

International Business Management

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Lecture 5

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تسعى لتكون الكيان الأول الذي يتبنى مبدأ المجتمع التعليمي
التعاوني، ويقدم العلم مقابل العمل لتنمية وبناء المجتمعات

MGM 506

Managerial Leadership and Motivation in an International Context



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Many business failures can be traced to functional deficiencies, such as poor planning or marketing. Many more are due to managers' inability to lead and motivate employees. Effective managers are those who can lead their subordinates toward the accomplishment of organizational goals. This is a feat not easily managed. 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



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The following discussion is based on the assumption that readers are familiar with the 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 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.



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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.**

While all cultural values influence the behavior of leaders, these two are of particular importance. Here, we will focus on their influence on leader-follower relationships. Using these two dimensions as a reference, we will discuss the predominant leadership practices in Europe and Japan.

Acceptance of Power and Authority

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. The importance, emphasis, scope, and application of power and authority, however, vary among societies. 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.



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Avoiding Uncertainty

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, and believing in absolute truths and the attainment of expertise.

A clustering of 40 countries according to their position on these two dimensions of power distance and uncertainty avoidance is depicted in Fig. 5.1. As can be seen from Fig. 5.1, the United States, Canada, and most northern European countries are low on power distance and low on uncertainty avoidance. Asians, people from the Mediterranean, and South Americans are high on both dimensions. A few Asian countries are high on power distance and low on uncertainty avoidance (upper left-hand-side quadrant), and a few European countries are low on power distance and high on uncertainty avoidance (lower right-hand-side quadrant).

Power Distance	Large	India Hong Kong Philippines Singapore	Argentina Brazil Belgium Chile Colombia France Greece Iran Italy Japan	Mexico Pakistan Peru Portugal Spain Taiwan Thailand Turkey Venezuela Yugoslavia
	Small	Australia Canada Denmark Great Britain Ireland	Netherlands New Zealand Norway Sweden U.S.A	Austria Finland Germany Israel Switzerland
		Weak	Strong	
		Uncertainty Avoidance		

Fig. 5.1 Country clusters based on power distance and uncertainty avoidance



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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.



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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. Table 5.1 summarizes subordinate ships for the two levels of power distance. 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.

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



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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. Americans prefer informality and a moderate use of power. They are pragmatic and practical.

While they 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. Assuming that Europeans, due to a shared cultural heritage, have the same preferences can lead to disappointment.



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Britain

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.

While French managers believe in a rigid separation of professional and private life, 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. While the career strategy of the French executive is more defensive, that of the British counterpart is more aggressive and risk-taking. The British see the most positive characteristics of the boss as persuasive-paternalistic or consultative.

France

The French tend to favor formal and ritual activities over informal activities. They are idealistic and concerned with the essence of values. 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. While Americans can aspire to the highest level of society through their own accomplishments and hard work, 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.

Germany

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, have an inner urge to work hard, are concerned with security, and are strong advocates of law and order. Almost all these characteristics are stereotypical of Germans. Germans are known for their industriousness and efficiency. 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.

Compared with Americans, 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. When Ford Motor Company started its world car concept, integrating the worldwide production of automobiles, they learned firsthand about German precision. The Germans made components that required very fine fitting. Other countries, however, were not accustomed to producing, for example, doors and body parts with the precision of a few millimeters. The result was incompatibility of parts and components produced in Germany with those produced in other countries.



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Managerial Leadership in Japan Versus the United States

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 and have to command resources that the subordinates desire, or they need to have the personal traits (charisma) that would make subordinates follow their directions.



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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. Figure 5.2 shows the three main phases a person undergoes during the need satisfaction process.

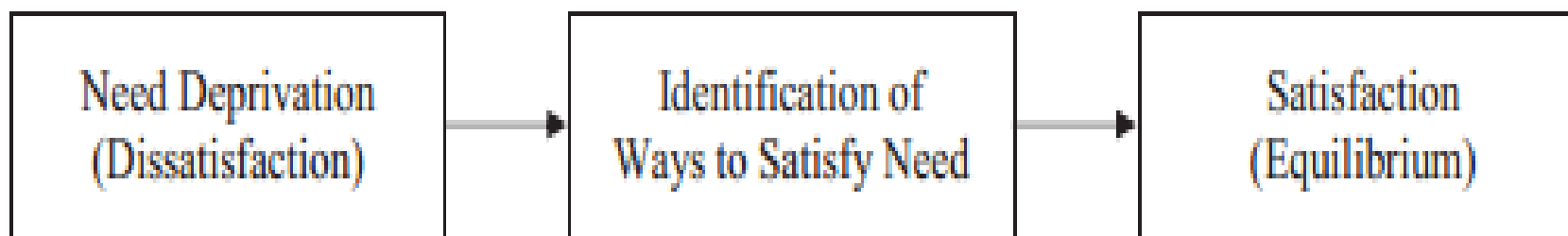


Fig. 5.2 Need satisfaction process

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.



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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" .



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Cultural Influences on Motivation

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."



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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.



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Cultural Definitions 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.



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Cultural Definitions of Self

Many consider individualism as the most salient feature of American culture. Many American ideals, such as equality and objectivity in treating people based on their own merits and not on their social standing or political connections, are anchored to individualism. To describe Americans as individualistic does not fully explain the cultural differences between Americans and the people of other nations. Individualism only tells us about the societal and external view of an “individual,” the view that the society holds with regard to a person and his or her relationship with other members of society. To fully comprehend the difference between Americans and the people of other cultures, we need to explore the concept of “individualism” from the personal aspect of “self.”

A summary of the key differences between the independent and interdependent selves is presented in Table 5.2. The two different concepts of self have various implications for motivation. An independent self takes pride in its own attributes and accomplishments. In contrast, an interdependent self may be motivated to avoid such a selfish expression. Instead, the overt expression of pride may often be directed at a collective of which the self is a part. The following is an example of how Japanese feel proud of the accomplishments of their superiors and how every member of the group experiences a shared pride in those accomplishments.

Summary of key differences between independent and interdependent concepts of self

Feature compared	Independent	Interdependent
Definition	Separate from social context	Connected with social context
Structure	Bounded, unitary, stable	Flexible, variable
Important features	Internal, private (abilities, thoughts, feelings)	External, public (statuses, roles, relationships)
Tasks	Be unique	Belong, fit in
	Express self	Occupy one's proper place
	Realize internal attributes	Engage in appropriate action
	Promote own goals	Promote others' goals
	Be direct; say what's on your mind	Be indirect; read other's mind
Role of others	<i>Self-evaluation</i> : Others important for social comparison, reflected appraisal	<i>Self-definition</i> : relationships with others in specific contexts define the self
Basis of self-esteem ^a	Ability to express self, validate internal attributes	Ability to adjust, restrain self, maintain harmony with social context

Source: Ref. 51. Copyright 1991 by the American Psychological Association. Reprinted with permission

^aEsteeming the self may be primarily a Western phenomenon, and the concept of self-esteem

Applicability of Major Motivation Theories

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. In fact, until recently, most management literature paid little attention to the effect of culture on motivation.



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Stereotyping and Ethnocentrism

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. Stereotypes may be correct or incorrect. 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.”



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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, 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)? Some scholars of international management believe that this will happen. 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.



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American companies have been reducing their staff and lowering employees' benefits despite increases in reported profits. Traditionally, increased profits have led to more hiring and increases in employee benefits. Recent practices, however, have been contrary to historical trends. This “getting lean and mean” strategy has left unemployment and the employee benefit problems for the individual or the government to solve.



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On the other hand, with the easing of restrictions on businesses in the former communist states, there is a noticeable rise in entrepreneurial attitudes and behaviors. Freed from the communist yoke, these societies have witnessed an explosion of emerging small businesses and privatization of government-controlled industries. Transformation to a market economy, however, has caused new political and economic problems that have yet to be resolved.



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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 and Americans' rising interest in learning about other cultures are early indications of such a trend. There are some indications to the contrary as well.



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For example, in a study of the macro-environmental characteristics of 18 industrialized nations over the 1960–1988 period, Craig found a diverging pattern. Contrary to the popular assumption, they found that countries were diverging rather than converging. Global economic problems and the resulting protectionist attitudes are major obstacles in the road to a global culture.

Resources:

Kamal Fatehi & Jeongho Choi

International Business Management

Succeeding in a Culturally Diverse World, Second Edition

Chapter 5