



building a

**GLOBAL
LEADERSHIP MODEL**

that embraces

CULTURAL DIVERSITY



creating wealth through people

This e-book was originally presented as a live webcast in conjunction with HCI on March 24, 2016.

The live webcast was inspired by an original hfi blog article written by Charlie Atkinson,
published on www.hfi.com on December 29, 2014.

[Link](#) to HCI webcast

[Link](#) to original hfi blog article

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introduction.

To our readers:

This topic is near and dear to my heart. I can confidently say cultural diversity is one of the most crucial subjects in the world of HR and talent management. This is our first e-book of significant depth, and the webcast that inspired it was also our first endeavor in a yearlong partnership with the Human Capital Institute. The decision to focus on cultural diversity and global leadership over any other topic was very deliberate.

Throughout this e-book, you will find insights we have gained by working with international corporations over the last 30+ years. The information you will read comes from first-hand experience, as well as years of psychological, statistical, and business education and training. You will also see real-life examples and case studies that we believe help bring this topic to life and make it applicable and relatable to you.

We have included the results of polls we posed to our live webcast audience, because it is your input that makes what we do so effective. Consulting is about relationships, so we are only able to do what we do because of your contributions.

Our goal for this e-book was to provide a practical resource for our friends in HR, organizational development, talent management, and the like. If you have any questions or thoughts, please do tell us. We would love to hear from you. We are a business, yes, but above all we are people who are passionate about what we do.

Above all, please enjoy!

Best regards,

Charlie Atkinson, President—hfi North America

the importance of global leadership.

Over the past 30 years, we have seen the continued globalization of organizations and teams. In the 1980's it was expats leaving North America and Europe to work in Africa and Asia. Today we are just as likely to see Japanese, Colombian or Indian managers leading teams in the US or Germany.

As this process continues, we all find ourselves working with increasingly diverse groups. As a result, we need to take a new look at the values, attributes and practices of leadership. To date, Western leadership theory and practice has dominated the corporate environment. This does not adequately represent or expand the richness of leadership wisdom that exists and is practiced in many parts of the world. So we find ourselves asking:

What is leadership, and what does it take?

Leadership may entail inspiring and motivating people, but there are many ways to do this:



"A leader is one who knows the way, goes the way, and shows the way" John C. Maxwell (USA).

"A leader is best when people barely know he exists, when his work is done, his aim fulfilled, they will say: we did it ourselves" Lao Tzu (China).

How can we integrate such diverse views to develop
one model of leadership for global companies?

Leadership and the ability to lead has been studied and analyzed for centuries, from Sun Tzu and Shakespeare to Bernard M Bass and Jack Welch. There is no doubt that it is a complex subject, but one which is well worth mastering. Research¹ shows us that corporations that go leaderless, even for a short time, suffer from:

[Research Counts]

A study² in 2010 found a direct correlation between employee engagement and effective leadership behaviors demonstrated by their line manager. Most people take a job because of the role, salary, and perks. Most people leave a job because of their boss. What are the bosses doing wrong?

- Higher executive staff turnover
- Reduced business performance
- Loss of market share
- Fall in stock valuations

Our own research and experience working with teams around the world shows us that these results apply to teams as well as entire corporations. When a team leader lacks true leadership ability, the team suffers.

The mark of a good leader, which many inexperienced managers lack, is the ability to adapt or flex their leadership to the context. Those who learn to develop the right leadership behaviors bring success to their own careers and prosperity to their organizations. At a corporate level, describing and

evaluating expectations of 'effective leadership' is the basis for predicting who is likely to bring success to the organization. In order to develop the right leadership behaviors in a high potential individual, an organization needs to clearly understand what leadership means for them. There needs to be a clear and consistent set of standards that accurately represent the organization's goals and vision, and also define the company culture by identifying how leaders (and everyone else) should behave. This is the start of a strong Leadership Model.

looking for good.

A clear Leadership Model is the foundation for maximizing on your talent potential, specifically promotion management, building succession plans, and leadership development.

The challenge is to define a clear concept of leadership and yet still leave room for individual differences, innovation and alternative approaches.

This challenge is amplified when we look at multi-cultural environments and global leadership. With continued globalization, most organizations are now operating in multi-cultural environments to a greater or lesser degree.



Different types of good.

What counts as 'good' leadership behavior is closely tied to the society in which they develop. People adhere to their set of societal norms, therefore a society's leaders will be a reflection of broadly accepted standards of 'goodness.'

For example:

- Swedish leaders are low key and democratic
- North American leaders are driven and focused on results
- French leaders are autocratic and political.
- Korean leaders avoid conflict, many North American leaders welcome it

The good news is that the differences between cultures are surprisingly stable and predictable.

explore your own cultural preferences.

POLL

How do you prefer to work with your boss?

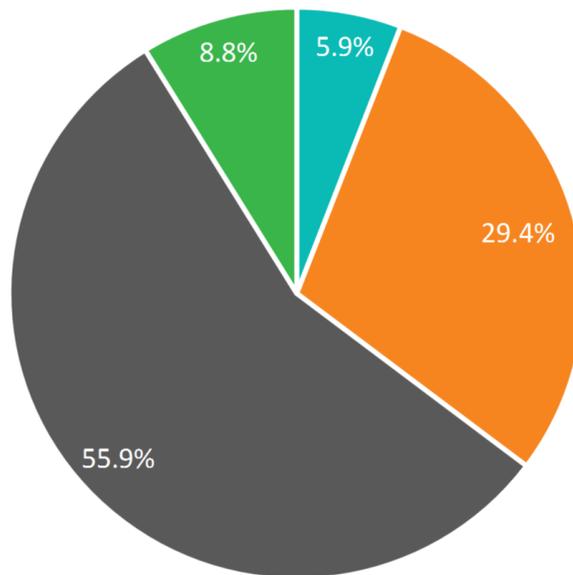
Most people take a job because of the role, salary, and perks.

Most people leave a job because of their boss.

Do you prefer you boss to:

- A. Give you explicit instructions.
- B. Give you some guidance, but let you decide the details?
- C. Leave it largely up to you, but provide encouragement and support.
- D. Tell you to get on with it and only report back when it is done?

We asked our Webcast attendees which type of leadership they preferred, and the majority reported to like being mostly independent while still having access to support and encouragement from their boss.



- Give you explicit instructions
- Give you some guidance, but let you decide the details
- Leave it largely up to you, but provide encouragement and support
- Tell you to get on with it and only report back when it is done

At the broadest level many capabilities of leaders are applicable around the world. For example, leaders, no matter where in the world they lead, are expected to make decisions. And an inspirational leader is more esteemed than a transactional leader in any cultural setting. However, the behavioral manifestation of leadership varies widely from culture to culture. In Indonesia, describing your past successes is an important part of motivating your team, but in Japan this would be seen as bragging and be strictly frowned upon.



the necessary ingredients.

leader-follower culture.

A GREAT LEADER ISN'T SOMEONE WHO LEADS; A GREAT LEADER IS SOMEONE WHOM PEOPLE FOLLOW.

Leadership is a relationship between leader and followers. You cannot have one without the other. An effective leader must therefore take into account the cultural expectations of their followers. A loud and proud leadership style may work extremely well in New York City but might not be as effective in Hong Kong or Kinshasa. In both Brazil and Russia, inequality between leader and follower is accepted, so followers expect their leaders to provide clear direction. Participative approaches that are effective in Northern Europe and North America are often viewed with considerable skepticism.

organizational expectations.

Just like people, organizations reflect the attitudes and beliefs of their society. Just as the United States breeds decisive, individualistic leaders, so it creates organizations that seek short term results and support meritocracy. Asian organizations by and large have cultures that value a longer term view and are collectivist in their approach. Family values may well come before commercial principles in many South American cultures.

How these three factors, the culture of the leader, the followers and the organization interact is what determines where the challenges lie, and how best to overcome them.

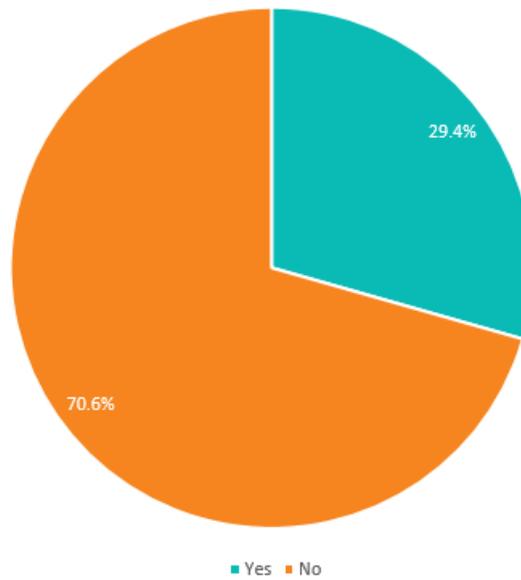
explore your own cultural expectations.

POLL

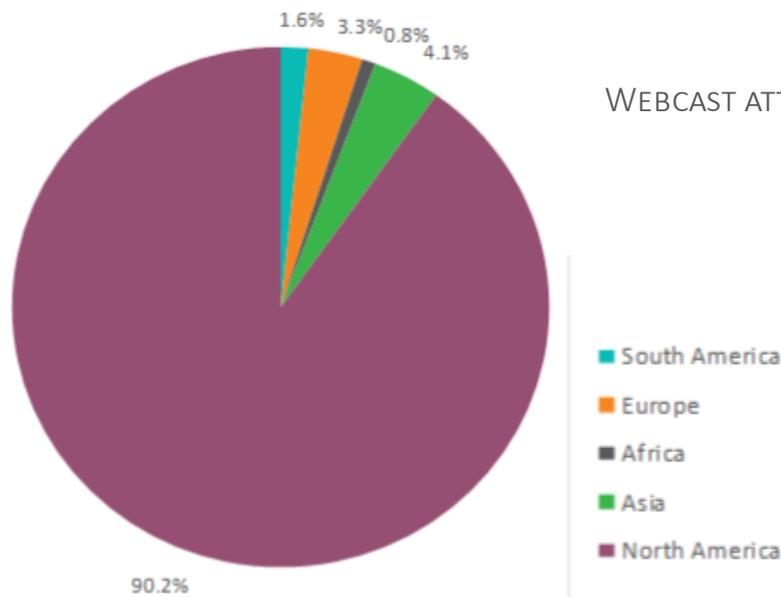
should your leader have a precise answer for a question you have about your work?

We asked our Webcast attendees this question, and a strong majority reported that they do not expect or need their boss to have a precise answer to a question they have. However, it's important to remember that a stark majority of the Webcast attendees called in from North America.

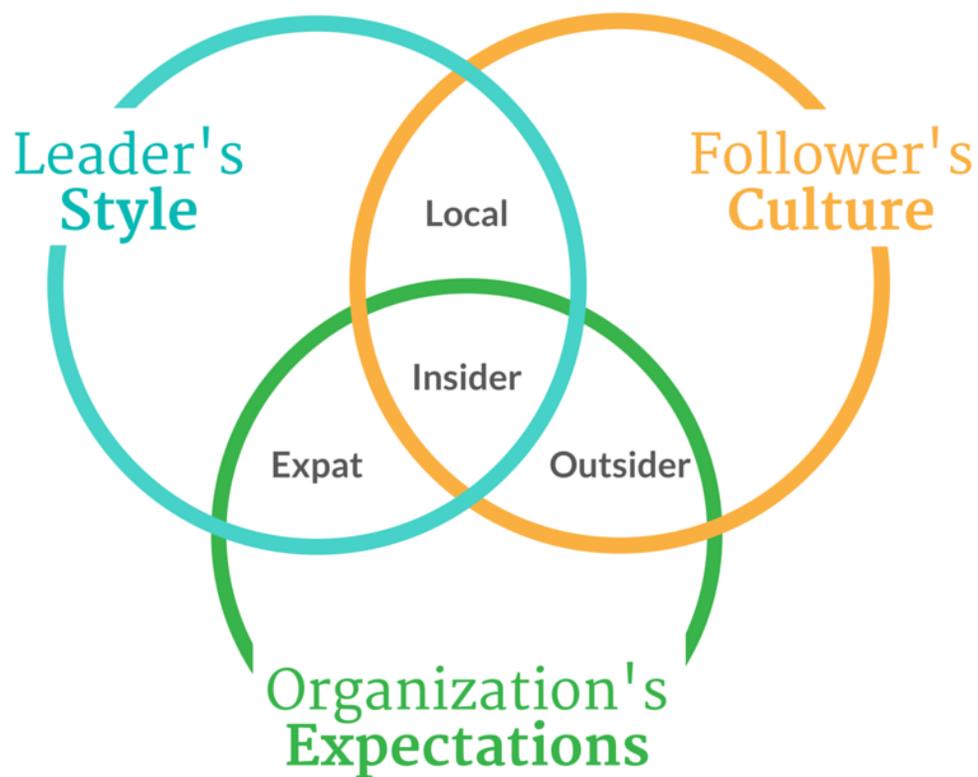
WEBCAST ATTENDEE POLL RESPONSES



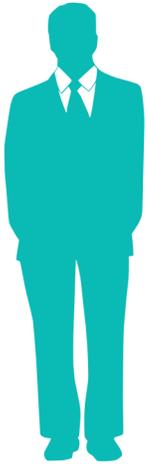
WEBCAST ATTENDEE ORIGIN



global leadership expression.



The right leadership style depends on three cultural elements: the followers' culture, the organization's expectations, and the leader's style (which is often rooted in their own culture).



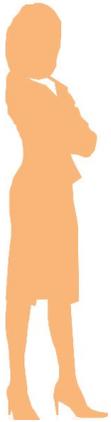
THE EXPAT:

Many organizations rely on exporting managers from their own culture to lead teams from other cultures. The Expat leader shares a cultural background with that of the organization, but finds themselves leading a group of followers who may have distinctly different cultural expectations. The effective Expat leader acts as a bridge between the organizational culture and the culture of the followers. This requires a high degree of cultural awareness and flexibility. HR will need to ensure that the Expat receives plenty of preparation and support.

Individuals who are insensitive to cultural differences, yet are required to lead teams outside their own cultural norms, are likely to find themselves misunderstood and ineffectual. Over three decades of reviewing leadership at **hfi** has shown that many people are not able to flex their leadership style. These people may be successful leaders in their own cultures, but they will struggle in even marginally different cultures. You might say they are *Stay-At-Home Leaders*.

A far rarer group are the truly *Global Leaders*, those individuals with the capability to operate effectively in any culture. An example is an American who is not only living in China, but holds a senior leadership position in one of China's largest corporations. Such a person will have learned at least some of the local language, understand local customs and have a positive attitude to socializing with local people.

Whilst HR can provide training, education and experience to improve a person's capability in specific situations, it is unlikely that a Stay-At-Home Leader can learn to become a Global Leader. HR must find ways, such as [psychometric evaluation](#), to accurately predict those people who do have the potential for global leadership.



THE INSIDER:

A simpler example, with a simpler solution, is the case of a local organization with local staff. In this case, the leader, the followers and the organization all come from the same national culture. In this situation we call the leader an Insider, sharing the same cultural expectations as their followers and their organization. Here leadership competencies can be defined relatively narrowly, without much extra consideration for cultural norms.

HR's role in managing an Insider-led organization is very clear, and so they can focus on skills training to develop other leaders.



THE OUTSIDER:

In this case, the organization and the followers share a common cultural background, whilst the leader, with a different background, finds themselves to be the Outsider. This may not be a difference in national culture but may result when someone comes from an organization with a very different outlook and culture from this one. In most cases the leader will be expected to conform to the organization's and followers' cultural expectations.

This is a tough call on the leader and HR's role here is to support the Outsider to understand and adapt to the new culture.



THE LOCAL:

As organizations try to reduce their reliance on Expats they look to hire Local leaders. The Local shares the same cultural background as the followers. Multi-national corporations in this situation who ignore the cultural differences will find it impossible to build a successful global leadership pipeline.

This is when HR has to be at its most flexible, finding ways to describe the leadership expectations of the organization without going against the local culture.

explore your own cultural work style.

POLL

what is the purpose of this meeting?

Budget Meeting

9am, Meeting Room C4

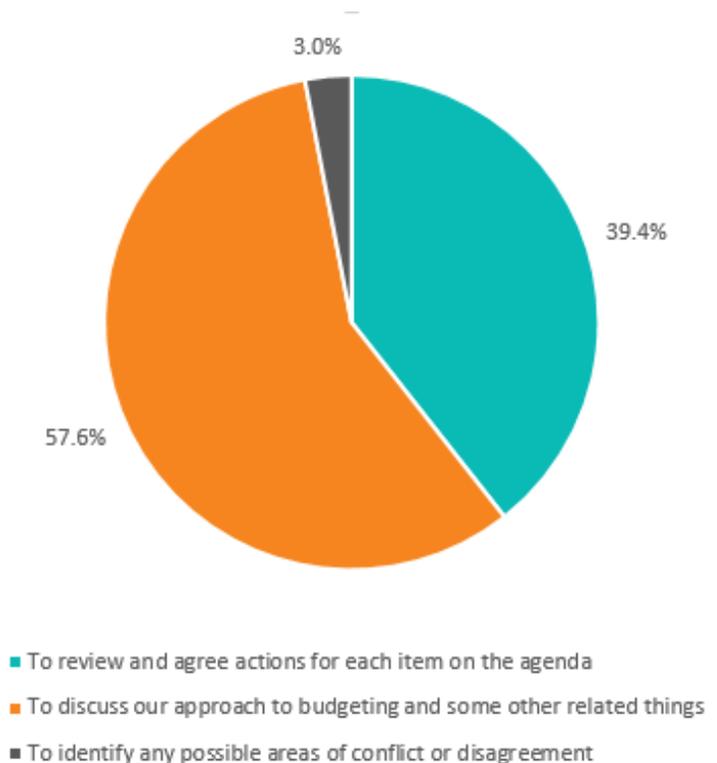
Agenda:

- Last month's expenditure actual vs forecast
- Cost overrun for HRIS Implementation
- Proposal for new GS program

Leaders at all levels spend a lot of time in meetings. But how meetings are run, their objectives and their results, vary enormously across cultures. We presented our webcast attendees with a simple meeting agenda and asked, "If you saw this agenda, what do you think this meeting is trying to achieve?"

- To review and agree actions for each item on the agenda.
- To discuss our approach to budgeting and some other related things.
- To identify any possible areas of conflict or disagreement.

WEBCAST ATTENDEE POLL RESPONSES



effective leadership roadblocks.

The most effective leadership style is always that of the Insider. Here the organization's expectations are aligned with the leader's style and the followers' culture. But this is a challenge for many organizations.

The bulk of modern management and leadership research has been performed in North America and Western Europe. The result is that for most Western companies, leadership behaviors are assumed to be universal. Some may be, but others are distinctly Western, or even American. When a Western organization operates a single global leadership model, it imposes the same leadership behavior expectations on all leaders, regardless of location or culture. When such organizations operate outside of their own cultures they struggle to build effective Local leadership teams in their non-Western regions, and find that they have to rely extensively on Expat leaders, or they find that their Local leaders simply ignore their leadership models.



GLOBAL EXAMPLE

Consider a large European corporation with very sizeable operations in India. They have teams of Indian nationals, managed and led by Local leaders. When it comes to leadership development, these Local leaders complain that the leadership development they are being offered does not meet their needs. Their needs are different, that they don't operate that way, and that the leadership support they are getting doesn't fit with their business. Is it that they are being difficult, that their business really is different, or is it more fundamental? Is it that their Local approach to leadership is different to the European model that the corporation sees as the 'true' approach? In this case a more flexible approach from the organization would likely be rewarded.



CASE STUDY

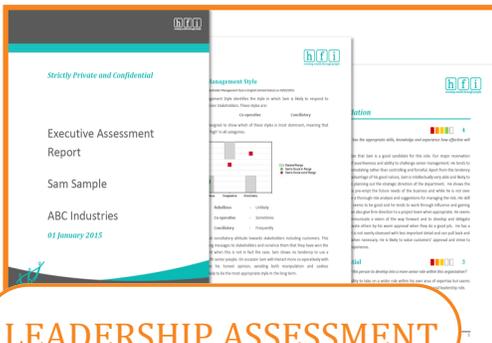
Royal Dutch Shell: Building Individual Leaders



Royal Dutch Shell is simplifying its leadership capability model to provide more room for alternative approaches. Until recently Shell had tried to be very explicit about the different components required of its leaders. In 2000 Shell had introduced a detailed leadership model. But managers found it complex and disconnected from their own situations. The new, simpler descriptions cover four broad areas:

- Authenticity
- Growth
- Performance
- Collaboration

“It’s relatively easy, particularly if you have a strong brand, to hire diverse people. But if that diversity is not embraced, if the different skill and different capability is not used to get the better business outcomes, you don’t have the positive effect of the diversity. For me these leadership attributes really are about finding a language where each individual leader makes it their own and then people start to understand and it becomes credible,” Said VP of HR Gerard Penning in a recent interview. “It sounds simple but it’s rather hard to do and that’s why we make a point out of it.”



LEADERSHIP ASSESSMENT

Psychometric assessments provide an objective and accurate picture of your talent pool. Questionnaires are developed to reach the core of a person's natural tendencies, abilities, and preferences. Conducting Leadership Assessments in talent acquisition or development projects highly increases the efficacy of an organization, as it guarantees the right people are in the right roles.

the glo-cal dilemma.

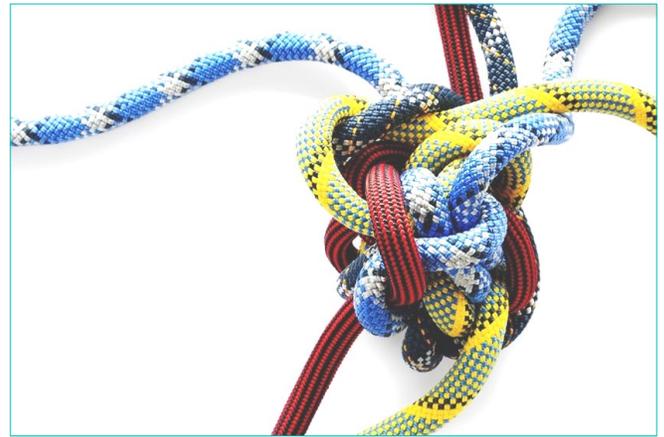
There is never a one-size-fits-all solution. Organizations with a highly centralized operating model will undoubtedly rely on Expat leaders to bridge the gap between their own cultures and those of the international operations. This is a highly controlled solution, but it can be expensive, and typically mistakes are disastrous. Success will come down to HRs ability to predict who has the capability to operate successfully in other cultures. Tools such as [hfi's Leadership Assessment](#) and [Cultural Sensitivity Index](#) become critical in preventing costly mistakes.

At the other end of the spectrum, some organizations choose to decentralize their leadership. Conglomerates that acquire successful businesses may decide not to interfere with the local management, allowing local HR teams to define and support leadership in their own way. This has the benefit that HR support is totally in line with the local leadership culture, allowing leaders to essentially operate as Insiders. At the same time, such a decentralized model doesn't permit any significant cross-over of talent or training. Leaders who do attempt to move across the organization will find themselves operating as Outsiders with little support.

complex problem, simple solution.

finding equilibrium.

The alternative is to find a balance, an equilibrium, between a standard model and localized differences. This means developing *overarching, global standards* but with *localized flexibility*. In this model it is important for any leadership descriptors to distinguish between the global requirements and the local differences. At **hfi** we define conceptual capability descriptions such as strategic planning, and then clarify those capabilities with observable



leadership behaviors. Without the defined behaviors any capability is open to misinterpretation. But globally defined behaviors are too restrictive. Each capability must then be interpreted for the local culture. The result is a global description of the overarching capability that is then operationalized through locally defined behaviors.

The key to developing a global model with localized flexibility is understanding why we are defining competence. Frameworks of this nature have many benefits within organizations. They provide common language and permit individuals to be compared in a structured manner. Possibly most importantly they provide guidance for individuals on what is expected of them at various stages in their leadership development.

Putting theory into action

The first stage of developing a new skill or capability, whether that be playing an instrument or leading a multinational organization, is to become aware of what we don't know.

In the classic 4-stage psychological model of learning developed by Noel Burch over 30 years ago, this is the move from *unconscious incompetence* to *conscious incompetence*. We go from being blissfully unaware of

our ineptitude to only too aware. Only then can a person actively work on developing the skills and knowledge required to move on to *conscious competence* and then finally, through practice and repetition, to true mastery, where we are able to do without thought, *unconscious competence*. This is where a defined competence framework can be so effective. When clear leadership capabilities are laid out they allow everyone to:

1. see what is expected of them, to
2. identify their blind spots, and so
3. begin to make the changes required to develop them.



But there is a balance to be maintained. A balance between guidance and control, between giving direction on what to do and demanding how specifically to do it. **We must ensure that we allow room for individual differences, for alternative approaches to leadership, to maintain that careful balance between centralized standards and localized discretion.**

What does this look like?

At the global level we seek to define those aspects of leadership that can be agreed are universal. These descriptions are focused more on the results of actions than on the actions themselves. So we have such phrases as “motivate and inspire” or “establish a compelling vision”. These descriptions will appear to be general and may frustrate some people in their lack of guidance. An aspiring leader wants to know how to motivate and how to strategize. Traditional competency models, supported with training, 360 feedback and other interventions, have attempted to provide a definitive answer to these questions. Our new model embraces the reality that there are many ways to lead.

hfi’s solution to this complexity is a broad set of leadership capabilities with differing behavioral competencies taking account of national and organizational cultures.



The broad set of capabilities was developed empirically by scrutinizing the capability sets of a large number of organizations and using factor analysis to distil the 10 key leadership capabilities. The specific behavioral competences are then customized for each organization to reflect their national and organizational culture. Many years of experience and personal research supports our conclusion that the majority of leadership capabilities are relevant no matter what the national or organizational culture or even the job role but these capabilities are manifested in different ways. Globally defined behaviors are too restrictive and each of the broad capabilities must then be interpreted for the local culture.

benefits of the model.

At first this approach might appear to complicate the picture. However a well-designed model of this sort can liberate the organization. When you have a single view of good leadership, you tend to only find good leaders in one culture. This encourages the use of Expat leaders, who are expensive and, unless they happen to have rare global leadership capability, are likely to be significantly less effective than they would be at home. A global model that embraces local differences in behavior makes it possible to identify and develop local leadership talent which is far more effective in the long term than relying on Expats.

A globally flexible talent pipeline will allow you to expand and empower the talent team to build a truly diverse leadership team that will set the organization up for long term success.

-  Leaders will be more aligned to local cultures
-  There is a larger talent pool to select from
-  There is a greater diversity of leaders and so likely to be a greater diversity of thought and innovation.

Rather than imposing a corporate, one-size-fits-all model of leadership on the entire organization, this approach allows you to embrace the differences in your people resource and accept that leaders from one region may look quite different to leaders from another. Embracing cultural differences increases the diversity within the leadership of the organization.

Expand and empower the talent team to build a truly diverse leadership team that will set the organization up for long term success.

references.

¹ Qianru Qj, "The Role of Board of Directors in CEO Succession: Theory and Evidence." Purdue University, March 15, 2011

² Babcock-Roberson, Elaine and Strickland, Oriel J, "The Relationship Between Charismatic Leadership, Work Engagement, and Organizational Citizenship Behaviors." The Journal of Psychology: Interdisciplinary and Applied. Volume 144, Issue 3, 2010

