THE INTERACTIONS BETWEEN CULTURE, GLOBAL MINDSET AND LEADERSHIP IN GLOBAL CONTEXT

Amin Vakilbashi[1] --- Wan Khairuzzaman bin Wan Ismail[2] --- Mozhdeh Mokhber[3]

[1]*Faculty of Management, Universiti Teknologi Malaysia, Campus Johor Bahru, Malaysia*

[2,3]*UTM International Business School (UTM-IBS), Menara Razak, Universiti Teknologi Malaysia, Malaysia*

ABSTRACT

The aim of this paper is to identify the effects of cultural characteristics and mindset of leaders on leadership attributes in global business environment. An extensive literature review has been done. Subsequently, a conceptual model is developed to demonstrate the interactions between culture dimensions, global mindset and leadership styles. It was found that cultural values provide a foundation for the development of intercultural sensitivity and intercultural competence of a leader. On the other hand, it is imperative for leaders to develop a global mindset in order to lead in global context.

Keywords: Culture, Global mindset, Leadership.

Contribution/ Originality

This study is one of very few studies which have investigated the interactions between culture, global mindset and leadership in global context. This study develops a foundation for global leadership development by introducing the role of national culture and global mindset.

1. INTRODUCTION

In this fast changing world, the future of organizations depends on their ability to adapt the international market dynamism. As the world economy becomes increasingly borderless, effective global practices in human development lead to a sustainable competitive advantage for many organizations. Additionally successful leaders need to equip themselves in order to deal with different cultures and languages. Leaders must be prepared to lead in fast changing environments that include a multiplicity of cultures and traditions and a complex labor force. Rhinesmith (1996) referred to the variety of influences occurring in cross-cultural situations, both domestic and international, as an "engine that drives the creative energy of the corporation of the 21st century (p. 5)". In order to encounter the globalization challenges, leadership competencies must be considered in the context of realities (House, 1996; Black, 1999). According to House *et al.* (2004) "85% of executives [of Fortune 500 firms] stated that they do not have an adequate number of global leaders" or "they don't think that the numbers of global leader are adequate" (p. 5).

The necessity of research on the cultural characteristics of nationalities was richly articulated by Hofstede (2001) Consideration of cultural differences was neglected in the history of trading between nations. It becomes complicated when multinational organizations enter into joint ventures, mergers, acquisitions, and strategic alliances globally (Hofstede *et al.*, 2002). Research by Hofstede *et al.* (2002) showed high failure rate of international ventures between organizations from countries with different cultures. Furthermore according to Hitt *et al.* (2007), a global mindset is highly important for managing and competing effectively in global markets. Indeed, global markets need leaders with competency of handling high levels of uncertainty, complexity and diversity, and having the proper knowledge of various social, cultural and institutional systems.

This study looks into the development of global leadership in global context and explores the role of national culture and global mindset. There is a need for a responsive leadership with the capability of handling business on a global scale. To better supply the increasing needs of an internationally effective workforce and leadership, organizations must have a better understanding and an enriched insight into the roles that culture, leadership style, and global mindset play.

2. LITERATURE REVIEW

Social and behavioral scientists paid greater attention to the particularly cultural dimensions of psychological processes, motivation and organizational behavior after Hofstede's research in this area (Triandis, 2004). In this regard, several studies have found that the history, traditions, values, mores, and customs of different cultures determined the most favorite leadership styles (Jung and Avolio, 1999; Trompenaars and Hampden-Turner, 2001; De and Florent-Treacy, 2002) Therefore organizational leaders must comprehensively understand the cultural context and value systems of the followers, wherever in a global environment.

As companies tried to change from being "ethnocentric" (De and Florent-Treacy, 2002) to being globally active, their leaders encounter the challenge of coaching in an international theme. Being global is not just about market places, it is more about how to manage it. It is obvious that if companies want to be successful in the competitive international markets, they will have to train people who can lead effectively in a global context—formulating and implementing workable strategies, inventing and utilizing appropriate technologies, and creating and coordinating relevant information.

According to Danuser (2009), the importance of training international leader and global attitude can be summarized in following perspectives. From economical perspective, firms have to spend much money to send an employee to an international assignment as a leader. Therefore ineffectively leading in international markets by new comers may reduce the opportunity of compete and return on their investments. Also may increase the risk of lost business opportunities and reduce customer loyalty and market share. Failure in an international transaction put leaders in a probable condition for loss of self-esteem, self-confidence, status among fellow employees, and commitment to company. Nevertheless from the social responsibility approach, industries need global mindset in their high management levels because they have to follow international ethics

and codes such as climate changes, and strategies for sustainability and environmental responsibility.

A lot of studies have focused on the relationship between cultural characteristics and leadership styles in various countries. Furthermore, a large amount of data has been collected to identify the cultural values and characteristics of those countries (Hofstede, 2001; House *et al.*, 2004; Hadgis, 2005). However the role of global mindset on developing global leadership did not receive enough attention. Therefore the present study addresses the impact of culture and global mindset on leadership in order to provide further understanding of the leaders' experiences in cross-cultural situations.

2.1. The Interactions between Culture, Global Mindset and Leadership

The first and most widely used typology of cultural dimensions was presented by Hofstede. Hofstede (2001) identified five dimensions of culture as a cross-cultural framework to understanding both professional and personal interactions. Hofstede described these dimensions connectedly which maintain tension relationship between them. This idea fundamentally helps to identify possible sources of cultural tensions to develop strategies for improving leader's effectiveness. House *et al.* (2004) described that the two aspects of culture emphasized in the literature of cross-cultural research as "etic" and "emic" (p. 22). According to Den *et al.* (1999) the etic standpoint is looking for universal dimensions of cultures that can be determined and then measured scientifically. Unlike, the emic standpoint considers cultures uniquely.

This study determines the linkage between national culture and leadership based on the dimensions that can be theoretically linked with leadership and are also common to Hofstede's framework. The "etic" standpoint put these assumptions about universal dimensions that can help to understand national cultures and cultural cluster but it needs complementary dimensions to study leadership styles. Therefore, applying full range leadership theory (Avolio *et al.*, 1999) empowers the richness of data needed for leadership styles. Hofstede (1998) stated that "different social disciplines have traditionally taken different positions on the emic-etic continuum. Emic-etic approaches are complementary. The first without the second gets stuck in case studies that cannot be generalized, the second, without the first in abstractions that cannot be related to real life" (p. 9).

Challenges in organizations have increasingly proved that the previous management practices and approaches are abolished. New attitude is vital to function in the global business area. Globalized workplace requires a new mindset, and strategies to ensure continued successfully handling along with the new leadership paradigm that includes intercultural sensitivity. While few leaders with share distinct characteristics in domestic settings, are successful in global setting. Adler and Bartholomew (1992) described, these successful leaders have a global perspective to obtain from different cultural systems simultaneously. However, the literature on global leadership is overwhelmingly based on non-tested competency models. Therefore has no clear or concise definition of what a global leader really is or does. Thus, there is a lack of clarity when defining the traits, skills, competencies, and behaviors of a global leader. Global mindset has been proposed to be a key construct for global leadership development and

success (Kedia and Mukherji, 1999; Black and Gregersen, 2000; Oddou *et al.*, 2000; Pucik, 2006) Several frameworks of global mindset have been proposed in the literature but no clear consensus has emerged. Many articles and books have continuously claimed the importance of having a global mindset for leadership effectiveness. However, when it comes to empirical research, very few authors have examined this construct. Thus, most of the research on global mindset has examined the antecedents and development of global mindset, but the importance of global mindset has not been empirically determined in the field. Before testing the antecedents of global mindset, the researchers have to ascertain the true impact or value of global mindset.

Many researchers agreed that local culture is an important factor that affects leadership attributes and styles (Den *et al.*, 1999; Koopman *et al.*, 1999; Hofstede *et al.*, 2002; House *et al.*, 2004; Scandura and Dorfman, 2004). According to cultural approach, leaders are increasingly encountered the challenge of dominating local mindset, overpass cultural restrictions, cooperating with individuals from different nations, and managing socially diverse indoor and outdoor relationships. According to Levy *et al.* (2007), the effective solution for dealing with these challenges is to traverse an ethnocentric mindset and form a global mindset – one that includes cultural intelligence, and understanding of other cultures, and global business orientation. In this regards, present research propose a conceptual framework for development of global leadership that draws from theoretical framework and background, which helps to have a direct look on the relationship between culture and global mindset and leadership styles in globalized world (see figure1).

Figure-1. Conceptual Framework

Source: Developed by Authors

3. IMPLICATIONS FOR FUTURE RESEARCH

The previous researches have been studied the relationship between cultural dimensions and leadership attributes or styles in the contextual framework which determined the impact of cultural values on preferred leadership styles (Den *et al.*, 1999; Koopman *et al.*, 1999; Hofstede *et al.*, 2002; House *et al.*, 2004; Scandura and Dorfman, 2004). However, research appeared to be limited with regard to the relationship of culture and leadership in global setting and there is a lack of -empirical studies and qualitative research to support the theoretical constructs. Additionally, most authors were interested in providing normative advice to global executives and human resource (HR) professionals than tackling theoretical or empirical challenges involved in rigorously exploring, conceptualizing, and verifying the role of global mindset in globalized context.

The authors suggest employing qualitative and quantitative methods in order to attain rich data in the local businesses cultural context. As Creswell (1994) recommended, a mixed method's purpose statement needs to convey both quantitative and qualitative purpose statements. The qualitative methods will be in the form interviews and quantitative methods in the form of questionnaires to identify the dimensions of cultural characteristics, global mind set factors and leadership attributes.

The variables are cultural values, global mindset factors and prototypical leadership qualities. According to Hofstede model, the five variables of cultural values, which will measure by the VSM 94, are as follows: Power Distance (PDI), Individualism (IND), Masculinity (MAS), Uncertainty Avoidance (UAI), and Long Term Orientation (LTO). The nine variables of leadership characteristics based on full range leadership model are: idealized influence attributed, idealized influence behavior, inspirational motivation, intellectual stimulation, individualized consideration, contingent reward, management-by-exception active, management by exception passive, and laissez-faire leadership. Finally based on Story and Barbuto Jr (2011) the global mindset factors are cultural intelligence and global business orientation that measures by global mindset survey.

4. CONCLUSION

The rationale of this study originates from the necessity of better understanding the interactions between cultural dimensions, global mindset and leadership effectiveness in global context. The theoretical constructs for the study are a combination of the dimensions of cultural characteristics, the full-range leadership theory and the global mindset theory. This study suggested crossing beyond the quantitative studies conducted by theorists at the etic level to a case study conducted in the emic level of a specific population. This study provides information to identify the role of cultural values and global mindset in effective international leadership and the impact of global mindset development on enabling leaders to succeed in international situations.

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