

Cross-Cultural Competencies for Global Leadership Development

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**Global
Competence**

**CC Knowledge
and Skills
about
Globalization**

**Internationally
Competitive
Curriculum of
World
Standards**

**Global
Workforce with
High Levels of
Educational
Attainment**

Quotes on Significance of Global/Cross-Cultural Competency!

- **“CEOs must have an understanding of how to manage in an international environment”**
(Lester Thurow, former Dean of MIT's Sloan School of Management)
- **“Global thinking is what's important for companies today”**
(Rosabeth Kanter, Harvard Business School)
- **70% of business ventures worldwide fail due to *cultural differences***
(International Labor Organization, Geneva)

Significance of Cross-Cultural Competency

“Increased internationalization in the economic, political and social arenas has led to greater interpersonal cross-cultural contact”

(Black, Mendenhall & Oddu, 1991)

Research on cultural diversity, particularly on management in a multicultural environment is increasingly becoming an important area

(Hofstede & Hofstede, 2010; Cox & Blake, 1991)

With rapid globalization of business, increased mobility of human resources are observed across nations/cultures, along with the movement of products & services...

(Osman-Gani & Rocksthul, 2010)

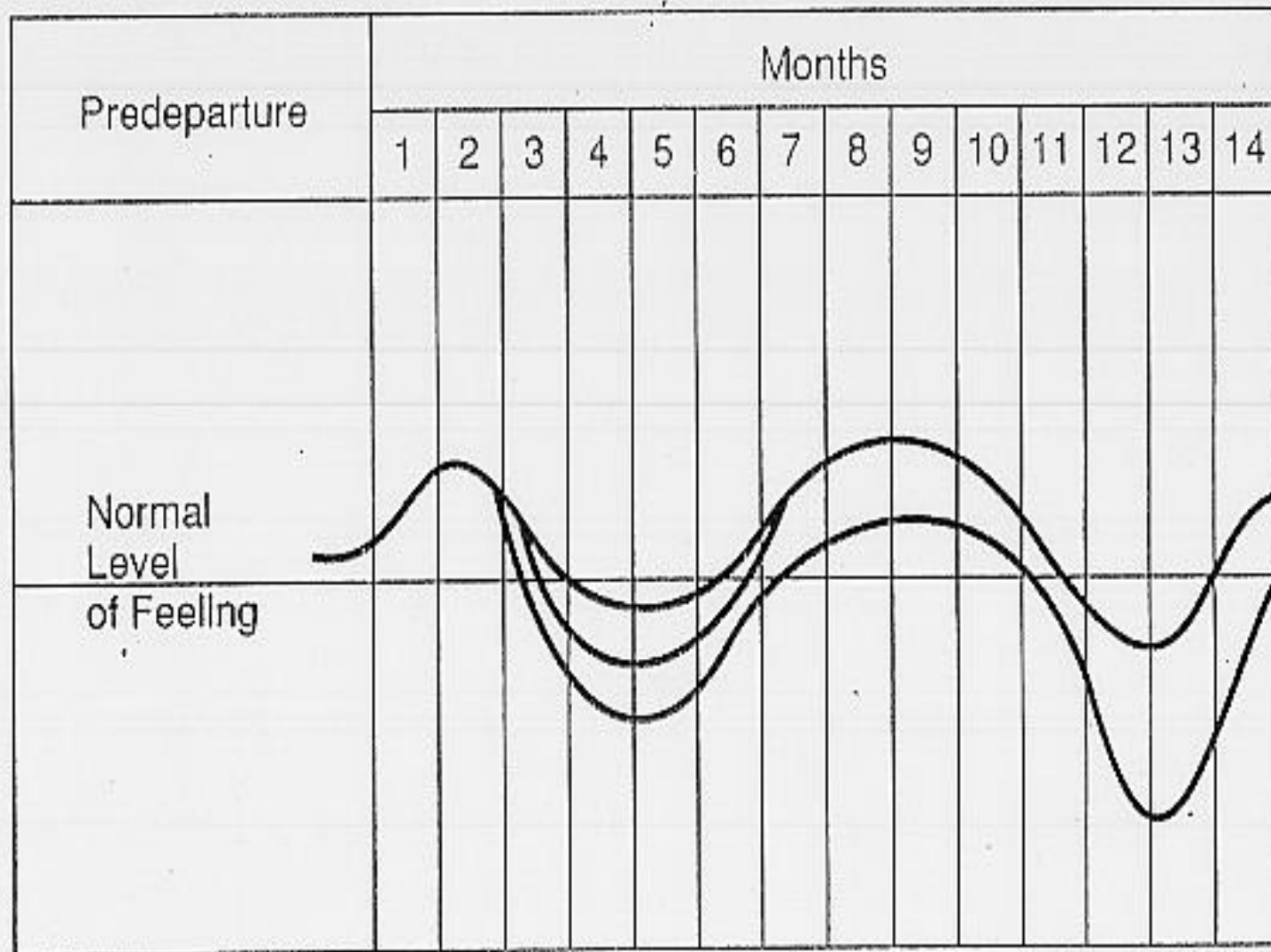
Challenge of Crossing Cultures

- **Cross-cultural interactions challenge our thinking and assumptions about our own culture by contrasting our beliefs about right and wrong with a potentially different system.**
- **When that happens, interactions become extremely challenging because there may not be common rules, standards, or shared meanings governing cross-cultural encounters**
- **Many of the rules that we learn in one (*or more than one*) culture may not be useful in a new culture, resulting in **Culture Shock!****

CULTURE SHOCK !

A psychological disorientation due to confusion, frustration and stress that result from being confronted with too many **new, unpredictable, and uninterpretable** cues in a new environment!

Culture Shock Cycle for an Overseas Assignment



Author

Reasons for Increased Need of Cross-Cultural Skills Development

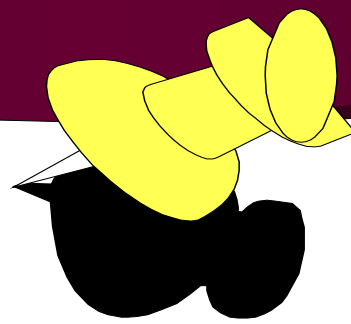
- ◆ **Increased Global Competition**
- ◆ **Rapid Transfer of Technology**
- ◆ **Shorter Product Life Cycle**
- ◆ **Decentralized Organizations**
- ◆ **Emergence of New Organizational Forms**

Reasons for Increased Need of Cross-Cultural Skills Development (contd.):

- ◆ **Advancement in Functional Areas**
- ◆ **Changes in Employee Demographics**
- ◆ **Complexity in Overseas Assignments/Duties**
- ◆ **Overcoming Ethnocentric Attributes**
- ◆ **Costs of Overseas Assignment Failures**

- **Between 16 to 40% international managers/ leaders return prematurely due to failure in cross-cultural adjustments** (*Black & Mendenhall, 1991; Harzing, 1995, 2002; Insch & Daniels, 2002*)
- **The direct costs of such failures range from US\$220,000 to more than US\$2 million annually** (*Varner & Palmer, 2002; Mark & Robie, 2001*). **This may increase further, depending on the assignment locations** (*Waxin, 2004*).
- **Expatriation decisions have been found to be risky for organizations as these drain significant financial resources when overseas assignments fail** (*Baker, 1971; Tung, 1981; Black, 1989*).

- **Cross-cultural adjustments of global leaders/managers and their families were found to be the most significant factors in overseas assignments** (*Black, Mendenhall & Oddou, 1991; Insch & Daniels, 2002; Shaffer, Harrison & Gilley, 1999*).
- **Organizations have been looking for ways to improve the adjustment of global leaders/managers to foreign countries** (*Caligiuri, 2000; Deller, 1997; Ones & Viswesvaran, 1997; Spreitzer, McCall, & Mahoney, 1997*).
- **Effective development of global leaders has become an important international management issue for MNCs and other organizations** (*Osman-Gani, 2000; Osman-Gani & Tan, 2005*).



Objective of Global Leadership Development

To prepare leaders for international assignments, develop **globally minded leaders for ensuring **effective multicultural team performance****

Global Assignments & Career Success

Global assignments have become an essential part of leader's/managers' careers and source of competitive advantage for global firms.

- **Royal Dutch Shell** requires four global assignments before it considers a manager for promotion into senior management.

Corporate Programs to Develop Global Leaders

- **ABB** (*Asea Brown Boveri*) rotates about **500 managers** around the world to different countries **every two or three years** in order to develop a management cadre of *transpatriates* to support their global strategy.
- **PepsiCo Inc.** has an orientation program for its foreign managers by bringing them to the USA **for one-year assignments** in bottling division plants.
- **Honda of America Manufacturing Inc.** gives its USA supervisors and managers extensive preparation in Japanese **language, culture, and lifestyle**, and then sends them to Tokyo for up to three years to the parent company.
- **General Electric** likes its engineers and managers to have a **global perspective whether or not they are slated to go abroad**. The company gives language and cross-cultural training so that they are equipped to conduct business with people from different cultures around the world!

Hofstede's Dimensions of Cultural Values:



- **Power Distance**
- **Uncertainty Avoidance**
- **Individualism/Collectivism**
- **Masculinity/Femininity**
- **Time Orientation (CWD)**

Hofstede's Value Dimensions of National Cultures

Exhibit 5-7

Hofstede's Cultural Values by Nation

Country	Power Distance		Individualism versus Collectivism		Masculinity versus Femininity		Uncertainty Avoidance		Long- versus Short-Term Orientation	
	Index	Rank	Index	Rank	Index	Rank	Index	Rank	Index	Rank
Argentina	49	35-36	46	22-23	56	20-21	86	10-15		
Australia	36	41	90	2	61	16	51	37	31	22-24
Austria	11	53	55	18	79	2	70	24-25	31	22-24
Belgium	65	20	75	8	54	22	94	5-6	38	18
Brazil	69	14	38	26-27	49	27	76	21-22	65	6
Canada	39	39	80	4-5	52	24	48	41-42	23	30
Chile	63	24-25	23	38	28	46	86	10-15		
Colombia	67	17	13	49	64	11-12	80	20		
Costa Rica	35	42-44	15	46	21	48-49	86	10-15		
Denmark	18	51	74	9	16	50	23	51	46	10
Ecuador	78	8-9	8	52	63	13-14	67	28		
El Salvador	66	18-19	19	42	40	40	94	5-6		
Finland	33	46	63	17	26	47	59	31-32	41	14
France	68	15-16	71	10-11	43	35-36	86	10-15	39	17
Germany	35	42-44	67	15	66	9-10	65	29	31	22-24
Great Britain	35	42-44	89	3	66	9-10	35	47-48	25	28-29
Greece	60	27-28	35	30	57	18-19	112	1		
Guatemala	95	2-3	6	53	37	43	101	3		
Hong Kong	68	15-16	25	37	57	18-19	29	49-50	96	2
India	77	10-11	48	21	56	20-21	40	45	61	7
Indonesia	78	8-9	14	47-48	46	30-31	48	41-42		
Iran	58	29-30	41	24	43	35-36	59	31-32		
Ireland	28	49	70	12	68	7-8	35	47-48	43	13
Israel	13	52	54	19	47	29	81	19		
Italy	50	34	76	7	70	4-5	75	23	34	19
Jamaica	45	37	39	25	68	7-8	13	52		
Japan	54	33	46	22-23	95	1	92	7	80	4
Korea (South)	60	27-28	18	43	39	41	85	16-17	75	5
Malaysia	104	1	26	36	50	25-26	36	46		
Mexico	81	5-6	30	32	69	6	82	18		
The Netherlands	38	40	80	4-5	14	51	53	35	44	11-12
New Zealand	22	50	79	6	58	17	49	39-40	30	25-26
Norway	31	47-48	69	13	8	52	50	38	44	11-12
Pakistan	55	32	14	47-48	50	25-26	70	24-25	0	34
Panama	95	2-3	11	51	44	34	86	10-15		
Peru	64	21-23	16	45	42	37-38	87	9		
Philippines	94	4	32	31	64	11-12	44	44	19	31-32
Portugal	63	24-25	27	33-35	31	45	104	2	30	25-26
Singapore	74	13	20	39-41	48	28	8	53	48	9
South Africa	49	35-36	65	16	63	13-14	49	39-40		
Spain	57	31	51	20	42	37-38	86	10-15	19	31-32
Sweden	31	47-48	71	10-11	5	53	29	49-50	33	20
Switzerland	34	45	68	14	70	4-5	58	33	40	15-16
Taiwan	58	29-30	17	44	45	32-33	69	26	87	3
Thailand	64	21-23	20	39-41	34	44	64	30	56	8
Turkey	66	18-19	37	28	45	32-33	85	16-17		
United States	40	38	91	1	62	15	46	43	29	27
Uruguay	61	26	36	29	38	42	100	4		
Venezuela	81	5-6	12	50	73	3	76	21-22		
Yugoslavia	76	12	27	33-35	21	48-49	88	8		
Regions:										
Arab countries	80	7	38	26-27	53	23	68	27		
East Africa	64	21-23	27	33-35	41	39	52	36	25	28-29
West Africa	77	10-11	20	39-41	46	30-31	54	34	16	33

Scores range from 0-5 extremely low on dimension to 100-5 extremely high.

Note: 1-5 highest rank. LTD ranks: 1-5 China; 15-16-5 Bangladesh; 21-5 Poland; 34-5 lowest.

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GLOBE Study:

(Global Leadership & O.B. Effectiveness) Project

- ❖ Multi-country study and evaluation of cultural attributes and leadership behavior
- ❖ 17,000 managers from 825 org. in 62 countries (by 170 Researchers)
- ❖ Based on beliefs that:
 - ❖ ***Certain attributes that distinguish one culture from others can be used to predict the most suitable, effective & acceptable organizational and leader practices within that culture***
 - ❖ ***Societal culture has direct impact on organizational culture***
 - ❖ *Leader acceptance stems from tying leader attributes and behaviors to subordinate norms*
 - ❖ ***Nine cultural variables were identified in studying leadership effectiveness differences across countries***

TABLE 14-2 Globe Culture Clusters**Eastern Europe**

Albania
Georgia
Greece
Hungary
Kazakhstan
Poland
Russia
Slovenia

Latin America

Argentina
Bolivia
Brazil
Colombia
Costa Rica
Ecuador
El Salvador
Guatemala
Mexico
Venezuela

Latin Europe

France
Israel
Italy
Portugal
Spain
Switzerland (French)

Anglo

Australia
Canada
Ireland
New Zealand
South Africa (white)
United Kingdom
USA

Nordic Europe

Denmark
Finland
Sweden

Germanic Europe

Austria
Germany
Netherlands
Switzerland

Middle East

Egypt
Kuwait
Morocco
Qatar
Turkey

Sub-Saharan Africa

Namibia
Nigeria
South Africa (black)
Zambia
Zimbabwe

Confucian Asia

China
Hong Kong
Japan
Singapore
South Korea
Taiwan

Southern Asia

India
Indonesia
Iran
Malaysia
Philippines
Thailand

Implications of Cultural Dimensions for Education & Training Program Design

<i>Cultural Dimension</i>	<i>Implications</i>
Individualism	Culture high in individualism expects participation in exercises and questioning to be determined by status in the company or culture.
Uncertainty Avoidance	Culture high in uncertainty avoidance expects formal instructional environments. Less tolerance for impromptu style.
Masculinity	Culture low in masculinity values relationships with fellow trainees. Female trainers less likely to be resisted in low-masculinity cultures.
Power Distance	Culture high in power distance expects trainer to be expert. Trainers expected to be authoritarian and controlling of session.
Time Orientation	Culture with long-term orientation will have trainees who are likely to accept development plans and assignments.

In the new millennium,
globalization and changes in social
demographics require the
organizational leaders have the
capability to deal with a range of
cultural diversity issues!

Cultural Intelligence (CQ) is such a capability,
which can be developed!

CQ (Cultural Intelligence) !

What is Cultural Intelligence?

“A person’s capability for successful adaptation to new cultural settings, that is, for unfamiliar settings attributable to cultural context.”

“A person’s capability to function effectively in situations characterized by cultural diversity”

Earley & Ang (2003), *Cultural Intelligence*, Stanford University Press.

Four Facets of Cultural Intelligence:

1. **CQ-Knowledge (Cognition)**
2. **CQ-Strategy (Meta-cognition)**
3. **CQ-Motivation (Drive)**
4. **CQ-Behavior (Action)**

CQ-Knowledge (*cognition*)

Knowledge is a person's understanding of how cultures are similar and how cultures are different

What do I know about my culture and other cultures?

● Declarative Knowledge

Knowledge about state of things – facts, concepts, etc.
(*e.g., value systems, history, political & legal systems, business activities, gender roles, religious beliefs, arts & crafts*)

● Procedural Knowledge

Knowledge about how to execute things, sequence of activities. (*e.g., how to greet in Japan vs. Saudi Arabia vs. China*)

CQ-Knowledge (*cognition*)

Knowledge of the following aspects of culture:

- **Business** (e.g., economic, political, legal systems)
- **Interpersonal** (e.g., customs, values, beliefs, gender roles)
- **Socio-linguistics** (e.g., rules of other languages, arts and crafts)

CQ-Strategy (*meta-cognition*)

- **Strategy is how a person makes sense of culturally diverse expectations**
- ***It occurs when people make judgments about their own thought processes and those of others***
- **It includes knowing one's existing cultural knowledge, strategizing before a culturally diverse encounter, and checking assumptions and adjusting mental maps when actual experiences differ from expectations**

CQ-Strategy (*meta-cognition*)

How people make sense of a new culture. Includes:

- **Awareness** of the new environment and their own thinking
- **Ability** to plan/strategize for cross-cultural interactions
- **Checking and adjustment** of cultural assumptions

CQ-Motivation

- A person's interest & confidence in functioning effectively in culturally diverse settings
- Willingness to acquire new patterns of behavior and attitudes (*openness, culturally curious and adventurous*)
- An interest in wanting to engage others in new cultural settings
- Self-confidence in interacting and living with people from different cultures.

CQ-Motivation

Willingness/interest to acquire new patterns of behavior and attitudes.

Includes:

- **Intrinsic Interest:** Enjoy interacting with people from different cultures
- **Extrinsic Interest:** Value the benefits of cross-cultural interactions/experience
- **Self-efficacy:** Confidence in interacting with people from different cultures.

CQ-Behavior

Being mindful of self-presentation in cross-cultural encounters.

Conscious of impressions that are made, and how one's behaviors can affect locals' perceptions of them.

Ability to generate and display appropriate verbal and nonverbal behaviors in new cultural settings.

- **Verbal Behavior**: appropriate fluency in foreign language
- **Nonverbal Behavior**: physical appearance and attractiveness, kinesics such as gestures and body movement, facial expressions, vocal behavior, use of space, etc.

CQ & Other Intelligences!

- **CQ is grounded in the theory of multiple intelligences (Sternberg & Detterman, 1986), and is similar to, yet distinct from, other forms of intelligence.**
- **Two forms of intelligence commonly investigated in management research to illustrate this point:**
 - **General Mental Ability (GMA/IQ)** (Schmidt & Hunter, 2004),
 - **Emotional Intelligence (EQ)** (Law et al., 2004; Mayer et al., 2000).

These constructs differ, however, in the nature of the abilities:

- **IQ focuses on cognitive abilities, is not specific to particular types of contexts such as culturally diverse situations, and does not include behavioral or motivational aspects of intelligence.**
- **Emotional intelligence focuses on the ability to deal with personal emotions. Like CQ, it goes beyond academic and mental intelligence.**
- **It differs, however, from CQ because it focuses on the general ability to perceive and manage emotions without consideration of cultural context.**

Implications for Professional Practice

In today's dynamic multi-cultural work environment, leaders & managers are facing challenges in effectively designing and implementing performance development programs for a multicultural workforce (*Osman-Gani & Rockstuhl, 2010*)

Leaders should pay attention to different ***learning-styles*** as this will help in better planning to improve knowledge & skills, and for working more productively with employees (*Boyle, 2005*).

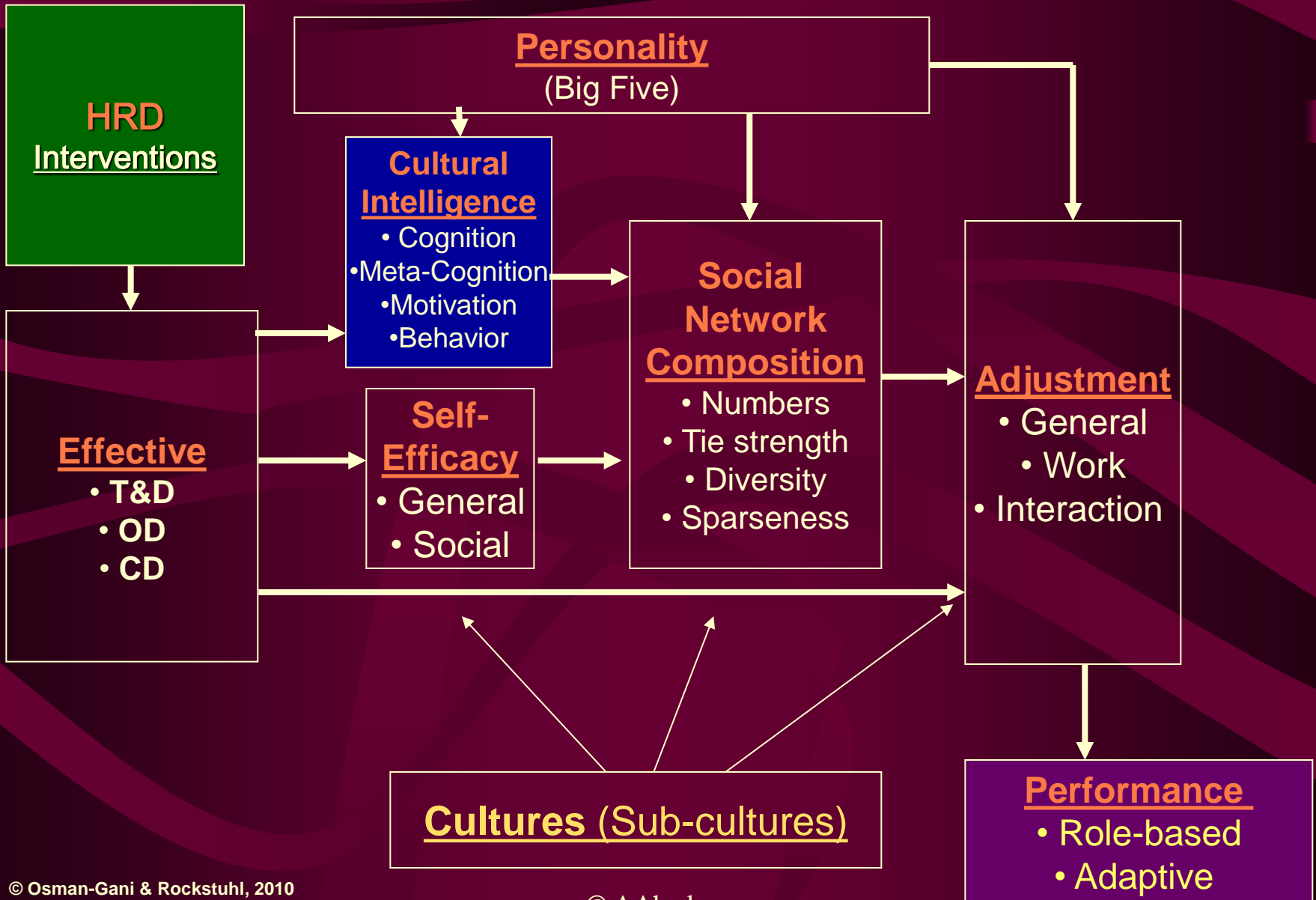
Implications for Professional Practice

- For enhancing international management effectiveness and to ensure successful results, it is important to understand the cultures (*& sub-cultures in a multicultural society*), and how they differ in making the relevant decisions !
- **For Planning, Designing & Delivering effective education & training programs, culturally relevant appropriate steps must be taken.**

Research Framework

Based on previous cross-cultural research done in Asia (*Osman-Gani, 2000; 2006; Osman-Gani & Tan, 2005; Osman-Gani & Rockstuhl, 2009*), **a research framework is developed for studying the effects of *HRD interventions, personality, social network composition, self-efficacy & Cultural Intelligence* of global leaders on their adjustment and performance in overseas assignments:**

Research Framework



Today's Leaders & Professionals should
use New Tools, in New Contexts,
and Under New Assumptions

To:

Ensure that the right people learn
the right things, at the right time,
and in the right priority in today's
Dynamic Global environment!

The background of the image is a dense field of rose petals. The left side is dominated by vibrant red petals, while the right side features soft, white petals. The petals are layered and overlapping, creating a textured, romantic feel. In the center, the words "THANK YOU VERY MUCH!" are written in a bold, blue, serif font. The text is split into two lines: "THANK YOU" on the top line and "VERY MUCH!" on the bottom line. The blue color of the text contrasts sharply with the warm tones of the petals.

**THANK YOU
VERY MUCH!**