Literature Review on Global Leadership Competency

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ABSTRACT

With the trend of globalization, leaders have more chances to live and work with the people coming from very diverse cultural origins including differences in language, norms and lifestyles. Moreover, today, many firms are in global alliances that depend upon flexibility and adaptability to local markets, requiring their managers to possess appropriate leadership styles to address effectively different value systems and cultures. Therefore, a growing number of scholars have given international perspectives to the concept of leadership competency. In order to improve and manage the people on a global scale, it is necessary for a leader to understand the leadership of individual managers and their potential to influence competitive advantage. The main purpose of this study is to make a literary review related to the relationship between national culture and leadership in the frame of theoretical and empirical perspectives. It is hoped that the study provides a contribution as a knowledge base for researchers and brings up different views put forward regarding this issue.

Keywords: Leadership, Culture, Globalization.

INTRODUCTION

A few decades ago, leaders could run their businesses in the relative isolation of their home countries. Nonetheless, as the world’s economies are becoming ever-increasingly integrated into global trading relations, the need to understand cultural influences on leadership becomes more important than before. Today, leaders are increasingly experiencing various cultures with different lifestyles as well as different management and leadership practices (Javidan & House, 2001). Facing the cruel challenge of complexity of globalization, it is important that a leader has the global mindset and attitude in order to understand the differences among national cultures. Hodges and Burchell (2003) suggested that highly competitively global business environment required leaders to acquire the ability to understand situations in order to communicate effectively. On the other hand, cultural values have been proven to have a profound effect on leadership concepts, values, behaviors and leadership styles. The main purpose of this study is to make a literary review related to the relationship between national culture and leadership in the frame of theoretical and empirical perspectives. It is hoped that the study provides a contribution as a knowledge base for researchers and brings up different views put forward regarding this issue.

NATIONAL CULTURES MAINLY EFFECT LEADERSHIP STYLE

Culture is not only one of the most important variables, which influence the leadership practice, but also culture has some impact on most of the other variables such as follower expectations and norms as well as the type of organizational unit. Several researchers reported that culture has a much more significant influence on the major managerial assumptions and organizational values than other...
demographic characteristics such as gender, occupation, and level of education (Laurent, 1986; Zagoršek, 2004). Also, based on their empirical result, Byrne & Bradley (2007) showed “cultural values to account for 70% (approximately) of the mediation effect on managers' leadership style” (p. 173). Generally speaking, culture exists at least on three levels such as national culture, group culture, and organizational culture in an organization. Even though the interactions among various levels of culture cause them to impact on each other, national culture strongly shapes group culture and organization culture more than group culture or organization culture influence national culture (Nahavandi, 2006).

Different cultural groups may have different conceptions of leadership, i.e. “different leadership prototypes or culturally endorsed implicit theories of leadership (CLTs)” (Hartog et al., 1999, p. 224). One might need to take so strong critical decision that people would see him/her as a leader in some cultures; in contrast, only consultation and a participative approach may be a prerequisite in other cultures. Moreover, “following from such different conceptions, the evaluation and meaning of various leader behaviors and characteristics may be strongly different across cultures” (Hartog et al., 1999, p. 225). For instance, “in a culture that endorses an authoritarian style, leader sensitivity might be interpreted as weak, whereas in cultures endorsing a more nurturing style, the same sensitivity is likely to prove essential for effective leadership” (Hartog et al., 1999, p. 225). Because national culture relates to many different aspects of life, it is a basic logic that every country develops its specific organizational and management style (Nahavandi, 2006). House, et al. (1999) further stated, “what is expected of leadership, what leaders may or may not do, and the status and influence bestowed upon them vary considerably as a result of the cultural forces in the countries or regions in which the leaders function” (p. 180).

Moreover, today, many firms are in global alliances that depend upon flexibility and adaptability to local markets, requiring their managers to possess appropriate leadership styles to address effectively different value systems and cultures (Fahy, 2002; Coviello et al., 1998). That is, leaders are facing new leadership challenges as they enter global markets. Furthermore, as globalization is intensifying, leaders have more chances to live and work with the people coming from very diverse cultural origins including differences in language, norms, and lifestyle (Zakaria, 2000). As Feng and Pearson (2002) suggested that culture shock management was one of three chief competencies for expatriates, as important as adaptation, interpersonal relationship. In order to improve and manage the people on a global scale, leaders are inevitably required to rethink their leadership (Higgs, 1996) and understand their local manager’s leadership practices. Above all, when a leader is facing the challenge of globalization, effective leadership style becomes one of the most important factors in maintaining competitive advantage and in supporting firm performances. It is necessary for a leader to understand the leadership of individual managers and their potential to influence competitive advantage (Naor, Linderman & Schroeder, 2010).

THEORETICAL RESEARCHES ON CULTURAL DIMENSIONS

Many researches have attempted to categorize national culture to identify national cultural differences in order to help understand the differences among nations. Some of the representative researches are introduced in the following:

Hall's High Context and Low Context Approach

One of the simplest models for understanding the differences among national cultures is Hall’s (1976) high context and low context cultural framework. In low-context cultures such as Germany, the U.S., Britain, and Canada, a speaker focuses on explicit verbal and written messages to understand people.
and situations. China, Korea, and Japan are all examples of high-context cultures, where subtle body posture, tone of voice, detailed rituals, and a personal title and status convey a strong message that determines behavior (Nahavandi, 2006).

Schwartz's Cultural Values

Schwartz (1992) and Schwartz and Sagiv (1995) reevaluated the propositions of a recent values theory and provide criteria for identifying what is culture-specific in value meanings and structure. The authors proposed that leadership styles reflect different relative strengths of overall sets of personal and cultural values. They derived two bi-polar cultural dimensions which described the cultural value types as Openness to Change versus Conservation and Self-Transcendence versus Self-Enhancement. Schwartz (1992, 1994) concluded “Individual members of a society internalize the personal dimensions designated ‘bundles of personal values’ through their environment of national cultural dimensions” (cited by Byrne & Bradley, 2007, p. 170).

Hofstede’s Five Cultural Dimensions

Nakata and Sivakumar (1996) assert that Hofstede’s study “is regarded as the most extensive examination of cross-national values in a managerial context” (p. 66). Hofstede (1984) developed four main scales that he called dimensions of national culture which he named Power Distance (PD), Uncertainty Avoidance (UAI), Individualism (IDV), Masculinity (MAS), and long term orientation (LTO). Hofstede proposed that “the combination of these five dimensions lends each national culture its distinctiveness and unique character” (Nahavandi, 2006, p. 11).

Global Leadership and Organizational Behavior Effectiveness (GLOBE) Research

Based on some of Hofstede’s studies, some researchers attempted to search for other more cultural dimensions in order to describe national cultures more completely. The GLOBE model (House et al., 1999) assessed culture both at the value level by focusing on culture as it is reflected in the aspired values of “should be” and at the external and visible level as it is reflected in actual behaviors and organizational practices (Erez and Gati, 2004). Some dimensions of GLOBE are similar to those presented by Hofstede such as power distance, uncertainty avoidance, and future orientation. Some are new such as (a) Institutional Collectivism—the degree to which a culture values and practices collective action and collective distribution of resources; (b) Collectivism in Group—the degree to which individuals express pride and cohesion in their group; (c) Assertiveness—the degree to which individuals are assertive, direct, and confrontational; (d) Gender Egalitarianism—the extent of gender differentiation; (e) Humane Orientation—he degree to which a culture values fairness, generosity, caring, and kindness; and (f) Performance Orientation—the degree to which a culture values and encourages performance (Nahavandi, 2006).

The Multi-Level Model of Culture

These above cross-cultural studies have mostly focused on the national level. Nevertheless, the context of culture also consists of other levels. In addition, “very few studies have examined the effect of culture on change, or recognized that culture itself changes over time.” (Erez & Gati, 2004, p. 584). Therefore, Erez and Gati (2004) proposed a multi-level model of culture, consisting of structural and dynamic characteristics that explain the interplay between various levels of culture. Figure 1 shows the dynamic dimension pertains to the interrelationships among the various levels of culture and the way they
impact each other. This model introduces top-down and bottom-up processes for explaining the reciprocal influences of constructs at one level on other levels. The macro level is the global culture. Globalization is considered as a contextual factor that influences culture. The second level is national culture that presents the dominant cultures—the common values, beliefs, norms, and behavior models. Nested within the national culture is the level of organizational culture, often defined as a set of beliefs and values shared by members of the same organization. At the team level, shared values by team members reflect a group culture. “Conceptualization of culture at the individual level reflects the cultural values as they are represented in the self” (Erez & Gati, 2004, p. 589).


Figure 1: The dynamic of top-down–bottom-up processes across levels of culture

Comments on National Culture Dimensions

There have been a lot of debates between the researchers of different theories for national cultural dimensions. Javidan et al. (2006) criticized Hofstede has a limited observation about the relationship between national wealth and culture. They cautioned Hofstede’s proposition that national and organizational cultures are phenomena of different order is lack of theoretical or empirical basis. Furthermore, they controverted that there is no basis for Hofstede’s criticism about that GLOBE measures of values are too abstract.

Smith (2006) highlighted the aspects of the debate between Hofstede and Javidan et al. as follows. First, neither Hofstede nor Javidan et al. can be seen as providing the one best way to represent national cultures. Second, the number of dimensions of national culture must be proportional to the limited number of nations available for comparative analyses. Third, although Hofstede and Javidan et al. seem to differ on ways of aggregating individual-level data to the nation level, but “both appear to have done so in a way that does not prevent detection of differing relations between items at different levels of analysis” (Smith, p. 915). Finally, the ways in which national wealth relates to other aspects of culture must be retained as an element within nation-level analyses.
EMPIRICAL RESEARCHES ON THE IMPACT OF NATIONAL CULTURE ON LEADERSHIP

Many cross-cultural researches presented how national culture predominant the leadership concepts, behaviors, and styles. Some of the representative empirical researches are introduced in the following base on different viewpoints about national cultural dimensions.

The Impact of National Culture on Leadership in Terms of the Hofstede’s Culture Dimensions

Several researches presented their observations about the relationship between national culture and leadership based on Hofstede’s culture dimensions. Their findings were nearly similar with each other. The present study lists some of them in chronicle order.

Smith, Peterson, and Misumi (1994).

Smith, Peterson, and Misumi (1994) stated that “Because the countries studied differ considerably in their cultures, it is expected that the extent to which 20 Cross Cultural Management respondents from selected countries would engage in certain leadership practices would differ among them” (cited by Zagorsek, Jaklic, & Stoug, 2006, p. 20). They summarized that managers in high power distance societies use of rules and procedures more frequently than do managers from low power distance countries (cited by Zagorsek, Jaklic, & Stoug, 2006).

Den Hartog et al. (1999).

Continuously, Den Hartog et al. (1999) have many important contributions to provide understanding for leadership related to Hofstede’s culture dimensions. They considered that high uncertainty avoidance cultures may place other demands on leaders than do low uncertainty avoidance cultures because of the resulting attitude of tolerance to ambiguity and innovative circumstances (cited by Zagorsek, Jaklic, & Stoug, 2006). Also, a less negative attitude towards authoritarian leadership was found in high power distance societies in their report (Hartog et al., 1999). Further, in more masculine cultures, strong and directive leaders are probably more favored than feminine cultures, where prefer consultative, considerate leaders. In such societies, dominance and strong displays of power might be appropriate for leaders. This point is similar statement with Smith, Peterson, and Misumi (1994).


Additionally, Koopman, et al. (1999) justified Hartog et al.’s statement as “it could be expected that respondents from countries that are high on uncertainty avoidance will not Challenge the Process as much as respondents from low uncertainty avoidance” (cited by Zagorsek, Jaklic, & Stoug, 2006, p. 20).

The Impact of National Culture on Leadership in Terms of the GLOBE’s Culture Dimensions

Several researches presented their observations about the relationship between national culture and leadership based on GLOBE’s dimensions. The present study lists some of them in chronicle order.

Ling, Chia, and Fang (2000).

The authors developed the Chinese Implicit Leadership Scale (CILS) in order to identify an implicit theory of leadership among Chinese people. They administered the CILS to 622 Chinese participants from 5 occupation groups. They developed four factors of leadership: Personal Morality, Goal Efficiency, Interpersonal Competence, and Versatility. Consequently they reported their finding: “all groups gave the
highest ratings to Interpersonal Competence, reflecting the enormous importance of this factor, which is consistent with Chinese collectivist values” (Ling , Chia & Fang, 2000, p. 737).

Lize Booysen (2003) investigated white and African black management from the three largest retail banks in South Africa. They asserted that blacks value Collectivism and Humane Orientation more significantly than whites do. Conversely, whites value Performance Orientation, Uncertainty Avoidance, Future Orientation, Assertiveness and Gender Egalitarianism more significantly than blacks do. Only Power Distance dimension is not significantly different.

The purpose of this study was to determine whether a country’s culture as measured by Power Distance or Gender Egalitarianism moderates the relationship between Gender and Culturally Endorsed Implicit Leadership Theories (CLTs), comprised of participative, team-oriented, autonomous, self-protective, humane-oriented, and charisma/value-based leadership dimensions. This study comprised of 1,631 mid-level managers come from 17 countries. They revealed many empirical results as follows. First, in low power distance societies, male and female managers had more similar perceptions of the importance of team orientation. Second, in moderate power distance societies, male and female managers had more similar perceptions of the importance of autonomous leadership. Third, power distance did not moderate the relationship between gender and the self-protective leader dimension. Forth, male and female managers across the 17 cultures had similar views on the importance of humane orientation as facilitating outstanding leadership.

Resick, Hanges, Dickson and Mitchelson (2006) applied the data derived from the Global Leadership and Organizational Behavior Effectiveness (GLOBE) Research Program (House et al., 1999; Javidan & House, 2006) in order to examine the endorsement of ethical leadership across 62 cultures. Based on conceptual definition, four components of ethical leadership were provided in this study. They reported their empirical results as follows. First, “since high Character/Integrity score is generally viewed as facilitating a person being an effective leader, societies in the Nordic European cluster endorsed Character/Integrity to a significantly greater degree than societies in the Middle Eastern cluster” (p.352). Second, “Southeast Asian societies endorsed Altruism more important for effective leadership to a significantly greater degree than societies in either Nordic or Latin European societies.” (p. 353) Third, “while Collective Motivation is universally viewed as benefiting effective leadership, Anglo, Latin American, and Nordic European societies endorsed this aspect to a considerably greater degree than societies in the Middle Eastern cluster.” (p. 354) Finally, Middle Eastern societies tend to endorse Encouragement to a lesser degree than other culture clusters.

This study examined how cultural predict leadership variables associated with corporate social responsibility (CSR) values that managers apply to their decision-making. Three dimensions of societal level culture include Institutional-level Collectivism; In-group Collectivism (Hofstede, 1984; House et al.,
2006); and Power Distance (Hofstede, 1984; House et al., 2006). Their findings are as follows. First, “societies stressing institutional collectivist values have a negative relationship with stakeholder relations and community/state welfare CSR values” (House, et al., 2006, p. 833); second, “high power distance values in a culture are negatively related to shareholder/owner, stakeholder relations, and community/state welfare CSR values” (House, et al., 2006, p. 833); third, “managers in cultures valuing institutional collectivism value most aspects of CSR in the decision-making process” (House, et al., 2006, p. 834). Thus, they suggested that such cultures encourage delaying immediate needs or gratification for future concerns and priorities.

The Relationship of National Culture on Transformational Leadership

Several researches measured transformational leadership behaviors. The present study lists some of them in chronicle order.


Kouzes and Posner’s (1993) developed Leadership Practices Inventory (LPI) in order to measure transformational leadership behaviors. They identified five practices that are common to successful leaders such as “Challenging the Process”, “Inspiring a Shared Vision”, “Enabling Others to Act”, “Modeling the Way”, and “Encouraging the Hearth.” The major result is that the usage of transformational leadership behaviors is impacted by the culture. Even though the strength of the culture influence on leadership is quite small in particular terms, culture explains much more variation than others do, such as gender, age, or work experience. Their theory has been widely used by business organizations for management development purposes.


Jung, Bass, and Sosik, (1996) asserted “transformational leadership emerges more easily and is more effective in collectivistic cultures than in individualistic cultures” (p. 11). According to this, they proposed, “the centrality of work in life and the high level of group orientation among followers should promote transformational leadership, and the high respect for authority and the obedience in collectivistic cultures should enhance transformational processes” (Jung, Bass, & Sosik, 1996, p. 17).


This study focused on culturally endorsed implicit theories of leadership (CLTs). The hypothesis of this study was tested in 62 cultures as part of the Global Leadership and Organizational Behavior Effectiveness (GLOBE) Research Program. Hartog, et al. (1999) asserted that the attributes that are seen as characteristic or prototypical for leaders may also strongly vary in different cultures. Their findings are as follows. First, in all cultures, integrity is viewed as a main contribute to outstanding leadership in several attributes. Second, these universally endorsed attributes embody a charismatic construct including encouraging, positive, motivational, confidence builder, dynamic, and foresight. Third, team-oriented leadership is key characteristic for an outstanding leader. Additionally, other universally endorsed items include excellence oriented, decisive, intelligent and win-win problem solver. In summary, the results support the hypothesis that specific aspects of charismatic/transformational leadership are strongly and universally endorsed across cultures.

His study was to compare the usage of leadership practices found to be effective in a Western setting in three nations in culturally and economically different regions: the United States, Nigeria, and Slovenia. The study employed the Leadership Practices Inventory (LPI) which was proposed by Kouzes & Posne (1993) to administer 110 MBA students from the United States, 105 students from Nigeria and 134 MBA and master’s degree students from Slovenia. They indicated the LPI scores of MBA students in the United States, Nigeria, and Slovenia are relatively similar. Two leadership practices, “Enabling Others to Act” and “Modeling the Way”, are significantly different. The LPI scores of United States engage in the practice “Enabling Others to Act” substantially smaller than that of other two countries. Also, Nigeria respondents perceive themselves as Modeling the Way to a greater degree than respondents from the United States or Slovenia. Overall, American MBA students scored lowest on all five leadership practices.


Shoa & Webber’s study was to examine the applicability of Judge and Bono’s (2000) findings on the relationship between Big-Five personality traits and transformational leadership. Compared with the findings of Judge and Bono’s (2000) study in the North America, the results of the study showed that such relationship could not be established in China. It is worthy to mention, in the Chinese sample, extraversion negatively related to transformational leadership. This negative link might be because China is a cultural tightness society, where active initiators are discouraged and a stable and intrinsic relationship is favored in a closed environment. As the study summarized “… in order to fit in the cultural prescribed behaviors, leaders high in extraversion did not exhibit a corresponding level of extraversion-related transformational leadership behavior, such as taking an active leadership role in groups” (Shoa & Webber, 2006, p. 941).

The Impact of National Culture on Leadership in Terms of Schwartz's Cultural Level Values

As Hofstede's cultural dimensions, Schwartz's cultural level values has been main model to enlighten cultural distance scores also. (Ng, Lee & Soutar, 2007). Therefore, there are some empirical studies based on Schwartz's cultural level values. The following studies are two examples.

Siew Imm Ng, Julie Anne Lee & Geoffrey N. Soutar (2007).

This paper provided the first analysis of cultural distance based on Schwartz's country level values. The purpose of this study was to calculate cultural distance scores for 23 countries, based on the two most common measures of cultural difference — Hofstede's four cultural dimensions and Schwartz's 1994 culture level values. Then, authors used correlation analysis to assess the congruency between these two bases of cultural distance. In addition, they assessed the relationship between culture distance and international trade figures in terms of two measures. The result suggested that the two bases of cultural distance were not congruent. While the correlation between both cultural distance measures and international trade suggested a negative relationship. Moreover, they asserted “it would appear that, at least in a trade context, Schwartz's values may play a more significant role than do Hofstede's dimensions” (Ng, Lee & Soutar, 2007, p. 164). Thus, they suggested that researchers should appropriately choose cultural base for their study (Ng, Lee & Soutar, 2007, p. 175).
Byrne & Bradley (2007).

Byrne & Bradley (2007) collected data on CEOs and use Schwartz’s framework in three EU countries including, Ireland, Finland, Denmark. First, they found cultural values are the more influential values than personal values in the mediation effect on managers’ leadership style. Second, the styles of average performing Irish and Finnish managers are also different. “Among successful Irish firms, leadership style is very high on ‘openness-to-change’, while Finnish leadership style is high on ‘conservation’” (Byrne & Bradle, 2007, p. 173). Conversely, “the leadership style of average performing Irish firms is high on ‘conservation’ in contrast to the leadership style of high performing firms, which is high on ‘openness-to-change’” (Byrne & Bradle, 2007, p. 173). Different with Irish and Finnish firms, in Denmark, the styles of average performing firms and high performing firms are both high on ‘conservation’ and low on ‘openness-to-change’. To sum up, the cultural level values level values have greater influence in the mediation process of leadership style.

CONCLUSIONS

The models of culture introduced above provide different ways of understanding business culture. It might be hard to say one of them covers all context of business culture. Zagoršek (2004) indicated, “in general, national culture does not explain much of the variation present in the usage of leadership practices of respondents from different countries” (p.12). This is perhaps because leadership is a multifaceted and complex social phenomenon. There possibly exist many important variables not included in this study. Characteristics of the leader, characteristics of followers, and characteristics of the situation all contribute to the leadership process and its outcomes. Those components themselves are also complex.

In addition, one limitation of all these cultural categorization studies is that they categorize culture only on basis of dominant cultural value orientations. In fact, culture can be studied at not only the level of cultural values, but also at the level of cultural forms, propositions, recipes, routines, and customs (Goodenough, 2002). Therefore, those studies “probably have biases due to ignoring the variation within countries” (Graen, 2006, p. 96). Above all, each model is helpful to some extent, but each can be misapplied if used to stereotype national culture. It could be dangerous if user make broad interpretations based on their empirical findings.

REFERENCES


