2 (1,1 through 9,9).
2. The attitudes of European managers toward dimensions of leadership practice, such as the capacity for leadership and initiative, sharing information and objectives, participation, and internal control, were examined in a classic study by Haire, Ghiselli, and Porter. They found that Europeans, as a composite, had a relatively low opinion of the capabilities of the average person coupled with a relatively positive belief in the necessity for participative leadership styles. The study also found that these European managers’ attitudes were affected by hierarchical level, company size, and age. Overall, however, European managers espouse a participative leadership style.
3. The Japanese managers in the Haire and associates study had a much greater belief in the capacity of subordinates for leadership and initiative than managers in most other countries. The Japanese managers also expressed a more favorable attitude toward

a participative leadership style. In terms of sharing information and objectives and using internal control, the Japanese responded above average but were not distinctive. In a number of ways, Japanese leadership styles differed from those of U.S. managers. Company size and age of the managers are two factors that seem to affect these differences. Other reasons include the basic philosophy of managing people, how information is processed, and the high degree of ethnocentrism among the Japanese. However, some often overlooked similarities are important, such as how effective Japanese leaders manage high-achieving and low-achieving subordinates.

4. Leadership research in China shows that the new generation of managers tends to have a leadership style that is different from the styles of both the current generation and the older generation. In particular, new generation managers assign greater importance to individualism as measured by such things as self-sufficiency and personal accomplishments. They also assign less importance to collectivism as measured by subordination of personal goals to those of the group and to Confucianism as measured by such things as societal harmony and virtuous interpersonal behavior.
5. Leadership research in the Middle East traditionally has stressed the basic differences between Middle Eastern and Western management styles. Other research, however, shows that many managers in multinational organizations in the Persian Gulf region operate in a Western-oriented participative style. Such findings indicate that there may be more similarities in leadership styles between Western and Middle Eastern parts of the world than has previously been assumed.
6. Leadership research also has been conducted among managers in India and Latin American countries. These studies show that Indian managers have a tendency toward participative leadership styles while Latin America wavers between participative and authoritarian styles. Although there always will be important differences in styles of leadership between various parts of the world, participative leadership styles may become more prevalent as countries develop and become more economically advanced.
7. In recent years, there have been research efforts to explore new areas in international leadership. In particular, Bass has found that there is a great deal of similarity from culture to culture and that transformational leaders, regardless of culture, tend to be the most effective. In addition, the GLOBE study has confirmed earlier research that specific cultural values and practices are associated with particular leadership attributes. Moreover, there is increasing pressure for MNCs to engage in globally responsible leadership that incorporates (a) values-based leadership; (b) ethical decision making, and (c) quality stakeholder relationships. Leaders of international new ventures face particularly challenging obstacles; however, the integration of a global orientation and entrepreneurial flair can contribute to successful “born global” leaders and firms.

KEY TERMS

authoritarian leadership, 461
 charismatic leaders, 473
 leadership, 456
 participative leadership, 462
 paternalistic leadership, 462

positive organizational scholarship (POS), 481
 Theory X manager, 458
 Theory Y manager, 458
 Theory Z manager, 459

transactional leaders, 473
 transformational leaders, 473
 variety amplification, 469
 variety reduction, 469

REVIEW AND DISCUSSION QUESTIONS

1. What cultures would be the most likely to perceive differences between managerial and leadership duties? What cultures would view them as the same? Use evidence to support your answer.
2. Using the results of the classic Haire and associates study as a basis for your answer, compare and contrast managers' attitudes toward leadership practices in Nordic-European and Latin-European countries.

(The countries in these clusters are identified in Table 13–3.)

3. Is there any relationship between company size and European managers' attitude toward participative leadership styles?
4. Using the GLOBE study results and other supporting data, determine what Japanese managers believe about their subordinates. How are these beliefs similar to those of U.S. and European managers? How are these beliefs different?
5. A U.S. firm is going to be opening a subsidiary in Japan within the next six months. What type of leadership style does research show to be most effective for leading high-achieving Japanese? Low-achieving Japanese? How are these results likely to affect the way that U.S. expatriates should lead their Japanese employees?
6. What do U.S. managers need to know about leading in the international arena? Identify and describe three important guidelines that can be of practical value.
7. Is effective leadership behavior universal, or does it vary from culture to culture? Explain.
8. What is authentic leadership? What is ethically responsible leadership?

INTERNET EXERCISE: TAKING A CLOSER LOOK

Over the last decade, one of the most successful global firms has been General Electric. Go to the company's website at www.ge.com, and review its latest annual report. Pay close attention to the MNC's international operations and to its product lines. Also read about the new members on the board of directors, and look through the information on the company's Six Sigma program. Then, aware of what GE is doing worldwide as well as in regard to its quality efforts, answer these questions: On how many continents does the company currently do business? Based on this answer, is there one leadership style that will

work best for the company, or is it going to have to choose managers on a country-by-country basis? Additionally, if there is no one universal style that is best, how can current CEO Jeffrey Immelt effectively lead so diverse a group of worldwide managers? In what way would an understanding of the managerial grid be useful in explaining leadership behaviors at GE? Finally, if GE were advertising for new managers in England, Italy, and Japan, what qualities would you expect the firm to be seeking in these managers? Would there be a universal list, or would lists differ on a country-by-country basis?



Germany

The reunification of Germany was a major event of modern times. Despite problems, Germany remains a major economic power. The unified Germany is big, though only about the size of the state of Nevada in the United States. With a population of about 82.3 million, Germany has about three times the population of California. Germany still is far behind the economic size of Japan and 20 percent that of the United States. Because Germany was rebuilt almost from the ground up after World War II, however, many feel that Germany, along with Japan, is an economic miracle of modern times. Unified Germany's GDP of \$2.8 trillion is behind that of both the United States and Japan, but Germany exports more than Japan, its gross investment as a percentage of GDP is higher than that of the United States, and its average compensation with benefits to workers is higher than that of the United States or Japan. It is estimated that Germany has direct control of about one-fourth of Western Europe's economy, which gives it considerable power in Europe. The German people are known for being thrifty, hardworking, and obedient to authority. They love music, dancing, good food and beer, and fellowship. The government is a parliamentary democracy headed by a chancellor. Although Germany has experienced a difficult economic environment in recent years, governments have pushed through labor reforms designed to improve productivity and stem unemployment.

For the last 13 years, the Wiscomb Company has held a majority interest in a large retail store in Bonn. The store has been very successful and also has proved to be an excellent training ground for managers whom the company wanted to prepare for other overseas assignments. First, the managers would be posted to the Bonn store. Then after three or four months of international seasoning, they would be sent on to other stores in Europe. Wiscomb has holdings in the Netherlands, Luxembourg, and Austria. The Bonn store has been the primary training ground because it was the first store the company had in Europe, and the training program was created with this store in mind.

A few months ago, the Wiscomb management and its German partners decided to try a new approach to selling. The plan called for some young U.S. managers to be

posted to the Bonn store for a three-year tour, while some young German managers were sent stateside. Both companies hoped that this program would provide important training and experience for their people; however, things have not worked out as hoped. The U.S. managers have reported great difficulty in supervising their German subordinates. Three of their main concerns are as follows: (1) Their subordinates do not seem to like to participate in decision making, preferring to be told what to do. (2) The German nationals in the store rely much more heavily on a Theory X approach to supervising than the Americans are accustomed to using, and they are encouraging their U.S. counterparts to follow their example. (3) Some of the German managers have suggested to the young Americans that they not share as much information with their own subordinates. Overall, the Americans believe that the German style of management is not as effective as their own, but they feel equally ill at ease raising this issue with their hosts. They have asked if someone from headquarters could come over from the United States and help resolve their problem. A human resources executive is scheduled to arrive next week and meet with the U.S. contingent.

Questions

1. What are some current issues facing Germany? What is the climate for doing business in Germany today?
2. Are the leadership styles used by the German managers really much different from those used by the Americans?
3. Do you think the German managers are really more Theory X-oriented than their U.S. counterparts? Why, or why not?
4. Are the German managers who have come to the United States likely to be having the same types of problems?
5. Using the GLOBE study as a guide, what are some leadership attributes you would expect from the Germans? How does this affect the way German subordinates view U.S. leaders?

An Offer from Down Under

The Gandriff Corporation is a successful retail chain in the U.S. Midwest. The St. Louis-based company has had average annual growth of 17 percent over the last 10 years and would like to expand to other sections of the country. Last month, it received a very interesting offer from a group of investors from Australia. The group is willing to put up \$100 million to help Gandriff set up operations Down Under. The Australian investors believe that Gandriff's management and retailing expertise could provide it with a turnkey operation. The stores would be built to Gandriff's specifications, and the entire operation would be run by Gandriff. The investors would receive 75 percent of all profits until they recovered their \$100 million plus an annual return of 10 percent. At this point, the division of profits would become 50-50.

Gandriff management likes the idea but feels there is a better chance for higher profit if it were to set up operations in Europe. The growth rate in European countries, it is felt, will be much better than that in Australia. The investors, all of whom are Australian, are sympathetic and have promised Gandriff that they will invest another \$100 million in Europe, specifically England, France, and Germany, within three years if Gandriff agrees to first set

up and get an Australian operation running. The U.S. firm believes this would be a wise move but is delaying a final decision because it still is concerned about the ease with which it can implement its current approach in foreign markets. In particular, the management is concerned about whether the leadership style used in the United States will be successful in Australia and in European countries. Before making a final decision, management has decided to hire a consultant specializing in leadership to look into the matter.

Questions

1. Will the leadership style used in the United States be successful in Australia, or will the Australians respond better to another?
2. If the retailer goes into Europe, in which country will it have the least problem using its U.S.-based leadership style? Why?
3. If the company goes into Europe, what changes might it have to make in accommodating its leadership approach to the local environment? Use Germany as an example.