

International Business Management

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MGM 506

Lecture 5



Short coming of Leadership Theories

The Cultural Relativity of Leadership

Subordinate Role and Behavior

Cultural Dimensions

Motivation

Many business failures can be traced to functional deficiencies, such as:

- Poor planning or marketing
 - Managers' inability to lead and motivate employees.
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- Effective managers are those who can lead their subordinates toward the accomplishment of organizational goals.

- Among the managerial skills, leadership competency and the ability to motivate are two of the most difficult to master.
- While managers can rely on assistance from others in technical matters, they have to resolve leadership problems and motivation issues through personal initiatives.
- Leadership and motivation skills, therefore, are critical to a manager's success.

- If leading and motivating are important determinants of success in a domestic business, they are much more important in an international operation.
- What constitutes a good leader in one culture may not necessarily be the case in other cultures. Also, what motivates people varies among cultures.
- Most Americans, for example, prefer democratic leaders who seek inputs from their subordinates. In other cultures, such a leader may be regarded as naive or incompetent.

The Shortcomings of Leadership Theories

- **Popular leadership theories** assume that the leaders and followers have a lot in common within their value systems and culture and that the roles of leader and followers are universal.
- These theories, implicitly if not explicitly, advocate democratic, participative leadership behavior as the preferred choice.
- Almost all theories are developed in the United States and are based on American cultural values.

The Cultural Relativity of Leadership

Cultural differences:

- have a major influence on the effectiveness of various leadership behaviors. Norms, role expectations, and traditions governing relations between various members of society are strong determinants of effective leadership behavior.
- These differences are manifested in MNCs whose employees come from different cultural backgrounds.
- The challenge for international managers working with multicultural employees is to recognize these differences and adapt their relationships accordingly.

To learn about these differences, we will review two cultural dimensions:

- acceptance of authority
 - and dealing with uncertainty.
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- While all cultural values influence the behavior of leaders, these two are of particular importance.
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The use of power and authority:

- is central to managing and leading. Power and authority are universal to all cultures. Hierarchical relations are the mainstay of social interactions.
- In societies where power is more evenly distributed among the members, there is only a small gap between the most powerful members and the least powerful.
- In others, there is a wide variation in power distribution, and the difference between the most powerful and the least powerful is large.

- In such societies, the large differences in power are legitimate and acceptable to all members. Members often feel uncomfortable if the distance is knowingly violated.
- For example, if a superior in a large-power-distance society attempts to reduce the distance by acting more accessible and friendly, his/her subordinates may not willingly accept such openness.

Uncertainty avoidance

To live is to deal with uncertainty.

- Uncertainty is part of life, and all managers deal with uncertainty in running organizations. A critical aspect of managing and leading is dealing with uncertainty by giving subordinates enough direction and instruction to adequately perform their tasks.
- Society's orientation toward the handling of uncertainty is reflected in the management of its institutions and organizations.

Uncertainty avoidance

- Is the extent to which a society feels threatened by uncertain and ambiguous situations and tries to avoid these situations by:
- Providing greater career stability
- Establishing more formal rules
- Not tolerating deviant ideas and behavior
- Believing in absolute truths and the attainment of expertise.

Leadership theories Origin

- It is important to recognize that the leadership theories referred to in this chapter were all developed in countries that are low on power distance and low on uncertainty avoidance.
- Both superiors and subordinates in these countries value power sharing. These cultures have a more receptive environment for the practice of democratic-participative management.
- Therefore, it is not surprising that these theories generally advocate democratic-participative management. Subordinates gain more autonomy and freedom due to their participation in the decision-making process.

- Those who are low on uncertainty avoidance are better suited to deal with the autonomy thus gained.
- In these cultures, superiors are comfortable with the subsequent uncertainty associated with granting autonomy to their subordinates.
- Similarly, subordinates are not uncomfortable with assuming the risk and uncertainty associated with participation in decision-making.
- The lower power distance between members of these societies allows for a closer relationship between leaders and followers.

- An essential aspect of leadership is the role and behavior of subordinates.
- Subordinate employees use various strategies to influence their superiors.
- At each level of power distance, both subordinates and superiors expect certain appropriate behaviors from the leader, and a mismatch poses problems.
- Which strategy is chosen depends on its perceived appropriateness in a given culture. What an American sub-ordinate may find appropriate may not be viewed similarly by an Asian.

Subordinate and Power distance

Table 5.1 Subordinateship for the two levels of power distance

Small power distance	Large power distance
Subordinates have weak dependence needs	Subordinates have strong dependence needs
Superiors have weak dependence needs toward their superiors	Superiors have strong dependence needs toward their superiors
Subordinates expect superiors to consult them and may rebel or strike if superiors are not seen as staying within their legitimate role	Subordinates expect superiors to act autocratically
Ideal superior to most is a loyal democrat	Ideal superior to most is a benevolent autocrat or paternalist
Laws and rules apply to all and privileges for superiors are not considered acceptable	Everybody expects superiors to enjoy privileges; laws and rules differ for superiors and subordinates
Status symbols are frowned on and will easily come under attack from subordinates	Status symbols are very important and contribute strongly to the superior's authority with the subordinates

Source: Ref. 11, p., 259

Managerial Leadership in Europe

- Managerial leadership centers on the relationship between the manager and the followers.
- The manner of relating to employees, the style of projecting and using power, and the method of dealing with conflicts and crises set the stage for managerial leadership.
- The boundaries within which these issues are dealt with vary among cultures.

British leadership aspects

On the two dimensions of uncertainty avoidance and power distance, the British are very similar to the Americans.

- Their high tolerance for ambiguity and low power distance is reflected in their industrial relations practices.
- Labor-management relations are less codified in England than in any other Western European country, which is not surprising in a country that does not even have a written constitution.
- British executives perceive a fluid and much more obscure boundary between the two spheres
- The British are more passive and empathetic, spending time relaxing, doing chores, and simply being together.
- The British see the most positive characteristics of the boss as persuasive-paternalistic or consultative

- French managers believe in a rigid separation of professional and private life.
- career strategy of the French executive is more defensive.
- The French tend to favor formal and ritual activities over informal activities.
- They are idealistic and concerned with the essence of values.
- The French are very status conscious

- .. While the motto of the French republic is (“Liberty, Equality, Fraternity”), the importance of social classes cannot be ignored.
- The French social classes are the aristocracy, the upper bourgeoisie, the upper-middle bourgeoisie, and the middle, lower-middle, and lower classes.
- The French are very status conscious. Social status depends on one’s social origin., the best that the French can do is climb one or two stages of the social ladder.
- Education, a knowledge of literature and the fine arts, a tastefully decorated beautiful house, and the proper ancestral social origins are outward signs of social status.

German leadership aspects

- Small power distance and strong uncertainty avoidance are two characteristics of German society.
- societies that are strong on uncertainty avoidance are intolerant of deviant persons and ideas and consider them dangerous.
- People of these societies are nationalistic, aggressive, and consensus seeking and are strong advocates of law and order. Almost all these characteristics are stereotypical of Germans.
- Germans are known for their industriousness and efficiency

- Germans seem to take a long time to develop friendly relations with others.
- Germans are status conscious and idealistic.
- They are reserved, and to outsiders, they appear to be cold.
- They are detail oriented and meticulous.
- . They are an inward people who tend to be very private
- . They perform better when they are given clear instructions and know what is expected of them.

Culture overview

The American culture :

- has traditionally placed higher values on democratic than on authoritarian leadership, certain biases can be detected in the research on the effects of these leadership styles.
- A great deal of research is designed to prove that democracy is superior to autocracy, rather than to test that proportion.
- Americans can aspire to the highest level of society through their own accomplishments and hard work

American leadership aspects

- Americans prefer informality and a moderate use of power.
- They are pragmatic and practical.
- Americans are conscious of projecting a proper image
- They do not sacrifice results for a proper appearance.
- They allow participation by the lower levels of organization when such participation can lead to improved performance and productivity.

- The nature of the decision-making process at the higher levels of organizational hierarchy influences the type of leadership employed throughout the organization.
- In the United States, of the two components of the decision-making process, decision formulation is the domain of top management, and implementation of those decisions is relegated to the lower levels.
- In the American system of decision-making, fewer levels and smaller numbers of people are involved.
- Therefore, a shorter time period is needed to formulate a decision.

- To implement these decisions, how-ever, organizations are compelled to secure the commitment and support of the lower levels and a larger number of people. When successful, this method produces quick results
- . Securing the commitment and support of the lower levels in implementing these decisions requires certain leadership characteristics and skills that are very akin to those required in selling and marketing.

To produce results, leaders

- ❖ have to be very persuasive
- ❖ have to command resources that the subordinates desire,
- ❖ they need to have the personal traits (charisma) that would make subordinates follow their directions.

Motivation

Motivation has long been a major concern for management because:

- it is linked to productivity
- creativity, job turnover, absenteeism, etc.
- **Motivation** is defined as the process through which behavior is mobilized to reach certain goals, which in turn satisfies individual and/or organizational needs.
- Motivation is the total of all forces within individuals that account for the effort he or she applies to the job at hand. Motivation begins with the search to satisfy needs..

The three main phases a person undergoes during the need satisfaction process

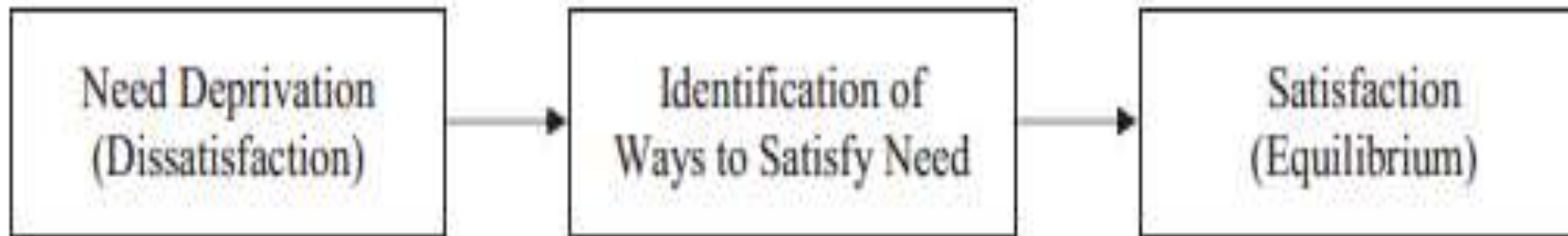


Fig. 5.2 Need satisfaction process

Motivation and Culture

- **Human motivation** :is the product of the interaction between people and the physical and social environment.
- It is important to recognize, however, that most of the management literature on motivation is psychologically oriented and is based on psychological models developed and tested almost exclusively in the United States.
- While psychological models of motivation are very useful for the management of US businesses, they are inadequate for international management.

- We all accept, in principle, that there are differences among people of different cultures. In studying human motivation, however, United States based researchers have taken a simplistic view by ignoring the cultural influences on people's behavior.
- To understand human motivation, we need to understand not only the people themselves but also their environment and their culture.
- More specifically, as D'Andrad puts it, "to understand why people do what they do, we have to understand the cultural constructs by which they interpret the world" .

Organizational performance:

- is a function of employees' work contributions to organizational goals. The efforts exerted by employees at work are influenced by their motivation.
- A motivated worker is a more productive worker.
- If we consider motivation as a psychological state that compels a person to expend a certain amount of effort to accomplish a job, we are dealing with two main concepts: work and the person or “self.”

- In studying cross-cultural motivation, we should be careful not to assume that these concepts have a universal meaning
- There is a growing body of research that indicates that people of different cultures have different views about these two concepts.
- The perception of “self” is a product of cultural upbringing, and so is the meaning of work.

- Throughout the history of Western civilization, work has been regarded variously as drudgery, a necessary evil, an obligation, a duty, and a way to salvation.
- To engage in physical work has been considered undignified and demeaning, on one extreme, and honorable, glorified, and exemplifying piety, on the other.
- According to Max Weber, a contributing factor to the emergence of modern capitalism, characterized by large organizations, was the value and importance that the Protestant religion accorded to work and the accumulation of wealth.

- **One major obstacle in the effective motivation of employees in MNCs is the assumption that the available motivation theories are universal.**
- These theories erroneously assume that human needs are the same everywhere and that people will respond similarly to a motivation program.
- Of course, the assumption that “one size fits all” is faulty
- There are culturally based differences in people’s needs and the means they use to satisfy them. Because of the difficulties in understanding other cultures, and perhaps due to ethnocentric tendencies, many studies on motivation have, either explicitly or implicitly, ignored cultural differences.

- The roots of the universality assumption can be traced to stereotyping, oversimplified conceptions or beliefs about others, and ethnocentrism, which is the belief in the superiority of one's own ethnic group.
- When faced with an unfamiliar situation, we rely on stereotypes to simplify our perception of the environment
- When confronted with an unfamiliar culture, people assume similarity with their own culture unless other stereotypes are present.
- **Ethnocentrism leads to the belief that “our way is the best way of doing things.”**

- Ethnocentrism is an attitude found in almost any culture. Studies have found that people usually think of their country as disproportionately important in the world.
- In most countries, maps used in the classrooms usually illustrate that country as the center of the world. In Chinese writings, the character for China means the “center of the earth.”
- Ethnocentrism often leads to prejudiced behavior. Many people of industrialized countries equate lack of industrialization with lack of culture.
- Equally erroneous is the tendency to equate the materialism of industrial societies with spiritual corruption.

Global Trends and Motivation

- Dramatic technological changes and political restructuring around the world have created new problems as well as opportunities.
- Acceleration of the rate of change in recent years has made it difficult to predict global trends in motivation.

Two major questions have been raised regarding the changes in the management of motivation and human resources.

First question

- **First**, would the collapse of the Soviet system result in the integration of the socialist cultures into the Western cultures?
- Would this integration lead to more emphasis on social needs in Western organizations (i.e., make them more employee centered)?
- They argue that there will be more emphasis on relationships in Western companies and more attention paid to work and production in Eastern societies. So far, there is little evidence to support this contention.

Second Question

Second, will the expansion of global business, advancements in telecommunication technology, and widespread use of the Internet lead to more uniformity among cultures?

- There are some signs of this development.
- The popularity of American culture overseas
- Americans' rising interest in learning about other cultures are early indications of such a trend.
- There are some indications to the contrary as well.

Resources:

- **Kamal Fatehi & Jeongho Choi**

International Business Management

Succeeding in a Culturally Diverse World, Second Edition

- **Dr. P. SUBBA RAO**

International Business Environment. Second Edition



Thank You