Culture Clash – Leading Across Borders

Does a global leadership style exist, that multinationals can apply effectively across borders and cultures? Many firms operate across multiple regions, and often struggle with leadership issues – how much is this due to the culture of the industry they work in and how much to the culture of the local community? In this paper we will examine some of the challenges of cross-border leadership, with specific reference to the Middle East and West Africa.

Our recent pieces on leadership have focused on soft skills, and the different styles of leadership, as described by Daniel Goleman – or as a spectrum from Command & Control to Servant-Leadership. Some readers and clients have challenged this, arguing that in many markets, hard skills matter more, and in particular that "Servant Leadership" is inappropriate for the local culture. Is this right, or does a universal style of leadership exist that firms can apply everywhere?

A disclaimer: inevitably, a short paper cannot hope to cover all the aspects of a major topic such as this, and we will no doubt be guilty of generalisations and omissions. But our aim is to highlight the importance of recognising cultural differences and provide a checklist for HR managers, country heads and corporate leaders to consider when leading teams across borders.

EXECUTIVE SUMMARY
- Importance of soft skills – listen to understand
- Recognise different cultures have different attitudes towards authority
- Economic factors influence effectiveness of leadership styles
- Leaders cannot succeed without creating Trust – the CREST model
- Corporate culture needs to adapt to local customs but retain core values

> This is one of a series of WBC papers on the topic of Leadership in business. The issues raised in these papers are covered in detail in our 3-Day Global Leadership programme, delivered by former executives who are leadership development experts. This course is designed to help managers make the transition from functional management to corporate leadership. With case studies and examples from across many sectors it's ideal for anyone looking to move into a senior leadership position.
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SOFT SKILLS AND LEADERSHIP STYLES
First, let's make a distinction between soft skills and leadership styles. Soft skills, (or emotional intelligence, EQ) are a set of behaviours that can be applied in any

leadership style: as one of our Leadership programme course directors states, they are distinct from the "hard skills" with which we start our career – the engineering, accounting, geoscience qualifications – and tend to be developed over time with experience as well as training.

Leadership styles refer to the way leaders act towards their followers – where they are on the spectrum from "Command & Control" to "Servant-Leader". Or to put it another way, which of the Goleman 6 styles do they apply?

Few would argue that any single style is always better than another. In fact, situational leadership theory dictates that great leaders adapt their style according to the situation (including the needs of their followers).

That said, there's no doubt that the current fashion in leadership debate is more closely aligned to Servant-Leader than Command & Control. Perhaps this reflects the fact that so much leadership theory is developed in Western multinationals where a culture of individualism (see below) dominates, especially among Millennials. Does it follow, then, that Servant-Leader is suitable for western multinationals and Command & Control is better in emerging markets? This is too simplistic, and overlooks the nuances in culture between regions, countries, industries and even companies.

CULTURE IS VITAL

To understand these nuances, we need to look more closely at the prevailing culture in the country (or at least region). This is a huge topic on which a lot of work has been done, especially by Geert Hofstede in the 1980s. While times have changed, much of what he wrote on cultural alignment still applies, and a couple of points are relevant to this debate.

Power Distance – In some countries, society accepts power is unequally distributed (High Power Distance). Typically, employees in these countries won't question their leaders and will simply await and implement instructions (and may be uncomfortable being asked to take the initiative) – they accept more of the Command & Control approach. In other countries, society demands more equal power distribution (Low Power distance); employees in these countries are more likely to challenge their corporate leaders and expect to be consulted or even to make their own decisions.

Individualism vs Collectivism – this relates to how much the individual is self-reliant and independent rather than being part of, and utterly loyal, to a group, that in return looks after him or her. In the workplace this translates into autonomy and personal responsibility versus centralised control.

In the global industries, where country managers are often brought in from the outside, this can have profound implications for the way they lead their teams and partners.

As a broad generalisation, Western countries tend towards low power distance and high individualism, though as the chart shows, there can be marked differences between countries such as Germany and the US on individualism. In the Middle East and much of Africa, the preference is for high power distance and low individualism. Some markets in Asia tend towards lower power distance and collectivism, others are more hierarchical but still collectivist.

WHAT DOES THIS MEAN FOR LEADERSHIP STYLES?

This would indeed suggest that in highly developed Western markets, with the emphasis on low power distance and individualism, the "Servant-Leader" style is more appropriate – coordinating, supporting and inspiring self-confident individuals to achieve a common goal. In contrast, in markets like Nigeria or Saudi Arabia, according to this theory, "Command & Control" should apply.

But it's not that simple.

Professor Randall Peterson of London Business School has done extensive work on this issue, building on Hofstede's research. He points out that in the Middle East, while leaders decide and followers implement, it is equally incumbent on the leader to consult widely before deciding. It's top down authority, but there is a cultural (religious and moral) obligation to consult before deciding.

> In the Middle East, despite "high power distance,"
> leaders are expected to consult widely before taking a decision.

In addition, despite the image of a closed hierarchical society, leaders in the Middle East tend to have an open-door policy, where successful leadership relies on relationships built on trust (see below).

In Nigeria, a recent paper on Leadership in the local Oil & Gas sector highlights the link between job satisfaction and management understanding of workers' needs. In other words, "Command & Control" works but only if the leader has taken time to understand what their followers want or need. And again, as in the Middle East, relationships built over time play a major role – more so, perhaps, than in Western markets.

In both these examples, therefore, the "Command & Control" leadership style has to be underpinned by other behaviours in order to be successful: in the Arab world, prior consultation with staff, and in West Africa, understanding local needs (which may or may not involve consultation: according to the paper, in some cultures consultation may be seen as a sign of weakness, that the leader does not know what to do).

Economic Factors Driving Leadership Style
In addition to cultural differences, variations in market development will influence leadership styles. The state of the economy, the educational level of the workforce, local business performance, will all be factors in identifying an effective leadership style. A struggling business may need a pacesetting approach to inject some energy into turning the business around. A dynamic market with a young but enthusiastic workforce might respond better to coaching than directive – especially if the economy means plenty of other opportunities are available for dissatisfied staff.

Moving between mature and start-up markets can be a challenge for leaders. In mature markets, they can take a lot for granted – the strength of their brand, their reputation, the efficiency of their processes – the risk is in being complacent. In new markets, nothing can be taken for granted.

One of the key roles of a leader is to represent the company in negotiations and deal-making: here again, different nationalities take a different approach that is driven by underlying cultural factors. Westerners (esp. Americans) believe in the sanctity of the contracts. The deal is done only when the contract is signed and if there is an issue then you refer to the contract. Everything that comes before is irrelevant. In Japan, on the other hand, it's the earlier MoU or LoI that drives everything. And in the Middle East, the contract signals the start of the negotiation, not the end. What matters is how the relationship develops after the contract is signed – you can expect a continuing series of mini negotiations.
The common theme here is Trust.

THE ROLE OF TRUST
"Trust is the number one requirement to build and maintain strong multicultural relationships. Without it, nothing else can flourish" says a WBC course director. This cannot be done with titles and qualifications alone.

For example, a sales rep in Nigeria is unlikely to be impressed by, or to trust, a new regional head with an MBA from New York and a dozen finance qualifications: it's the willingness to understand the local culture and market, and respond to their needs, that will create the trust.

We believe there are five components to creating trust as a leader – the CREST model:

Credibility – Having the experience and qualifications (hard skills) to be credible when making decisions. In global business, this may mean time out in the field selling or negotiating with local government, in some of the harsher environments.

Reliability – A cornerstone of trust in any relationship – doing what you say you will do; your behaviours aligned with values, your actions matching words.

Empathy – Understanding what your followers want and need. This includes understanding the local culture.

Safety – Creating a safe working environment – not just physical safety, vital as that is in hazardous industries, but also emotional safety, an environment where questions can be asked and support provided.

Time – Trust cannot be earned overnight – it takes time, effort, and consistency in behaviours, and a willingness to make oneself available to your team.