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Cross-Cultural Management

Being the Boss in Brussels, Boston, and Beijing

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Summary. When misunderstandings arise among members of global teams, it's often because managers conflate attitudes toward authority and attitudes toward decision-making. However, the two are different dimensions of leadership culture, says the author, who has... **more**

Cultural differences in leadership styles often create unexpected misunderstandings. Americans, for example, are used to thinking of the Japanese as hierarchical while considering themselves egalitarian. Yet the Japanese find Americans confusing to deal with. Although American bosses are outwardly egalitarian—encouraging subordinates to use first names and to speak up in meetings—they seem to the Japanese to be extremely autocratic in the way they make decisions. As a Japanese manager living in

the United States and working for Mitsubishi put it: “I couldn’t figure out how to adapt my approach from one day to the next, because the culture was so contradictory and puzzling.”

Problems like this manager’s are widespread. In many years of researching, consulting, and teaching executives and managers in hundreds of global companies, I’ve found that it’s common for people from different countries to grapple with mutual incomprehension. Often that’s because managers fail to distinguish between two important dimensions of leadership culture.

The first of these is the one we’re most familiar with: *authority*. How much attention do we pay to the rank or status of a person, and how much respect and deference do we pay to that status? On this dimension, the Japanese are clearly more hierarchical than Americans. The positions are reversed, however, when we look at the second dimension: *decision making*. Who calls the shots, and how? Does the boss decide, or does the team decide collectively? On this dimension, which is often overlooked, the Japanese are more consensual than Americans.

> **The management approach that works in Lagos won’t be as effective in Stockholm.**

Approaches to authority and decision making are not the only ways in which cultures differ, but they are arguably the most important in the leadership context. And if international managers confound the two, they will make mistakes in adapting their leadership styles to the cultures and situations at hand. (For a more general treatment of cultural differences, take a look at my May 2014 HBR article, “Navigating the Cultural Minefield.”)

In this article, I explore the two dimensions and how they affect global leadership effectiveness, focusing particularly on how attitudes toward decision making impact global teamwork. I

conclude by mapping selected cultures along both dimensions and comparing the resulting expectations about the role of the leader.

Attitudes Toward Authority

Over the past century, the biggest leadership trend in the U.S. and parts of Western Europe has been the abandoning of hierarchical management processes for a more facilitative, egalitarian approach. Command-and-control has been replaced with empowerment. Managers have been trained to stop telling their employees what to do and instead move to "management by objective," open-door policies, and 360-degree feedback. Early on, addressing the boss by first name rather than title became the norm. Company hierarchy further dissolved when the CEO began "management by walking around," having impromptu discussions with people at all levels without even letting their supervisors know. Then the corner office yielded to open-plan spaces. Since most management literature and research still come out of the U.S., business school education has largely reinforced this trend.

But attitude toward authority is one of the most striking points of difference across cultures. In Nigeria a child learns to kneel or even lie down as a sign of respect when an elder enters the room. In Sweden a student calls her teachers by their first names and, without implying any disrespect, feels free to contradict them in front of her classmates. Unsurprisingly, the management approach that works in Lagos will not get the best results in Stockholm.

Understanding this disconnect is important. In general, the greatest business opportunities lie in the big emerging economies, which include Bangladesh, China, India, Indonesia, Russia, and Turkey. In nearly every case, these are cultures where hierarchy and deference to authority are deeply woven into the national psyche. The management orthodoxy of pushing authority down in the organization does not fit easily into the emerging-market context and often trips up Western companies on their first ventures abroad.

Take the case of an American firm I worked with two years ago. I'll call it Chill Factor, as it delivers innovative cooling solutions to consumers and small businesses. For the previous 15 years, Chill Factor had been training its employees in the latest egalitarian leadership methods, encouraging low-level workers to show initiative, while teaching the bosses to leave their doors open, accept 360-degree feedback, and set objectives rather than issue edicts. Additionally, the business had set up the flattest organizational structure possible. This progressive culture helped the company attract talent and keep employees inspired and engaged. The entire workforce was humming with creativity and innovation.

After decades of success in the U.S., Chill Factor took a big jump and negotiated a joint venture with a company in Hangzhou, China. But within weeks the Chill Factor managers were complaining about the lack of initiative shown by their Chinese staff. As one manager related to me:

My Chinese employees don't see it as their job to have ideas or make suggestions to their leaders. They just follow instructions. Subordinates do not volunteer solutions but simply present problems. Their measure of success is to do what they are told, when they are told, and to do it well. But I expect them to produce new ideas and to give the bosses information so that we can make the best decisions for the benefit of the business.

In a session with a group of American executives and a dozen of their Chinese colleagues, I asked the Chinese managers to work as a small group and give advice to the Americans about how to handle their Chinese staff more effectively. They huddled and then presented their recommendations:

Because Chill Factor now wants to succeed in China, we hope our American colleagues could kindly make some changes:

1. *Before attending a meeting with your staff, prepare more ideas for yourself.*
2. *Be more specific with directions to your employees.*

3. Have your own plan before allocating work to your subordinates.

The American managers were dumbfounded and asked for elaboration. “The most surprising comment from our Chinese colleagues,” one Chill Factor executive later explained, “was that we were perceived not just as incompetent but as arrogant, because we didn’t take the time to explain to our staff carefully and in detail what we wanted them to do and how.” It was a valuable learning moment for this firm, which began to pull back on some of the egalitarian practices that it had so long taken for granted as the best approach.

Of course, those who already have some international experience might not be surprised that Chinese managers defer to their bosses and that American attitudes toward status don’t travel well. But understanding differences in attitudes toward hierarchy and status, as we’ve noted, isn’t the whole story.

Attitudes Toward Decision Making

Many executives and managers assume that in more-hierarchical societies, decisions will be made at the top by the boss, and in more-egalitarian cultures, decisions will be reached by group consensus. Yet on a worldwide scale, we find that hierarchies and decision-making methods are not always correlated.

The U.S. is a striking example. American business culture has become more and more egalitarian over recent decades, but consensual decision making is clearly not the norm. American companies favor quick and flexible decisions, so decision-making power is vested in the individual (usually the boss). With a disdain for “analysis paralysis” and a belief that “any decision is better than no decision,” the American manager may solicit input from his or her team but ultimately is the one to make the final determination. And in most cases, the team members not only are fine with this but expect it. The U.S. can thus be described as an egalitarian culture where decisions are made top-down.

In top-down decision-making cultures (India, Italy, Mexico, Morocco, and Russia are other examples), decisions are made quickly, but they are subject to change as new input or arguments arise. When people in these cultures say they've reached a decision, the decision is not a firm commitment but a placeholder that can later be adjusted.

Contrast that with what happens in Germany, Japan, the Netherlands, and Sweden. If you've collaborated with companies in those countries, you might have noticed that a lot of people seem to be involved in the decision-making process, and it takes a long time to negotiate group agreement. However, once a decision gets made, implementation is surprisingly quick, because details and stakeholders were aligned while consensus was being reached. In these consensual cultures, it's as if the word "Decision" has a capital "D," representing a commitment that can't (and shouldn't) be easily changed.

> **If groups reach decisions in different ways, be explicit about the process.**

Either system can work well, and both have their advantages. Small "d" top-down decision making is particularly suited to industries where the pace of change is fast and speed to market trumps product perfection. Big "D" consensual cultures are great for industries where development timelines are long and perfection of the product is essential. It's perhaps no surprise that two big "D" cultures—Germany and Japan—are among the world's greatest car-manufacturing nations.

Problems arise, however, when members of a single team have different norms of behavior. What happens, say, when a consensual big "D" Japanese company acquires a top-down small "d" American business? This was exactly the situation when Suntory became the majority shareholder in Beam (maker of Jim

Beam whiskey). The success of this acquisition reveals some useful strategies for navigating safely through big "D"/small "d" collaboration.

As is the tradition in Japan, Suntory managers used a consensual big "D" system of decision making. One of them explained:

In Suntory the management structure is hierarchical, but decisions are most often made by group consensus. Mid-level managers discuss a proposal among themselves and come to a consensus before presenting it to managers one level higher. The next-higher-ranking managers then discuss the proposal themselves and come also to an agreement. If they collectively believe in the initiative, they pass it on for approval at the next level, until it gets to the top.

Two words define this consensual process, so common in Japanese companies. The first is *nemawashi*—the practice of speaking with each individual stakeholder before a meeting in order to shape the group decision and develop agreement in advance. The second is *ringi,* which involves passing a proposal around level by level, starting at the bottom and then working through the layers of middle and senior management before arriving at the top.

This system works beautifully, provided everyone understands and follows it. The problems at Suntory and Beam arose because managers on one side didn't understand how managers on the other side made decisions. The experience of one American manager from Beam provides a nice illustration:

There was a problem and a decision had to be made, which required a trip to Japan. The Japanese director in charge would be present, so I thought this would be the perfect moment to impact his direction. I prepared some slides for a meeting, along with my proposal. During the meeting, it became apparent that the decision had already been made by the group beforehand and was different from my proposal. Trying to discuss and convince during the meeting had no effect at all.

Learning the approach of the other culture and adapting accordingly is obviously important. Through trial and error and by asking questions, the Beam manager came to see that his assumptions about how and when decisions would get made was entirely a result of his experience working in the U.S. Over time, he learned to give his input much earlier at Suntory. But if you're managing the collaboration of two groups with different systems for reaching decisions, being flexible and adapting your individual style are not enough. You must also be explicit about the process of decision making. Define whether decisions will be made by consensus or by the boss. Establish whether 100% agreement is needed. Clarify whether a deadline for the decision is necessary and, if one is set, how much flexibility there will be for changes afterward.

Consider the case of a German-American collaboration I worked on. Early in the project, team members from both countries discussed a major decision ahead of a meeting with the company's big boss in the U.S. The team formed a point of view, and everyone seemed united on it. But during the actual meeting, after a very short discussion, the boss announced her decision, which ran counter to the team's recommendation. The Americans all agreed with the boss without a word of pushback. The German team members, however, were deeply unhappy about this turn of events, concluding not only that the American boss was arrogant but also that their American colleagues were two-faced.

Of course, these perceptions weren't exactly helping the relationships among the team members. But the situation became particularly fraught when it came to the meaning of the word "decision." One German team member explained:

At the end of a short meeting the boss would announce, "Great! We have a decision." For a German, when you say "We will do this," it is a promise. You can't just change your mind casually tomorrow. So we Germans would spend days working on the implementation. And then one of the Americans would call us up and casually mention that we were taking another direction, or the boss would show us more data suggesting a different path.

Mapping Leadership Cultures

Attitudes toward decision making can range along a continuum from strongly top-down to strongly consensual; attitudes toward authority can vary from extremely egalitarian to extremely hierarchical. The positions for the 19 countries shown on this map were determined from interviews conducted between 2003 and 2016.

SOURCE "BEING THE BOSS IN BRUSSELS, BOSTON, AND BEIJING," BY ERIN MEYER, JULY–AUGUST 2017 © HBR.ORG

For the first several months of collaboration, the Germans could not shake the feeling that their American teammates were disingenuous. One manager spoke to his American boss about the situation, and the conversation was illuminating for both of them. The German commented, "I then understood that for an American, a decision is simply an agreement to continue discussions. And if you are American, you understand that. But for a German, who considers a decision a final commitment to march forward on a plan, this can cause a lot of confusion."

> **In a consensual, egalitarian culture, the boss won't jump in and decide.**

To get the collaboration on track, the two leaders organized an off-site retreat. The team members discussed their assumptions about how decisions should get made and what the word

"decision" means in each of their cultures. They developed a system for collectively arriving at decisions and determining how flexible those would be, using the big "D"/small "d" distinction. In subsequent meetings, an American might be heard to say, "Great! Decision made!" only to pause and clarify, "Decision with a small 'd,' that is. We still need to run this by our colleagues at home, so don't start working on it yet." With the cultural difference brought to the surface and acknowledged, the collaboration took off.

The Four Cultures of Leadership

Making a clear distinction between attitudes toward authority (from hierarchical to egalitarian) and attitudes toward decision making (from top-down to consensual) goes a long way in helping leaders become more effective in a global context. It turns out that countries are quite broadly scattered across the two dimensions, as you can see from the exhibit "Mapping Leadership Cultures," which plots the positions of 19 countries within four quadrants. Let's look at the main expectations people have of leaders in each quadrant.

Consensual and egalitarian: Denmark, Netherlands, Norway, Sweden

Early in my career, I worked as the only non-Dane on an eight-person team. As an egalitarian American, I thought it was great when my boss told me that decisions would be made by consensus. But then the e-mails started. First from him: "Hey, team, for the annual face-to-face in December, I thought we would focus on being more client-centric. What do you think?" Then from a team member: "Hi, Per. Great idea. But wouldn't it be better to focus the meeting on how to market our services more successfully?" And from someone else: "I think it would be most effective to have presentations from all team members about their individual client strategies." And then everyone began sending responses to one another, ending with: "Erin, we haven't heard from you. What do you think?" Consensual decision making sounds like a great idea in principle, but people from fundamentally nonconsensual cultures can find the reality frustratingly time-consuming.

If you are to thrive in this quadrant, therefore, you need to go in with the following approach to leadership:

- Expect the decision making to take longer and to involve more meetings and correspondence.
- Do your best to demonstrate patience and commitment throughout the process, even when diverging opinions lead to lengthy ongoing discussions.
- Don't expect the boss to jump in and decide for the group. The boss is a facilitator, not the decider.
- Resist the temptation to push for a quick resolution. Take the time to ensure that the decision you make is the best one possible, because it will be difficult to change later.

Consensual and hierarchical: Belgium, Germany, Japan

A French director of Deutsche Bank once told me: "When I moved to Germany, I was aware that both our cultures are rather hierarchical. So I continued to make decisions as I would have in France, which was basically—after some good debate—to tell the group what I'd decided, even when I knew many people had opposing opinions about what should be done." When the director received feedback from his first 360-degree review, he was upset by complaints from his German staff that he wasn't inclusive. Eventually he realized that the Germans expected him to invest considerably more time in winning their support before coming to a decision—more than would have been necessary in a French organization.

If you likewise are not used to a consensual, hierarchical culture, be aware that in this quadrant:

- If you're the boss, your team will defer to your decision, yet desire and expect to be part of the decision-making process. Make a point of soliciting opinions and input from your staff.
- Be patient and thorough. Invest the time necessary to get each stakeholder on board.

- Once a group decision begins to form, take special care to listen to those with dissenting opinions.
- Focus on the quality and completeness of information gathered and the soundness of the reasoning process. Remember that in this quadrant, decisions are commitments that are not easily altered.

Top-down and hierarchical: Brazil, China, France, India, Indonesia, Mexico, Russia, Saudi Arabia

We've already visited this quadrant in the company of those Americans who moved to China with Chill Factor and perceived their Chinese staff as lacking initiative, while the Chinese viewed the new U.S. managers as incompetent.

If you're operating in this quadrant:

- Remember that the boss is the director, not a facilitator.
- If you're the boss, you will be deferred to in public and probably in private too. Don't be shy about telling your team how best to show you respect.
- Be clear about your expectations. If you want your staff to present three ideas to you before asking your opinion, or to give you input before you make a decision, tell them. Old habits die hard for all of us, so reinforce—with clarity and specificity—the behavior you are looking for.
- Be careful what you say. You may find that an off-the-cuff comment is interpreted as a decision—and suddenly everyone is building that factory or reorganizing that department, when you thought you were just introducing an idea to explore.

Top-down and egalitarian: Australia, Canada, United Kingdom, United States

An American director for the World Bank, whom I will call Karen, described a challenge she was having with a Korean employee who had recently joined her team. "When I hired Jae-Sun to work

for me in D.C., he had a shining résumé," Karen explained. Promoted time and again to run teams across Asia, he appeared to be an employee who knew how to get things done. Yet Karen noticed right away that if Jae-Sun was with her or another senior manager in a meeting, he seemed reluctant to express his views and instead deferred to them. "I had hoped to groom him for a bigger role in the department, but with this lack of self-confidence, I saw it just wasn't going to happen," Karen told me.

Succeeding in a top-down, egalitarian environment requires behaving as follows:

- Before the decision has been made, speak up—no matter what your status is. You might not be asked explicitly to contribute, but demonstrate initiative and self-confidence by making your voice heard. Politely yet clearly provide your viewpoint even when it diverges from what the boss seems to be thinking.
- Once the matter has been resolved, align quickly with the boss and support the decision even if it conflicts with the opinion you previously expressed. At this stage, if you show disagreement—especially in front of others—you may be viewed as difficult to work with.
- After the decision is made, remain flexible. Decisions in this quadrant are rarely set in stone; most can later be adjusted or revisited if necessary.

CONCLUSION

Once you've figured out the nuances and complexities of the different approaches, you will make smarter choices in all your cross-cultural interactions as a leader and as a follower. During performance reviews with your Mexican staff, for instance, you might choose to explain your own approach and ask the team to adapt to you. The next week, while leading a meeting with those same employees, you might decide it will be more productive if you adapt to their cultural norms rather than expect them to adapt to yours.

The bottom line? Although you may have been a very successful leader in your own culture, if you hope to motivate and engage people around the globe, you will need a multifaceted approach. Today it's no longer enough to know how to lead the Dutch way or the Mexican way, the American way or the Chinese way. You must be informed enough and flexible enough to choose which style will work best in which cultural context and then deliberately decide how to adapt (or not) to get the results you need.

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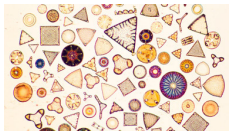

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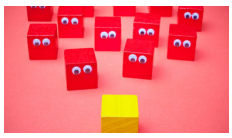

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