

## Chapter 6

# Leading Globally

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*For all practical purposes, all business today is global. Those individual businesses, firms, industries, and whole societies that clearly understand the new rules of doing business in a world economy will prosper; those that do not will perish.*

—Ian Mitroff (93:ix)

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As global corporate citizens, companies worldwide strive to fulfill their organizational and societal missions. They select leaders who articulate a vision that can guide them toward achieving long-term economic viability and societal well-being. They expect their leaders to motivate and inspire employees in consistent and effective ways. Leaders continually create options and make decisions that influence the success of the entire company.

This chapter reviews the ways in which corporate vision and leadership vary across cultures. Subsequent chapters will discuss how culture influences motivation and how cross-cultural dynamics impact managerial decision making. Although some principles of leadership, motivation, and decision making apply almost everywhere, the ways in which leaders adapt them to local conditions and work situations determine their ultimate success or failure (67). Although approaches to leadership, motivation, and decision making are interrelated, each will be discussed separately.

Historically, most organization theories have been “Made in the U.S.A.” and therefore shaped by the political, economic, and cultural context of the United States in the twentieth century (31). Although some research has attempted to discover how American-based management theories can be altered to apply more broadly around the world, and, perhaps more importantly, how management theories indigenous to countries around the world operate, not enough is yet known to fully understand the integrated nature of global organizational dynamics (2;14;15;16;17;30).<sup>1</sup> Until such knowledge becomes more widely available, it behooves us to resist the temptation to assume that any particular

theory applies everywhere. As cross-cultural psychologist Harry Triandis (114:139) astutely observed, culture's

*influence for organizational behavior is that it operates at such a deep level that people are not aware of its influences. It results in unexamined patterns of thought that seem so natural that most theorists of social behavior fail to take them into account. As a result, many aspects of organizational theories produced in one culture may be inadequate in other cultures.*

Prudent leaders assume that current American-based theories apply to the United States; not, as it is so tempting to believe, to the world at large.

## **GLOBAL LEADERSHIP**

*To act* comes from the Latin verb *agere* meaning "to set into motion" (78). The Anglo-Saxon origins of the verb *to lead* come from *laedere*, meaning "people on a journey" (29). Today's meaning of the word *leader*, therefore, denotes someone who sets ideas, people, organizations, and societies in motion; someone who takes the worlds of ideas, people, commerce, organizations, and societies on a journey. To lead such a journey requires vision, courage, and influence.

## **LEADERSHIP VISION**

Leaders help to shape an organization's vision, the meaning within which organizational members work and live. Managers, by contrast, attempt to act competently within a vision (25;26). What is our vision of success? What do we want our society to look like? How do we ideally want our organizations to function? Who do we want to lead us? Leadership and vision fundamentally shape our understanding of a people and their institutions. Ask yourself what is most important to you about leading and leadership. See the Box "Global Leadership: Giving Oneself for Things Far Greater than Oneself."

The questions global leaders address are universal; the answers are often culturally specific. *The Way of Lao Tzu*, for example, captures a traditional Chinese vision of leadership from the sixth century B.C.E. (116:214):

*I have three treasures. Guard and keep them.  
 The first is deep love,  
 The second is frugality,  
 And the third is not to dare to be ahead of the world.  
 Because of deep love, one is courageous.  
 Because of frugality, one is generous.  
 Because of not daring to be ahead of the world,  
 one becomes the leader of the world.*

## GLOBAL LEADERSHIP

### Giving Oneself for Things Far Greater Than Oneself

*"To be human is to give yourself for things far greater than yourself" (35:194)*

*To lead is to give yourself for things far greater than yourself*

When I was 11 years old, my Austrian mother explained to me that when she was my age she had wanted to have at least 6 children. Yet by the time she met my American father, just 8 years later, she no longer wanted any children. Losing most of her friends and family during World War II to Hitler's terror had convinced her that the world was not a fit place to raise children. Luckily, especially from my perspective, my father convinced my mother that within the family the two of them could create a bubble of love, and within that bubble their children could grow up in safety and happiness, protected from the inhumanity raging outside. Having grown up within the bubble of their love, and in sunny southern California rather than war-torn Europe, I never doubted that our role on earth, as human beings and as leaders, was to expand the bubble to encompass the world: or as the rabbis would exhort us, to return to our original task of *Tikun Olam*, the restoration of the world.

Of course, none of us can claim that the twenty-first century entered on a safe, secure, or loving note—a note imbued with peace, wisdom, compassion, and love. As we ask ourselves which of our twentieth-century legacies we wish to pass on to the children of the twenty-first century, we are humbled into shameful silence. Yes, we have advanced science, technology, and commerce, but at the price of a world torn asunder by a polluted environment, cities infested with social chaos and physical decay, an increasingly skewed income distribution that condemns large portions of the population to poverty (including people living in the world's most affluent societies), and rampant physical violence continuing to kill people in supposedly limited wars and seemingly random acts of violence. No, we did not exit the twentieth century with pride. Unless we collectively learn to treat each other and our planet in a more civilized way, it may soon become blasphemous to even consider ourselves a civilization (100).

And yet why not a more peaceful, sustainable, and compassionate society in the twenty-first century? Why not a global civilization that we could bequeath with pride to our children and our children's children? Naïvely idealistic? Perhaps; but only if we ignore the wisdom and approaches to learning of colleagues around the world who have dared to attempt to make a difference—only if we renege on our role as leaders and simply adapt to the future, rather than collectively attempting to improve it. As former U.S. Secretary of State Madeleine Albright admonishes us, "We have a responsibility in our time, as others have had in theirs, not to be prisoners of history, but to shape history. . . ." (20).

People want a change; they no longer want the narrow, circumscribed leadership of the twentieth century nor its outcomes. Perhaps it is not surprising that at this moment in history, countries around the world, most for the first time, are turning to women, rather than to the traditional cohort of



## GLOBAL LEADERSHIP

### Giving Oneself for Things Far Greater Than Oneself (continued)

men, to lead them. They hope and imagine that women will bring a more inclusive and compassionate approach to leadership. A small but rapidly increasing number of women are now among the world's most prominent business and political leaders—women who serve as their country's president or prime minister or as CEO of a major global firm (3;4;5;12).

In Nicaragua, for example, former president Violetta Chamorro's ability to bring all the members of her family together every week for Sunday dinner achieved near legendary status. Symbolically, her dinners gave the nation hope that it could heal its civil-war-inflicted wounds and find a peace that would reunite all Nicaraguans (101:80). Why such elevated hopes from a Sunday night dinner? Because, of Chamorro's four adult children, two were prominent Sandanistas while the other two equally prominently opposed the Sandanistas, not an unusual split in war-torn Nicaragua (101:80). As Violetta Chamorro's children told their stories around her dining room table, others in the country began to believe that they too could "reach a deeper, more real consensus—including around such profoundly important issues as unity and peace—through the telling of their personal stories" (79). Implicitly, the Nicaraguans believed that by listening attentively to each other, with empathy, they could hear their core humanity and that of the nation (79). It is not coincidence that the symbol of hope, peace and unity was a dining room table and not a boardroom table (63;64). Such "holographic listening", as social-thinker Adam Kahane labels it—in which each story reflects the whole, rather than merely contributing a piece to the puzzle—opens up the possibility of communion and oneness, of transcending history to create a new future: "We have the greatest capacity to make a difference when we dare to open ourselves up, to expose our most honest nightmares and our most heartfelt dreams" (79).

Kahane points out that leaders who make a difference are extraordinarily committed, body and soul, to the changes they want to see in the world, to goals much larger than themselves (79). The lives of many of the world's first women leaders mirror commitments much larger than themselves. The personal commitment of Chandrika Kumaratunga, former president of war-torn Sri Lanka, for example, became a prism for the paradoxes of extraordinary leadership. When she was only eleven years old, her father, who was the country's founding father and its first prime minister, was assassinated, many believe due to his policies, which advantaged the Sinhalese and stripped the Tamil of many of their cultural rights. Her mother, who also served as prime minister, furthered the country's ethnically divisive policies. As an adult, Kumaratunga's husband, a politically involved citizen and noted actor, was murdered, in what many believe was Tamil-initiated violence. With the constant and very real threat of death to her and to her children, why did Kumaratunga

## GLOBAL LEADERSHIP

### Giving Oneself for Things Far Greater Than Oneself (continued)

choose to stay in Sri Lanka and to run for office? And once she won, how did she find the courage to tell her mother—whom she later appointed to serve as prime minister—and the country that she was going to attempt to find a peaceful solution to Sri Lanka's seemingly interminable civil war by sitting down with the Tamil and listening to their stories? Kumaratunga, with both her father and husband murdered, chose to go outside the patterns of history and to say, "Enough! There has to be a better way." Her attempts to move Sri Lanka toward peace and unity have by no means met with unequivocal success. Yet for years, Kumaratunga persisted, even in the face of constant death threats and a bomb explosion that claimed one of her eyes. As Kumaratunga's life reminds us, leaders who influence history do so because they "live the paradox" (79). They have the courage to commit their lives to effecting the changes they want to see in the world. At the same time, they have the courage to engage with others—even their enemies. The challenge of leadership lies in complete commitment to change for the better; not in simplistic short-term evaluations of success and failure.

At the opening of the twenty-first century, my Jewish nephew Aaron married a deeply religious Catholic woman Karen. Although the couple told their families that their wedding ceremony and life together would be rooted in the two spiritual traditions, both families questioned the reality of the young couple's pronouncement when the invitations arrived announcing that the wedding would be celebrated at Holy Family Catholic Church with a Catholic priest, and no rabbi, presiding. Only as the priest opened the service in Hebrew with a traditional Jewish prayer did the tension subside. In one of the most moving and profoundly meaningful wedding ceremonies I have ever attended, the priest celebrated Aaron and Karen's unique individuality, including their two distinctly different spiritual traditions. He made no attempt to minimize or ignore the differences between Judaism and Christianity. After the bride and groom had exchanged vows, the priest reminded the gathering of friends and family of the hatred that has all too often separated Christian and Jewish communities. He then asked each of us to see Karen and Aaron as symbolic of the love that could unite the two traditions, the love that could replace the all too common hatred. What more powerful symbol of global leadership: love replacing hate, love bridging distinct individuality, love uniting bride and groom on their wedding day, love respecting and bridging differences among all peoples at all times.

Our capacity to see and to change the world co-evolves with our capacity to see and to change ourselves (79). As the marriage ceremony changed Aaron and Karen into husband and wife, so too did it change all of those present into people who more deeply understand what it means to unify diversity without extinguishing

## GLOBAL LEADERSHIP

### Giving Oneself for Things Far Greater Than Oneself (continued)

individuality. As leaders, we can never close our eyes to the complexity of the world or to the profoundly influential interactions that define society. Goethe admonishes us that leaders know themselves only to the extent that they know the world; that they become aware of themselves only within the world, and aware of the world only within themselves (54).

*"To be human is to find ourselves behind our names" (83).*

*To lead is to find ourselves behind our names.*

Source: Adler (7).<sup>2</sup>

American Arthur Schlesinger expressed a very different leadership vision in *A Thousand Days*, the vision of U.S. President John F. Kennedy from the 1960s (103):

*Above all . . . [President Kennedy] gave the world for an imperishable moment a vision of a leader who greatly understood the terror and the hope, the diversity and the possibility, of life on this planet and who made people look beyond nation and race to the future of humanity.*

Britain's Anita Roddick, founder and former CEO of the highly successful global firm, The Body Shop, describes her contemporary vision of corporate idealism:

*Leaders in the business world should aspire to be true planetary citizens. They have global responsibilities since their decisions affect not just the world of business, but world problems of poverty, national security and the environment. Many, sad to say, duck these responsibilities, because their vision is material rather than moral (101:226).*

Integrating what Roddick has labeled "planetary citizenship" with shrewd business strategies, Indian-born C.K. Prahalad and American-born Stuart Hart coach executives to adopt bottom-of-the-pyramid strategies. According to these two global management professors, "Low-income markets present a prodigious opportunity for the world's wealthiest companies to seek their fortunes and bring prosperity to the aspiring poor" (99:2). They advise multinationals on how to reduce extreme poverty—and by extension global instability—while simultaneously earning significant profits. Prahalad and Hart coach companies to see a market that was previously invisible to them—and remains

invisible to most of their competitors (61;62;97;98;99). That market is the four billion people who earn less than \$1500 annually. It's an illusion that the world's poorest people do not constitute a market, do not possess buying power, and that companies cannot earn significant profits by serving the poor. Bottom-of-the-pyramid business strategies are by no means merely corporate philanthropy or some form of narrowly defined altruism. As Prahalad and Hart (99:4) explain,

*Although complete income equality is an ideological pipe dream, the use of commercial development to bring people out of poverty and give them the chance for a better life is critical to the stability and health of the global economy and the continued success of Western MNCs.*

Such global strategies unambiguously work to the mutual benefit of business and society. See the Boxes on "Bottom-of-the-Pyramid Business Strategies" and "Micro-Lending" for examples on how multinationals are profiting by serving these no-longer-invisible markets.

As Prahalad and Hart (99:14) help individual companies embrace these new, highly profitable bottom-of-the-pyramid business strategies, they remind the entire private sector that:

*It is tragic that . . . Western capitalists . . . have implicitly assumed that the rich will be served by the corporate sector, while governments and NGOs will protect the poor and the environment. This implicit divide is stronger than most realize. Managers in MNCs, public policymakers, and NGO activists all suffer from the historical division of roles. A huge opportunity lies in breaking this code—linking the poor and the rich across the world in a seamless market organized around the concept of sustainable growth and development.*

*Collectively, we have only begun to scratch the surface of what is the biggest potential market opportunity in the history of commerce. Those in the private sector who commit their companies to a more inclusive capitalism have the opportunity to prosper and share their prosperity with those who are less fortunate. In a very real sense, the fortune at the bottom of the pyramid represents the loftiest of our global goals.*

Although each of these leaders' visions and strategies reflect different cultural perspectives, different centuries, and different target markets, each expresses the tension between immediate national and organizational concerns and the broader interests of humanity and the future. Research suggests that managers' perceptions of what they believe they should be doing varies more than their descriptions of

## BOTTOM-OF-THE-PYRAMID BUSINESS STRATEGIES

### Companies Reducing Poverty & Creating Fortunes

A number of companies are already using bottom-of-the-pyramid strategies to create wealth and reduce poverty.<sup>3</sup> Hindustan Lever (HLL), for example, created a new detergent that captured 38 percent of a market that neither Unilever, the parent company, nor its competitors realized existed (99:5). Using a new business model that emphasizes volume rather than high profit margins, Hindustan Lever formulated the detergent

*“... to substantially reduce the ratio of oil to water in the product, responding to the fact that the poor often wash their clothes in rivers and other public water systems. HLL decentralized the production, marketing, and distribution . . . to leverage the abundant labor pool in rural India, quickly creating sales channels through the thousands of small outlets where people at the bottom of the pyramid shop. HLL also changed the cost structure of its detergent business so it could [be introduced] . . . at a low price point.”*

During its first five years on the market, Hindustan Lever enjoyed an annual growth rate of 25 percent in profits and 20 percent in revenue (99:5). With bottom-of-the pyramid strategies, “the strategic challenge for managers is to visualize an active market where only abject poverty exists today. It takes tremendous imagination and creativity to engineer a market infrastructure out of a completely unorganized sector” (99:6).

Other examples of bottom-of-the-pyramid strategies include Honeywell’s interest in offering micro-turbines as small-scale distributed energy solutions to extremely poor communities; The Body Shop’s policy of trade-not-aid; and Starbucks’ (together with Conservation International’s) strategy to eliminate intermediaries from its business model and source coffee directly from farmers in Mexico’s Chiapas region, thus enabling the company to provide coffee farmers with a reasonable standard of living and the company with a respectable profit.

*Source:* Based on Prahalad & Hart (99).

what they actually do (117). It is the tension between the reality of our world today and our aspirations for a better world tomorrow that gives rise to the need for societies to select leaders who can articulate a meaningful vision and guide them toward its realization. In *Beyond National Borders*, Kenichi Ohmae (96) captured a vision for Japan as it moved into the twenty-first century:

*Of all the conceivable goals and achievements that Japan might seek to accomplish in the next century, only one, I believe, is worthy of Japan. It is to prove that without wielding military might, by human strength and resourcefulness alone, a major global power can alleviate the*



## MICRO-LENDING

### A Bottom-of-the-Pyramid Strategy

Micro-lending is one of the most important bottom-of-the-pyramid strategies. Micro-lending involves offering the poor very small loans at reasonable interest rates and within structures that are accessible to them.<sup>3</sup> Companies choosing to embrace micro-lending strategies make a profit by giving the poor access to reasonable borrowing power, and thus access to buying power.

*“According to the International Labor Organization’s World Employment Report 2001, nearly a billion people—roughly one-third of the world’s work force—are either underemployed or have such low-paying jobs that they cannot support themselves or their families. Helping the world’s poor elevate themselves above this desperation line is a business opportunity to do well and do good” (99:6).*

The business opportunity comes from the fact that, under the current system, money lenders in the poorest areas charge as much as 20 percent per day interest. Micro-lenders can charge much less and still make a substantial profit. Whereas the Grameen Bank, founded by Bangladeshi economist Muhammad Yunus, is the highly successful pioneer in this field—micro-lending is now a thriving business for the largest banks in a number of countries. “At the 1999 Microcredit Summit, the United Nations, in conjunction with several major MNCs, such as Citigroup Inc. and Monsanto Company, set a goal of making basic credit available to the 100 million poorest families in the world by the year 2005” (99:8). Whereas they have yet to achieve their goal, progress is being made.

Source: Based on Prahalad & Hart (99).

*earth’s disparities and injustices. . . . Now we must begin to think beyond national borders (96:11).*

Historically, corporate visions have reflected the values and goals of the society in which they were conceived. Given the global nature of twenty-first century markets, corporate visions can no longer remain domestic, but must themselves be transnational. As witnessed with the economic integration of Europe into the European Union, the founding of the Association of South East Asian Nations (ASEAN) trading bloc, the increased trade generated by the North American Free Trade Agreement (NAFTA), and the omnipresence of the World Trade Organization (WTO), the world economy is erasing national borders. Whereas historic feuds remain nationally defined from a political perspective, economic pragmatism vanquishes them from a business perspective (49). Business leaders have chosen to transcend national boundaries in ways that remain

beyond the realm of politicians and government diplomats. As business leaders know, if an idea or action is good for business, it is worth learning and doing no matter where in the world it originated. Global companies, more so than nations, already face the difficult questions involved in integrating visions based on divergent national and cultural values. The heated contemporary debates on outsourcing and offshoring highlight these challenges. Global companies' success in defining and implementing transnational visions will determine not only the future of the economy, but, more importantly, the future of society itself.

### LEADERSHIP THEORIES

Leaders are individuals who significantly affect the thoughts and behaviors of others, not through coercion, but rather through persuasion (51). Global leadership therefore involves the ability to inspire and influence the thinking, attitudes, and behavior of people worldwide (23;24;25;26;52;84). The very word *leadership*

*is a relatively new addition to the English language; it appeared approximately 200 years ago in writings about political influence in the British Parliament. However, from Egyptian hieroglyphics, we know that symbols for "leader" existed as early as 5,000 years ago. Simply put, leaders have existed in all cultures throughout history* (40:270).

In the past many people assumed that leaders were born, not made, and they attempted to identify the traits of great leaders. Although every society has had its great leaders, researchers found no consistent set of traits differentiating leaders from other people (113). North Americans, for example, value charisma in their leaders and identify such business and political leaders as Lee Iacocca, former CEO of Chrysler Corporation (75), and Bill Clinton, former president of the United States, as charismatic (36;37). By contrast, Germans do not value charisma in their contemporary leaders, because they associate charisma with the evil Hitler perpetrated during World War II. More generally, while the term *leader* evokes a positive image in the United States, for people in many parts of the world it evokes a quite negative image (40:271). For some Europeans, for example, ". . . everything seems to indicate that leadership is an unintended and undesirable consequence of democracy, or a 'perverse effect' as [is said] . . . in France" (59:241-242).

Going beyond the search for leaders' innate traits, researchers then tried to identify the types of behaviors outstanding leaders display. They found that the culture in which leaders grow up strongly influences their attitudes and behaviors (87:190-191):

*Consider the implications for leadership of individual attitudes and expectations towards power. As a result of extended experiences with people who have wielded power over them when they were children, adults have expectations about how they should relate to others who have power and how they should behave in return. These attitudes are somewhat modified as a consequence of experiences with teachers, ministers, scout leaders, and other authority figures, but fundamental attitudes toward power are derived from the earliest and most intense experiences with authority figures. . . .*

*In spite of individual differences, however, these experiences reflect a strong common element in any given culture. As a result, there are generalized expectations about how authority is to be wielded, how the more powerful people should act toward the weaker, and what kinds of behavior the latter might expect from the former. It is expected that one will use social strength according to culturally established norms. Therefore, when acquiring control over others, one also incurs the effects of these expectations about power figures. In short, in a particular culture a person who becomes authoritative in direct relationships to others is expected to act in much the same way as a parent acts in the family. It means that as people develop their expectations of power and attitudes toward power, based on their earliest experiences with it, they will tend to work from these attitudes in every encounter. A superior who fails to conform to these expectations will be seen as an inadequate, unfair, or unjust leader.*

Douglas McGregor's classic leadership theory describes two different sets of assumptions about the nature of human beings and what they want from their work environment (92; also see Chapter 2). According to McGregor, some leaders believe they must direct, control, and coerce people in order to motivate them to work. Such leaders assume that the more basic needs for safety, security, and certainty motivate people. By contrast, other leaders believe that they must provide people with freedom, autonomy, and responsibility in order to motivate them to work. These leaders assume that higher-order needs for achievement and self-actualization fundamentally motivate people. According to Anita Roddick (101:223, 225):

*[People] . . . are looking for leadership that has vision. If you have a company with itsy-bitsy vision, you have an itsy-bitsy company. . . . If you employ people with small thinking and small ideas, you become a company of dwarves.*

Leaders from different cultures vary in the assumptions they make about what motivates most people. In the United States, for example, many leaders assume that people's basic physiological needs for safety and security have been met and that therefore only opportunities to satisfy higher-order needs will motivate most people. They believe that denying these opportunities leads to alienation, lower productivity, and ultimately, high levels of turnover. Most leaders in the United States believe that the majority of the people who work for them want to develop interpersonal relationships characterized by trust and open communication. They therefore assume that people produce more when the workplace is most democratic.

Leaders in the People's Republic of China act similarly, but for very different reasons (106). According to historical explanations (95), the pre-1949 Chinese regarded satisfying lower-order needs as the main objective of the masses, with higher-order needs going unrecognized for all but the upper class. After the revolution two types of managers emerged: The first type, experts who possessed extensive technical expertise, tended to use a more controlling approach to get things done. The second type, leaders who possessed more political and ideological expertise and who were more skilled in managing people, tended to use a more inclusive approach. This second, more political, group of leaders believed that their leadership approach was closely tied to the philosophy of Chairman Mao. They strongly advocated a more egalitarian workplace in which all employees could improve their lot together, both economically and culturally. They strongly believed that leaders had to give workers' welfare prominence over production, and that material incentives that promoted self-interest and competition had to be discouraged. These leaders encouraged collaboration and broad participation in decision making by replacing individual rewards with collective rewards, and emphasizing democracy and decentralization. Today, more market-based motivations have re-emerged as a driving force among many Chinese businesspeople. Both American and Chinese leaders agree, but for very different reasons, that democratic organizations can perform efficiently and productively; that is, that global competitiveness without dehumanization is possible.

### **CULTURAL CONTINGENCY**

Some researchers suggest that American approaches to leadership apply abroad (82;95). Most leaders, however, believe that they must adapt their style to the cultures of employees and clients; that is, they believe that leadership is culturally contingent (42). In their groundbreaking research, Haire, Ghiselli, and Porter (60) found that, although the 14 countries they studied showed more similarities than differences, the countries

clustered along cultural rather than industrial lines. Hofstede (66;67) later concluded that participative leadership approaches, which were strongly encouraged by American theorists and managers, were not suitable for all cultures. Employees in high power-distance cultures, for example, expect managers to act as strong leaders; they become uncomfortable with leaders delegating discretionary decisions. Some cultures want their leaders to act as decisive, directive experts; others want leaders to act as participative problem solvers (see Figure 2-4). Laurent (86:75-76), for example, describes his difficulty explaining matrix management to French managers:

*The idea of reporting to two bosses was so alien to [French] managers that mere consideration of such an organizing principle was an impossible, useless exercise. What was needed first was a thorough examination and probing of the holy principle of the single chain of command and the managers' recognition that this was a strong element of their own belief system rather than a constant element in nature.*

"Americans' extreme individualism, combined with their highly participative managerial climate, may render U.S. management practices unique; that is, differentiated from the approaches in most other areas of the world" (40:292;41;65). This conclusion is supported by recent research on leadership that found the United States unique in several respects among all of the Eastern and Western cultures studied (73).

Even in countries culturally well suited to more participative leadership (such as England, Sweden, and the United States), organizations must adapt the form of participation to the local culture (46). Although studies vary in the extent to which they see appropriate leadership styles as similar to those most acceptable in the United States (see, for example, descriptions of managers in Europe [94], Germany [85;115], India [80], and Israel [118]), the consensus today is that global managers must be flexible enough to alter their approach when crossing national borders and working with people from other cultures.<sup>4</sup>

## GLOBAL LEADERSHIP COMPETENCIES

As organizations disperse globally, they have come to realize that leadership is a skill that most people need, not just a requirement of a few people at the top. In searching for the most important leadership competencies, companies have learned that emotional intelligence, not cognitive abilities, explains 90 percent of the difference between average and star performers (56:94). Asian, European, and U.S. companies headed by leaders with strong emotional intelligence outperform the yearly earnings goals of their competitors by up to 20 percent (56:95).

Globally, a company's success is clearly linked to the emotional intelligence of its leaders.

What is emotional intelligence? According to psychologist Daniel Goleman, it is a set of five individual and social competencies, including self-awareness, self-regulation, motivation, empathy, and social skills (32;55;56;57). Each competency is critical to effective leadership.

*Self-awareness* is "the ability to recognize and understand your moods, emotions, and drives, as well as their effects on" other people (56:95). Leaders with a high level of self-awareness exhibit self-confidence, realistic self-assessment, and a self-deprecating sense of humor.

*Self-regulation*, the second competency, is "the ability to control or redirect disruptive impulses and moods" along with "the propensity to suspend judgment—to think before acting" (56:95). Leaders with a high level of self-regulation exhibit trustworthiness, integrity, comfort with ambiguity, and openness to change.

*Motivation*, the third emotional-intelligence competency, is reflected in "a passion to work for reasons that go beyond money or status" and "a propensity to pursue goals with energy and persistence" (56:95). Leaders with a high level of motivation show a strong drive to achieve, optimism (even in the face of failure), and organizational commitment.

The fourth emotional-intelligence competency is *empathy*, "the ability to understand the emotional makeup of other people" and "skill in treating people according to their emotional reactions" (56:95). Leaders with a high level of empathy demonstrate an ability to build and retain talent in their organization, show cross-cultural sensitivity, and become known for offering great service to clients and customers.

The fifth emotional-intelligence competency is *social skill*, a "proficiency in managing relationships and building networks" along with an "ability to find common ground and to build rapport" (56:95). Leaders with a high level of social skill are effective at leading change, show a superior ability to build and lead teams, and become known for their persuasiveness.

**Global Leadership: Going Beyond the Ordinary** As former U.S. Secretary of State Madeleine Albright challenges us, "We have a responsibility in our time, as others have had in theirs, not to be prisoners of history, but to shape history" (20). Yet historically, leadership "that goes beyond the nation-state and seeks to address all human beings" has been "the most important, but rarest and most elusive, variety of leadership" (51:20). Today's global business environment demands that we strive to go beyond the ordinary leadership of prior centuries. Harvard professor Howard Gardner studied women and men whom society recognizes as extraordinary leaders. He discovered that extraordinary leaders become their organizations' and society's chiefs; that is, they

“achieve their influence through the kinds of narratives or stories they tell about themselves, their society, and the people with whom they are dealing” (51). Without deeply understanding themselves, their organizations, and global society, they would be incapable of crafting and telling profoundly meaningful stories. Gardner discovered that extraordinary leaders worldwide possess three competencies that are similar to those Goleman recognized as emotional intelligence. According to Gardner, extraordinary leaders are better at reflecting, leveraging, and framing than are most people. First, extraordinary leaders spend a lot of time *reflecting*; they think about what they are trying to achieve, review how they are doing, and correct course when things are not going well (51). Second, extraordinary leaders are particularly good at *leveraging* (51). Because no leader is equally good at everything, extraordinary leaders find out what they are particularly good at and push this competitive advantage as hard as they can (51). Unlike ordinary leaders, they do not worry about activities that they are not good at (51). Perhaps the most surprising of the three competencies is *framing*. Extraordinary leaders take more risks than average leaders and are particularly good at learning from their failures. It is not that they fail less frequently than ordinary leaders; on the contrary, they fail more frequently. However, they learn more from their failures than do their more ordinary colleagues. Today’s challenge is not just to be a leader, but rather to become a global leader who can meet the challenges of the twenty-first century—a leader who can rise to the challenge of shaping history.

**Global Leadership: No Longer Men Alone** As Carly Fiorina, former CEO of Hewlett Packard and the first woman to lead a *Fortune* top-20 firm, recognizes, “Anytime you have a fiercely competitive, change-oriented business where results count and merit matters, women will rise to the top” (45). A major shift is taking place in who is leading major companies and countries. Whereas the majority of senior leaders in the twentieth century were men, leadership is now shifting to include both women and men. As Harvard professor Rosabeth Moss Kanter (81:89) emphasizes, in a global economy, “Meritocracy—letting talent rise to the top regardless of where it is found and whether it is male or female—has become essential to business success.”

Careful observation reveals a rapidly increasing number of countries and companies moving away, for the first time, from their historic men-only pattern of senior leadership. Of the 68 women who have served in their country’s highest political leadership position—either as president or prime minister—more than half have come into office in just the last decade, all but ten of whom are the first woman their country has ever selected (3;5;10;11). Similarly, among the current women CEOs leading major global companies, almost all are the first woman whom their

particular company has ever selected (4;5;6;9;13). The question is no longer, “Is the pattern changing?” but rather, “Which companies will take advantage of the trend and which will fall behind?” (8;18;19). Which companies and countries will lead in recognizing and understanding the talents women bring to leadership, and which will limit their potential by clinging to historic men-only patterns? Given the recency of women assuming very senior global leadership positions, it is important to recognize that almost all research conducted on senior leaders has been conducted on men. Only now, in the twenty-first century, are we beginning to understand women’s unique patterns of leadership and accomplishment.

### **GLOBAL LEADERSHIP: CREATING A POSITIVE FUTURE**

Klaus Schwab, president of the World Economic Forum, in a speech to the world’s top business leaders gathered in Davos, Switzerland, described the twenty-first century’s leadership challenge as business’s relationship to the well-being of society:

*In today’s trust-starved climate, our market-driven system is under attack. . . . large parts of the population feel that business has become detached from society, that business interests are no longer aligned with societal interests . . . The only way to respond to this new wave of anti-business sentiment is for business to take the lead and to reposition itself clearly and convincingly as part of society (104).*

How can business leaders simultaneously optimize financial, social, and environmental performance? How can they help to create a prosperous, sustainable society that benefits us all? Leadership at the intersection of business and society centers on a profound concern for the future of humanity and the earth. It recognizes that how we respond today to global ecological and economic change will reverberate across generations well into the future. It asks how we can leverage the strengths of business to address the most compelling challenges facing the world today. It is clear that a healthy world depends on the evolution of healthy organizations, and healthy organizations cannot exist without great leadership. Our common future depends on the extent to which managers and executives develop both a vision of a better world and an ability to lead others toward that vision.

To succeed as a global civilization in the twenty-first century, our ways of thinking about options and solutions need to expand to more prominently and explicitly include the private sector. This is not because the private sector has inherently better values than other sectors—it does not—but because of the private sector’s global prominence and its worldwide structures and processes. For the first time in



history, answers to questions of societal well-being—including questions of war and peace and of terrorism and security—may well be more in the hands of business people than in those of political, diplomatic, military, or humanitarian leaders.

Over the past 50 years, power has shifted dramatically from the public to the private sector. Today, 49 of the 100 largest economies in the world are multinational companies, not countries (90). Due to this shift in power, traditional perspectives that assumed government and inter-governmental agencies could or would take adequate care of society's welfare are no longer relevant either for society or for the economy; this applies to both the richest and the poorest nations and peoples.

Wal-Mart, for example, is now the nineteenth largest economy in the world, with sales exceeding \$250 billion (90:128). If it were a country, Wal-Mart would be China's eighth largest trading partner (48:50). Wal-Mart's single-day revenue is larger than the annual gross domestic product of 36 independent countries (90:128). With over 1.3 million employees, Wal-Mart is now the world's largest employer. The company has more people in uniform than the entire United States Army (90:128). What Wal-Mart does in the world matters, not only to its own employees, customers, and suppliers, but to the global economy and society within which all companies operate and all people live. Global solutions cannot be conceived of or implemented without taking companies such as Wal-Mart into account.

United Nations' Secretary General Kofi Annan<sup>5</sup> has challenged business leaders to become co-creators of society's well-being:

*Let us choose to unite the power of markets with the strengths of universal ideals . . . let us choose to reconcile the creative forces of private entrepreneurship with the needs of the disadvantaged and the requirements of future generations.*

Enlightened twenty-first century pleas for corporate global citizenship recognize that without the private sector, no attempt to create and maintain a peaceful, prosperous, equitable, and sustainable society can succeed. Many, however, rightfully question the role that business has taken. Whether they cite corporate greed and corruption—as brilliantly demonstrated in recent years by Arthur Andersen, Enron, Health South, Tyco, and WorldCom, among many others—or other forms of corporate malfeasance, the private sector is rarely perceived as a primary contributor to global society's security and well-being (see, among others, 38;39;91;105;112).

*New York Times* editorial writer Thomas Friedman suggests that the private sector's crime is not simply behavior that is ultimately exposed as criminal, but rather CEOs' lack of constructive engagement with the

world's most serious problems; that is, CEOs' lack of global leadership. As Friedman labels it, many CEOs are simply "missing in action" (48). Equally seriously, many of these missing-in-action CEOs still view commitment to societal well-being not as a business strategy for superior performance—both fiscal and societal—but rather as a net drain on their companies' revenues and profits. Locked in an overly narrow definition of free enterprise, they continue to adhere to classical economist Milton Friedman's dictum that the only "social responsibility of business is to increase its profits" (47).

The challenge of twenty-first century global leadership is to contribute to the societal, ecological, and fiscal well-being of one's company and of the world. To contribute to the world, one must understand the world, including the rich interplay of cultures that define global society.

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## SUMMARY

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Approaches to leadership vary across cultures. Global leaders today not only need to know how to inspire and lead people from a range of different cultures, they also need to create ways of leading people with very different backgrounds simultaneously. Moreover, the challenge of twenty-first century leadership is not simply business prosperity. Today's leadership challenge is to design innovative approaches that simultaneously create successful companies and successful societies.

## QUESTIONS FOR REFLECTION

1. **World Leaders.** Publicly elected officials often display the leadership values and behaviors of their culture. Select two prominent world leaders and describe their behavior in cultural terms.
2. **Most Admired Global Leaders.** Select a global leader whom you strongly admire—known personally to you or not. List the qualities, characteristics, and behaviors that make you admire this particular leader. In what ways are the qualities, characteristics, and behaviors that you admire reflective of either your own cultural background or that of the particular leader you have chosen?
3. **Leadership Vision.** As you consider your current and future role in life, what is your vision of what you would like to contribute? In what ways does your choice reflect your culture? In what ways would you be considered unique, when seen from the perspective of your culture?
4. **Global Women Leaders.** Identify a woman leader from another culture whom you think is highly effective. How did she obtain her position of power? What was the reaction to her when she first

assumed power? Does her style of leadership differ significantly from that of her male contemporaries? What advantages does she have, as a leader, based on the fact that she is a woman?

## NOTES

1. University of Pennsylvania Professor Robert House and his worldwide research team have conducted a major multi-domestic study of leadership to define leadership practices in countries around the world (68;69;70;71;72;77).
2. Adapted (2007) from Adler's "Global Leadership: Giving Oneself for Things Far Greater than Oneself" (7).
3. Adapted from Prahalad and Hart's "The Fortune at the Bottom of the Pyramid" (99:5-6).
4. For an excellent review of current international cross-cultural leadership research see Dorfman (40). For other reviews and research on leadership, see references 21;22;33;34;43;44;53;58;74;95;107;108;109;110;111;119;120).
5. For further information on Kofi Annan's initiatives with the worldwide business community, see the United Nations Global Compact website at [www.unglobalcompact.org](http://www.unglobalcompact.org).

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