Foundations of Leadership

Culture • Communication • Ethics

John Alexander Ph.D.

FOUNDATIONS OF LEADERSHIP

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Also by John Alexander

The Inside Story: How Storytelling Inspires Change in Organisations, Companies and People (2000)
How Swedes Manage (2002)
A Nordic Community? Management and Business Styles in the
Nordic Countries (2003)
Corporate Narrative: Communicating Values with Stories (2006)
Consensus: The Hidden Codes of Swedish Leadership (2008)
Lagom Sisu Manana: A Globalisation Survival Kit (2009)

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Management and Leadership

At an inter-Nordic conference on leadership skills we began listing the differences between being a boss and being a leader. Being a boss requires good management skills, being a leader – something else. Management is running the day to day routines of a business and takes up 80 – 90% of the time.

How do we define management? Management is reactive – it is the demands of short term problem solving, implementing policies and dealing with the issues around staff, personnel and production. Management requires talking and organising, negotiating, phone calls and emails. Management is above all, managing time – arranging meetings, analysing figures and spreadsheets, timetables and being 'effective'.

So what does the 10 – 20% of leadership entail? Being a leader is long-term, about planning, being pro-active, reflecting as well as doing, networking, networking, keeping up-to-date, reading – and most essential of all – self-development.

In Foundations of Leadership our focus lies in self-development. This is because, firstly, it is questionable whether 'good leadership' is something that can be taught, and secondly, self-awareness can lead to a positive affect on the way we make decisions,
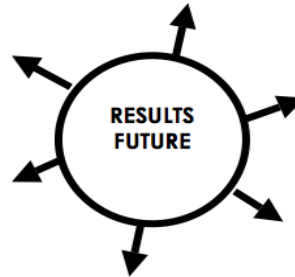
how we define our values and morals, and how we nurture talent within ourselves and our colleagues.

Management

Leadership

RESULTS NOW

RESULTS FUTURE

Being the Boss
Taking care of business
Short term
90%

Being the Leader
Vision & inspiration
Long term
10%

This is borne out by how most people answer the question: 'what makes a good boss?' It is a question that has been asked in many different countries and many different companies, yet the criteria is usually quite similar. A survey in Russia for example listed the following:*

> *People skills and organisation skills*
> *Professional competence*
> *High moral values*
> *Business skills*
> *IQ, and high standard of education*
> *Strong personality*
> *Attractive behaviour*
> *Ensures company profitability*

* Nation-wide surveys conducted in 100 residencies in 44 regions, territories and republics. Household interviews January 10-11 2004. A sample size of 1500 respondents. Additional polls of the Moscow population, with a sample of 600 respondents, 2004.

Is the Russian view so different to elsewhere in Europe? An international business survey (2002) asked employees in 15 European countries which qualities were most favoured to rate their boss as 'a good boss'. They listed:

a good listener
integrity
problem solver
co-operative
resourceful
adaptable
supportive

It's a similar story for employees in the United States. American Airlines Executive Chairman Ed Brennan says there are six qualities that make 'a great corporate leader':*

a good listener
integrity
consistency
decisiveness
knowing the business
and a willingness to admit making a mistake

Regarding integrity, says Brennan, "I never did anything or asked anyone to do anything I couldn't go home and explain to my kids." About knowing the business he says; "You can't fake it. People will know."

* 'Six qualities every great leader needs' by Sarah Lourie, 20 Sep 2004 | SearchCIO.com)

Cultural Perspectives

Kick Ass or Be Kind?

Criteria for good leadership may transcend national boundaries, but perspectives on how *to become* a good leader are often imbued with cultural agendas.

Early 2008, high up on the US best selling leadership titles, was the book, *Think Big and Kick Ass in Business and Life,* by billionaire entrepreneur, Donald Trump. Trump outlines tried and true strategies of getting rich, staying rich, commanding loyalty and staying at the top.

Donald Trump made a fortune by finding and buying losing properties and turning them around. In the 2000s, Trump's net worth is estimated at around $4 billion involving a range of interests including real estate, gaming, and sports and entertainment. Trump's road to success, however, has all the ups and downs of a roller coaster ride: in the early 1990s the media had virtually written off Donald Trump. He was over $975 million in debt and nearly bankrupt.

But in 1997, at the age of 51, Trump declared in his third autobiography, Trump: *The Art of the Comeback*, 'I'm a firm believer in learning from adversity.' The media turned out to be wrong. In the 2000s Donald Trump is now stronger, richer and, in his view, wiser than ever before, and an entrepreneurial role model,

not least for the participants of the Trump's popular reality TV show, *The Apprentice.*

In *Think Big and Kick Ass* Donald Trump outlines his strategies for success:

> *Be vengeful*
> *Instil fear*
> *Trust no-one*
> *Be deceitful*

One critic writes: 'He uses this venue to rehash his disagreements with... anyone who's ever crossed him. It's not a pretty picture, but that's part of his point. It's a tough world out there, and you have to be equally tough to make your mark in it.' Trump describes, 'what it's like to feel the whole world's against you... and to rise to dizzying heights of success by thinking big and kicking ass! It is an attitude that can be easily learned.'

Another reviewer recommends that, 'Individuals who aspire to have any kind of success in the brutal world of business would do well to read this book.'

Think Big and Kick Ass may be an extreme example but not untypical of an acceptable strategy to success in US corporate life. Former CEO of General Electric, Jack Welch in *Winning* (2006) advocates tough mindedness and above all candour, detailing some of his leadership strategies outlined in *Straight From the Gut* (2001).

Jack Welch describes his 'cruel to be kind' approach as the essence of corporate survival, including the much-debated practice of differentiation, which involves winnowing 10% of the workforce at regular intervals.

While US executives and up-and-coming entrepreneurs were concentrating on *Winning* and *Think Big and Kick Ass*, top reading requirements for Swedish leaders included such titles as *The Art of Being Kind, Good Business: Leadership, Flow and the Making of Meaning, Not Just Money: Getting Better Bosses,* and *The Boss Who Could Talk to His Colleagues: Improve Results and Well-Being.* Little here that relates to 'the brutal world of business', 'the whole world against you', or 'think big and kick ass.'

Stefan Einhorn's Swedish bestseller defines kindness as a desire to do good and to put this desire into practice. Conflicts, he writes are destructive; 'there are only losers in conflicts. The only thing we can learn from conflicts is how to avoid them in the future… we always lose by having enemies.'

Stefan Einhorn suggests that kindness and co-operation, in business and in life, has a long list of advantages which can be placed into four groups: good for self-image, good for relationships with people close to us; good for our standing in the community; and – for those of religious disposition – good for relations with a higher power.

Recent studies in evolutionary psychology tend to support Einhorn's claims – mutual reciprocity as a behavioural pattern pays off. Aggressions feeds aggression, rudeness invites rudeness, co-operation leads to co-operation; and even in the corporate world, people like to do business with people they like.

Who's right? Donald Trump and the ideology of 'get them before they get you', or Einhorn and 'be kind'? The cultural contrast between these two extremes can be found in a range of writings. Camille Paglia in her assessment of US corporate culture writes:

'… every workplace is hostile, as any man who has worked his way up the cutthroat corporate ladder will testify. Teamwork requires cooperation, but companies without internal and external competition remain stagnant. Innovation and leadership require strategies of opposition and outstripping however one wants to disguise it.' She concludes: '… a pleasant stress free work environment where the lion lays down with the lambs, is unreachably utopian… the workplace is the pagan arena where head-on crashes are the rule.'

In a similar vein, psychologist Esther Perel, suggests that America invented assertiveness training, with its penchant for clarity and directness. Goals, objectives, plans, strategies, tactics and organisation skills combined with hard work – anything is possible. It is the foundation of American optimism.

One leadership title that has successfully crossed cultural boundaries is Jim Collins, *Good to Great.* The ambiguous title translates into any culture, but every culture has its own perception of what is 'good' and what is 'great.' Leaders? Employees? Companies? Profits? Reputation?

The bottom line of Jim Collins examples are – in keeping with US corporate ideology – good profits to great profits. A much quoted example is the Phillip Morris Corporation and their continued track-record in market dominance and profitability. Yet some of their business strategies to achieve that greatness in profitability are viewed with scepticism by the few Swedish business commentators who care to read between the lines. For example, is it acceptable to maintain profitability by targeting cigarette sales to teenagers in third world countries, when legal restraints prevent them reaching their own teenage market?

Many Swedish leaders – in keeping with Swedish cultural priorities – tend to provide a softer interpretation to good to great – seeking to transform a good company to a great company. Profitability is one measure, but so is sustainability and so is corporate social responsibility.

In spite of the gap between 'kick ass' and 'kind deeds' US and Swedish business philosophy is not so far removed. Egalitarianism, directness and pragmatism; a belief in democracy, equality, fairness and mutual

acceptance are considered positive values in both cultures. The differences lie more in the way in which these values are expressed. In Sweden the codes of leadership may be diffuse, but the business agenda is open (co-operation). In the US, leadership is an open book – who is charge, what they want, how they'll get it, but the business agenda is hidden. It is the nature of a competitive frame of mind; the 'poker face', not to 'show all your cards at once', to be 'dealt a good hand.' Competition and rivalry does not encourage an open business agenda. Which may partly account for the devastating statistic that in 2007 US corporations spent more money on litigation that on research and development.

In Corporate America it is the sanctity of commerce and the viability of the deal that triumphs. Hence a business vocabulary that minimises ambiguity and vagueness with strong words and a tough attitude. From a Swedish perspective the apparent vagueness of Swedish consensual language provides room for manoeuvre, the possibility to wait and see, and decide upon the most pragmatic solution when one must be provided.

These polarised views on business and leadership represent more the cultural priorities of the two countries. The aims of business are universal (profit and sustainability), and the combination of competition and co-operation, the two pre-requisites to make business happen. Even Donald Trump is capable of kind deeds.

A story published in a collection entitled 'The American Dream', illustrates this less-publicised side of Donald Trump's character. Trump's limousine broke down one night as he was coming home from Atlantic City. An unemployed mechanic stopped by and fixed it and refused any payment. The next day the mechanic's wife received flowers and a certified letter saying their mortgage had been paid in full. In the long term it is better business practice to perform kind deeds than kick ass.

Masculine or Feminine?

The most quoted study of cultural differences is *Geert Hofstede's Cultures and Organizations - Intercultural Cooperation and Its Importance for Survival.* Hofstede's original study (1981) is based on a survey examining values of employees in 64 countries and regions around the world. These people worked in local subsidiaries of IBM. For the 2005 edition the study included an additional 10 countries.

Hofstede writes: 'At first sight it may seem surprising that employees of a multinational – a very special kind of people – could serve in identifying differences in national value systems. However, from one country to another they represent almost perfectly matched samples; they are similar in all respects except nationality...'

A statistical analysis of the answers on questions about the values of similar IBM employees in different countries revealed common problems but with solutions differing from country to country, in the following areas:

1. Social inequality and the relationship to authority
2. The relationship between the individual and the group
3. Concepts of masculinity and femininity; the social implications of having been born a boy or a girl
4. Ways of dealing with uncertainty, relating to the control of aggression and the expression of emotions
5. Attitudes to tradition-short term or long term

These findings have resulted in Hofstede's 'cultural dimensions' which he suggests is 'complimentary to a more typological approach.'

Hofstede's Cultural Dimensions	
Masculine Culture – Feminine Culture	J – US – S
Short Term – Long Term Orientation	V – US – S
Weak – Strong Uncertainty Avoidance	US – D – S
Large – Small Power Distance	Ch – US – S
Individual Culture – Collective Culture	US - S - Ch

A general overview shows that Japan is the most 'masculine' business culture, Sweden the most 'feminine.' Venezuela's business culture is short term; Sweden (and other Nordic countries) long-term; 'uncertainty avoidance is 'weak' in Greece and the USA, and 'strong' in Switzerland, Singapore and the Nordic countries; power distance is 'large' in China and France, and 'small' again the Nordic countries; the USA represents an 'individualist' culture and China 'collectivist.

Some of the problems with Hofstede's study includes the cultural context of defining terms (eg masculine and feminine can be interpreted in different ways), and also that regional diversity is generally by-passed. According to Hofstede's study:

(1) the Nordic region has the most 'femininised' (service/relationship-orientated) business culture
(2) Represents the most forward-looking business cultures (ie long term planning to fulfil investment return in contrast to a return within the shortest possible time (as per Venezuela)
(3) Are the business cultures most likely to avoid risks by being structured and adhering to rules and regulations
(4) represents business cultures where subordinates have the easiest access to leadership, and the possibility to affect management decisions, and
(5) the business cultures which most effectively balance individual needs against the demands of the group

In general the conclusion is that the Nordic region is:

1. most service / relationship orientated
2. high 'sustainability'
3. low risk taking
4. highly accessible leadership
5. evenly balanced between individual desires and collective obligations

However the diversity in leadership styles and business cultures within the Nordic region is an ongoing source of discussion and analyses, with a number of mergers and co-operation strategies undermined by differences that are not represented in the Hofstede study. When it comes to defining terms it is the definition of masculine and feminine that have probably created most controversy. As critics have suggested a culture's perception of qualities such as masculine and feminine must affect how such business cultures are rated.

Universalist vs Particularist

One of Hofstede's more vocal critics is cultural specialist Fons Trompenaars (a fellow Dutchman) who prescribes a more interactive approach to defining cultural differences. How different business cultures attempt to resolve dilemmas provides insights into core values and cultural priorities. Trompenaars describes 'seven dimensions of culture' based on

attitudes to time, expression of feeling, relationship to the environment, etc. One of the more common dilemmas in international business is the Universalist – Particularist dimension.

The Universalist culture describes a focus on rules and regulations, honouring a written contract, 'a deal is a deal.' The Particularist culture emphasises relationships, an honour in the exchanging of mutualities (returning favours), and the view that in any given situation there are several perspectives, which may change according to circumstances. From a Particularist perspective relation-ships evolve – circumstances change.

The cultural dilemma is evident in examples where Universalist cultures (USA, Canada, the Nordic region) make business relations in more Particularist cultures of, for example, the Far East. In Chinese *'guan xi'* – knowing the right people that can perform favours on your behalf – is a required business asset. A Nordic manager might emphasise the benefits of the product not realising that without *'guan xi'* such advantages are redundant. A Swedish manager related a story where he had secured a three year exclusive contract with a Chinese business partner, yet six months later found his product superseded by a South Korean rival. 'We had deal,' the Swedish manager tells the Chinese importer; 'You signed a contract.' 'Yes,' says the Chinese businessman, 'We did. But that was six months ago. Things have changed since then.'

Cultural Discourse

Cultural discourse is the linguistic study of diversity based on how we interpret words and phrases in different ways depending on our cultural background. It is also a way of looking at cultural norms based on specific words and phrases, which can be explained, but not easily translated. For example, the Spanish word *mañana* is often used to stereotype a Latin mentality of avoiding work, delay decision-making, and generally, 'relax and take it easy.'

At a surface level *mañana* translates as 'tomorrow' but within the discourse of culture and national traits it covers a wide range of behaviour, expectations, norms, conventions, attitudes and rituals. From a Spanish point of view *mañana* implies flexibility, adapting to situations as they arise, enjoying the moment. In a broader cultural context the *mañana* concept distinguishes the northern European *synchronic* approach to time (one thing at a time), from the Latin *polychronic* approach (many things at once).

In Sweden, the word *lagom* is acknowledged as essentially Swedish (it cannot be translated into another language), but how positive it is, is open to interpretation. *'Lagom och svensk'* (*lagom* and Swedish) implies drab, colourless and a bit boring; whereas *'lagom är bäst'* (*lagom* is best) suggests a principle of moderation

and wisdom based on defining the best possible course of action between two extremes. Likewise Finnish *sisu* defines an aspect of the Finnish character – never give up, resolve, determination and fighting spirit. Alternatively, many Finns consider *sisu* a cultural stereotype that focuses on stubbornness, obstinacy and not knowing when to quit.

From a positivist perspective cultural discourse can foster cultural understanding through analysing cultural differences based on language, words and phrases. Expressions that in some way represent core values of a culture, can be explained, interpreted, discussed but not satisfactorily translated from one language to another. Interpretation is the key factor. The process of interpretation opens up a dialogue. Is *mañana* a good thing, or a bad thing? Does it suggest inefficiency or how to prioritise quality time? What does it tell us about attitudes and values of Spanish people?

Some examples:

USA

'The American Dream' prioritises building personal wealth. It's OK to be rich. This is the core of the American dream. The business culture is entrepreneurial and complex, ie there is a lot of variety in sub-businesses – businesses that feed and support other businesses. 'Business is business' is a

mentality, which means defining needs and providing solutions. It is a mentality that leads to a contrast of behaviours – there is a personal behaviour and a business behaviour.

There are two sides of the American dream. Firstly, the lofty ideals of the founding fathers, when Thomas Jefferson, Benjamin Franklin, John Adams and others signed The Declaration of Independence (July 4th, 1776) guaranteeing American citizens 'life, liberty and the pursuit of happiness,' and later ratified the American Constitution (June 21st 1788) which sanctioned the American way of life. A nation that began with a dream of democracy and a new age, and pursued by American idealists throughout history; from Lincoln, to Kennedy, to Martin Luther King and Barack Obama.

Secondly, is the vision of the entrepreneur; from 'snake oil salesmen' to Pemberton, Henry Ford, W. K. Kellog, J. P. Morgan, J. P. Getty, W. R. Hearst, J. D. Rockefeller, Frank Woolworth, Andrew Carnegie, Al Capone, Bill Gates… And the ideology of the entrepreneur laid out in American business book classics such as *Think and Grow Rich* (Napoleon Hill, 1937; 'First, fix in your mind the exact amount of money you desire… it is not sufficient merely to say "I want plenty of money"); *The Richest Man in Babylon* (George Clason, 1926; 'make thy gold multiply'); *How to Win Friends and Influence People* (Dale Carnegie, 1937 & 1953; 'how to make people like you instantly.'

China

Moderation, the middle way, according to the teaching of *zhong yong*, is the key to a successful life. The middle way lies between two extremes – in order to achieve balance, extremes should be avoided. It is a most Eastern way of perceiving one's place in the world, although in Western cultures, the Swedish idea of *lagom* ('just right') comes close (see Sweden).

Zhong yong is a Confucian teaching described in *The Doctrine of the Golden Mean* that dates back to around 500 BCE. *The Doctrine of the Golden Mean* is one of the four Confucian classics that constitute the foundation of a Chinese upbringing. The other three are *The Analects, The Mencius* and *The Great Learning* (available on the Internet Sacred Text Archive).

The basic premise of *zhong yong* is to maintain balance and harmony, and to train the mind to seek a state of equilibrium.

Which brings us to *mianzi*, with its complexity and nuances, and multifarious levels of interpretations. *Mianzi* means 'face', or reputation, or status. For it has little to do with honesty and incorruptibility, but a lot to do with status and perception of character. The literal translation is 'face value', which can mean fighting over who pays the restaurant tab, career choices, and which friends you make. Professor Ambrose King, sociology professor at Hong Kong

University, suggests *mianzi* is like a credit card. The more face you have, the more you can buy with it. The better your credit, the better your social standing. *Mianzi* is measured in terms of social position, wealth and power.

Middle East

Insha'Allah translates as 'In God's hands', or 'if it is God's will', or 'God willing'. It is an Arabic expression that tells us something about core values in the Middle East. To place oneself in the hands of God suggests the strong spiritual foundation of Arabic culture. In western culture *insha'Allah* can be regarded as a fatalistic approach to life, a view we can mistakenly perceive as resignation. *Insha'Allah* is an expression found in Arabic, Persian, Turkish, Urdu and Bengali, and the 14 nations that make up the Arabic speaking 'home countries' – the *Al-waton al-Araby*. These are: Egypt, Saudi Arabia, Lebanon, Israel, Jordan, Syria, Yemen, Oman, United Arab Emirates, Qatar, Bahrain, Kuwait, Iran and Iraq.

In cultural terms the difference between determinism and self-determinism is quite simple: 'we control our own lives' (self-determinist); 'we cannot foresee our own destiny.' (determinist). Both views are valid, but they need not be as contradictory as many cultural studies make out. The idea that a culture is either A or B (determinist or self-determinist; individual or collective) is a westernised concept to begin with, and difficult to explain to people from the Middle East. ('If

you want to be like this, that's OK. If you want to be like that, that's OK too. It is *insha'Allah*, in the hands of God.')

England

Fair Play, as in the Marylebone Cricket Club's 'Laws of Cricket', the Queensberry Rules (boxing), the Cambridge Rules (soccer), and the exploits of Robin Hood (folk-lore).

The cultural differences between England, Scotland and Wales are sufficient to warrant separate entries. The United Kingdom of Great Britain and Northern Ireland is something of a misnomer. It is a region that has never been particularly united, and a region where borders contain diverse cultures defined by language, customs and traditions, history, national costumes, food and folk heroes.

National sports make for fascinating cultural metaphors, providing insights into core values and codes of behaviour. A management magazine listed American sports as analogies for corporate styles and teambuilding; baseball for specialists, American football for star players, and basketball for equally skilled teamwork. In England it is cricket and Association Football (soccer). The Laws of Cricket were codified in 1744, and the Cambridge Rules for Association Football were drawn up at Cambridge University in 1848.

To the uninitiated cricket is something of a mystery. Yet there is poetry to a sport that breaks off at 3pm for tea and cucumber sandwiches, and where a game can be stretched out over three days and still end up a draw. Winning is not necessarily the primary objective, rather the fairness of play, both in regard to good sportsmanship (which is probably why the Australians usually beat the English side in test cricket), and to the individual talents of the players. Still today English Members of Parliament make decisions sometimes involving punitive actions, against those deemed 'not playing cricket.'

Germany

Ordnung muß sein means literally 'order must be,' a phrase that belies a cultural leaning toward order and efficiency. *Ordnung* has its roots in 19th century Prussian military schooling that embraced discipline in the forms of *punklichheit* (punctuality) and *pflichtbewußtsein* (duty).

At its foundation is the essence of reasonable behaviour and consideration for other people. *Pflichtbewußtsein* simply means 'duty before self-interest', that selfishness is egoism and something to be frowned upon; and *punklichheit* is both respect for other people, and efficiency, whether at the work place or within the community.

A computer programmer working for a German IT company, explained *ordnung* as 'orderliness must

exist', and made the analogy of preparing a computer programme. A lack of orderliness in the little details of preparing code, he suggested, will have larger consequences later. But just as important, a lack of *ordnung* may be a sign of larger problems lurking beneath the surface.

Denmark

According to a Forbes business magazine survey (2006) it is Denmark and Australia that have the least formal business cultures in the world. In Australia, the most likely explanation is that 'we're all mates', and in Denmark *hygge* is a contributing factor. Hygge means 'keep it relaxed', enjoying the company of others, socialising in an informal and open way.

Closely related to *hygge* is the Danish idea of *fællesskab* – fellowship; being part of a small close-knit group. You will find *fællesskab* in a Danish *kro,* (pub) and *fællesskab* in simply being Danish. Enjoying yourself with friends and family, involves food and drink; *ingen hygge uden tygge* (no cosiness without food and drink), and *fællesskap* – fellowship, a sense of belonging.

Finland

Sisu [pron. see-soo] means determination, never giving up, resilience, steadfastness. 'In Finland, if we say we will do something, we will do it,' as one local manager explained. Then added: 'Imagine you are

locked in a room. There is no way out, but you must get out. What do you do? You walk through the wall. This is *sisu*.'

Finnish *sisu* is evident in many aspects of Finnish society; in business, in social life, historically. It is a country of strange endurance contests, designed to test *sisu*. For example, who can carry their wife the furthest (every year in Sonkajärvi – in 2006 an Estonian competitor won), sitting naked on top of an anthill, staying longest in a sauna, ice-swimming contests, who can kill the most mosquitoes with one hand while they are biting, as well as tango contests, long distance running, long distance skiing and rally driving.

The *sisu* mentality extends to a sense of self-reliant stoicism; being asked or told to do something requires no verbal confirmation or discussion, you just do it. In Sweden when the boss talks to you, it is considered something positive; encouraging, bonding, seeking views and ideas, inclusion into the group, dialogue, relationship building, asking for opinions, showing support. In Finland if the boss talks to you, it is considered negative; something must be wrong, reprimands are likely, new instructions to be given, dissatisfaction expressed.

Alternatively, in Sweden, if the boss *doesn't* talk to you, this is bad. You may be being ostracised, cut off, alienated, disapproved of, excluded. Whereas in

Finland, the boss saying nothing is good; everything is OK, all is well, you are doing a good job – no reason to intervene.

In business honesty is taken for granted. Every year Finland is at the top, or near the top of the Transparency Agency's 'honesty index'. Finnish companies are known for long-term business strategies, and honesty provides a solid foundation. Next, straightforward communication. As in 'we say what we mean; we mean what we say'.

In business the Finnish manager might be frustrated by what is considered ineffective business practice elsewhere (consensus seeking in Sweden; corruption in Russia, lack of rational thinking in the Latin countries, too much talking just about everywhere), so when the Finnish manager is in a position to take command, this can be expressed in a style Finns refer to as 'management by *perkele;*' no discussions; just do it.

Sweden

Lagom [pron. lar-gom] – Swedish people pride themselves on this uniquely Swedish word – it does not exist in Danish or Norwegian, neither as a word nor as concept – according to local mythology at least (see below) – in any other language. Yet Swedes are divided as to just how positive *lagom* is as an example of Swedish-ness – thus *lagom* is a suitable example of

the double edge blade of cultural discourse. It can be used in a negative way; as in – Swedish and *lagom* (average, drab, a bit boring); and in a positive way; as in – *lagom* is best (the golden mean, just right, perfect).

According to the Swedish Academy *lagom* simply means 'according to the law' (*lag* = law) but there are many popular stories about the 'true' meaning of the word. In the old days Vikings would sit around a big table as a *lag (lag* = team) and share a bowl of mead (beer). The bowl had to go around the team (*om* = around) in order that everyone get their fair share, hence *lagom* – around the team. Other versions suggest that it was a dish of soap passed around the team (!), or a bowl of soup (which could be attributed to misprints – in Swedish soap is *såpa,* and soup is *soppa*). In another version it is a basket of bread. Regardless, *lagom* as passing whatever-it-is around so that everyone gets their fair share, explains many attributes of contemporary Swedish society: collectivism, social welfare, thinking of the group and not just oneself, teamwork, co-operation, consensus, avoiding extremes, avoiding confrontation, the middle path (*zhong yong* in China), being considerate, being polite.

* [For a more complete survey of key words and phrases, see Alexander, Lagom Sisu Manana: A Globalisation Survival Kit, 2009]

Some of the barriers to intercultural business success include:

language
non-verbal communication
stereotypes
value judgements
stress

To overcome such barriers?

Develop language skills, understand one's own language level (maybe a translator is necessary); learn the social codes regarding body language, social taboos, respect for distance between people; avoid negative stereotypes and focus on the positive aspects of international business; avoid hasty value judgements by focusing on the person, and not their cultural background; take things as they come – doing business in a different culture always presents challenges, and too much stress might indicate too high a level of ambition.

Models of Leadership

Leadership styles and models

When The One-Minute Manager was published in the late 1970s, it marked the beginning of a new approach not just to management, but also leadership. The authors, Kenneth Blanchard and Spencer Johnson outlined a four-point model describing four styles of leadership: Directing, Coaching, Supporting and Delegating.

Successful management, they argued, depended upon top management's ability to adapt to any given situation. A manager is not classified as one of these four types, rather needs to identify four basic approaches of leadership, and apply the most appropriate style.

Directing leadership is dominating; the leader gives instructions and supervises how tasks are carried out. Coaching leadership means the leader continues to direct and supervise, but explains decisions and is open to suggestions. Supporting leadership allows middle management to take initiatives in making decisions, and shares responsibility in decision-making processes. Delegating leadership means the leader gives responsibility for making decisions and solving problems over to subordinates without interference.

'A fast changing world needs all kinds of leaders' says Kenneth Blanchard. 'It's no longer possible to predict what kind of leader we need tomorrow… management will be required to adapt quickly to the demands of employees and the rapidly changing needs and demands of the outside world.'

Corporate survival, he summarises, depends on leadership's flexibility, ability to make quick decisions, adaptability to market requirements, particularly in quality and service, a strong financial base and the individual employees having more say in the running of the company.

The four leadership styles are in turn founded upon Jungian typology that gave rise to the MBTI approach to personality profiling.

However, as with many leadership models, Blanchard (and his many successors) must be seen through a cultural filter of American business and leadership's self-perception as a norm. The coaching style is based on an American conception of a coach role – 'the guy who tells us what to do' – in contrast to other perceptions of the coach, as mentor with a more supportive role.

In *The Leadership Mystique*, Manfred Kets de Vries suggests three models of leadership:[pp. 215ff]

Interactionist – leadership does not happen in isolation; it depends on the situation or the personality, or a combination of both – usually the combination of both

Personalist – strong personality, the hero navigator, in control; leadership is a process

Situationalist – not the personality, but the situation that makes leadership

Communicating Values

"It is no longer the company with the best product that will succeed, but the company with the best story." Rolf Jensen, The Dream Society

Product – Story

Electrolux has both a brand manager and a company historian. The role of the brand manager is to cultivate the Electrolux brand for marketing and consumer awareness purposes. The company historian maintains and preserves what the Electrolux brand has meant for consumers in the past.

Newcomers to the company are provided with an historical overview, a tour of products from the past, and a few anecdotes and stories to illustrate Electrolux striving for quality. One of these stories tells of an old lady living in one of the more well-to-do quarters of Stockholm who takes her vacuum cleaner to the local appliance repair shop. 'It needs a new hose,' she tells the repairman. The repairman looks at the suction hose, which has worn through, and at the vacuum cleaner, which is 40 years old. 'I'll see what I can do,' he tells the old lady and calls to the Electrolux service department. 'No chance', he is told; 'we haven't made suction hoses for that model in more than 20 years.' As a gesture of goodwill – and impressed that there is a customer with a still functioning 40 year old vacuum cleaner - Electrolux agrees to provide the old

lady with a new model, free of charge. 'No,' says the old lady, 'this model is perfectly all right. It just needs a new suction hose.' The old lady is adamant, and the Electrolux service department custom-makes a new suction hose. Another satisfied customer.

6. The story has other implications – it exemplifies the Electrolux brand as representing quality, service, and product durability. It is a story that communicates values. Stories communicate values, test values and help shape and define a corporate profile and a company brand.

Inside the organisation getting the story right can lead to profound transformations. A good story can:

7. inspire change inside the company or organisation

8. initiate change that leads to a better product, vision or morale

9. change the person – a strong story can help an individual find balance, motivation and inspiration

For example: A Brazilian client walked into the Mercedes showrooms in Stuttgart. He was dressed in typical Brazilian fashion – slacks and colour print short sleeved shirt. He stood out amongst the European executives in their dark suits and ties. The Brazilian client waited patiently, but after 30 minutes of being ignored by the apparently 'busy' sales staff,

he left his business card on the desk and walked out. On the back of the card he had written a short message: 'Can be contacted at this number.' The front of the card listed the company, one of Brazil's largest exporting companies, and his position, President. The number he had left on the back of his card was to the BMW office in Munich.

This story circulated through the company's European offices. Were changes made? According to an account manager from Chrysler-Daimler's Denmark office, this story initiated a series of changes regarding both policy and in-house training. 'It was a matter of changing deep-rooted attitudes,' he added.

Companies and organisations invest vast sums of money in developing a profile, through advertising, logos, mission statements, core values and questionnaires to gauge consumer response. What can stories provide that the traditional avenues of profiling and marketing cannot? Why should managers and company leaders invest in the 'how-to' of storytelling? How feasible is storytelling as a business development strategy?

We all tell stories. Sure, we need information as well. About company policy, about prospects, products and services. But information is limited. There is no insight in information – only facts. The information age belongs to the past – we have, in the words of futurologist Rolf Jensen, entered an age of imagination. It is no longer the company with the best

product that will succeed, but the company with the best story.

What substance is there to such a claim? Let us consider what storytelling can do for a company in practical terms. In an age of inspiration and life-style, product alone is no longer the primary sales and marketing criteria. How does 'product thinking' and 'story thinking' compare?

PRODUCT	STORY
information	inspiration
technology	style
facts	interpretation
questionnaires	'buzz'

Stories inspire. Core values represent the corporate version of desired perception. They are a form of one-way communication; one perspective. They describe, but they do not narrate. Masterfoods list their core values as:

Quality
Responsibility
Mutuality
Efficiency
Freedom

As a set of values they could be applied to many companies – as is often the case with core values, there is a lack of identity and specificity.

IKEA refer to 'guiding principles' as opposed to core values:

> *Products are identity*
> *IKEA spirit - a living reality*
> *Simplicity is a virtue*
> *A different way*
> *Responsibility to the customer*

There is specificity (they relate to IKEA), but also generality. They are values that could apply to most companies. For example, Electrolux list their values as:

> *Performance*
> *Innovation*
> *Superior talent*
> *'the Electrolux way'*

To create a corporate narrative requires many perspectives. The whole story. 'Corporate social responsibility ' Think global, act local'; core values and slogans. Abstractions and battle-cries, not a story.

Core values represent the company version. To create a story we need other perspectives:

• what do customers actually say? (rather than what we want them to say)

• what does the competition say? (competitor perspective is attuned to strengths and weaknesses)

• what do people inside the company say? in sales? in research? in production?

• what do the financial journalists say? or the market analysts? Those who disregard mission statements and corporate values, in favour of turnover figures and market psychology?

Corporate Archetypes

How do you identify your company? If your company was a character, what name do you give that character? How do your clients and customers identify your company? What character do they see; what name would they use?

A company profile is structured on the principle of 'best of intentions', but intentions do not make an identity. Actions make a profile, and in the world of drama and narrative, the agent of action is character. It is not simply that a company has a character; a company **is** a character. Dramatists traditionally define character through archetype. What archetype best represents your company profile?

Margaret Mark and Carol Pearson apply archetypes to companies under the title, *The Hero and the Outlaw* (2001). A Hero company is one kind of archetype, the Outlaw another. Some of the more common corporate archetypes and what they represent include:

Hero   *Courage*
Outlaw   *Revolution*
Magician   *Change*
Caregiver   *Compassion*
Creator   *Innovation*
Explorer   *Possibilities*

Like character in a story, an archetype is open to interpretation. For example:

ARCHETYPE	*POSITIVE*	*NEGATIVE*
Hero	*Courage*	*Arrogance*
Outlaw	*Revolution*	*Destruction*
Magician	*Transformation*	*Manipulation*

The Hero – Outlaw approach has its critics; that this is more about stereotypes than archetypes, that it is branding at a superficial level, and, in the words of one critic, 'taking the theories of Jung, Joseph Campbell and their followers, to help companies sell soap.'

Another approach is to involve people in the company, and see how they perceive their own corporate Identity, and how they would define their own company archetype. Here are a few examples devised by people within their respective companies:

COMPANY	ARCHETYPE
Hewlett Packard	*Inventor*
E&Y	*Sherpa/Guide*
DELOITTE	*The Expert*
STRIX	*Trouble Maker*

A Hewlett Packard group tested a number of archetypes: the rally driver ('everything is possible'); the giant ('slow but strong'); the enabler (combining the qualities of the hero and the entrepreneur); and a dualistic approach with the wise man and the rebel, attempting to extract the positive attributes of both.

With a large group the idea is to get an archetype that everyone can relate to; thus it was The Inventor, incorporating the revised HP slogan, 'invent'. Given the HP state of play around 2005, a consensual archetype must unite the new, the old, and the acquired, including Compaq, Digital and parts of Ericsson.

An archetype is a good starting point because the companies already have their stories; now they need new stories. HP has a foundation story; Bill Hewlett and Dave Packard putting their first computer together in a garage in Californian suburb. Compaq has a foundation story too; two guys in a coffee house sketching a laptop prototype on a table napkin. The archetype can be the first step in creating a new *meta-narrative*. From the archetype, the next step is to explore the kind of stories than can be told.

What Kind of Stories?

"You see things as they are and ask 'why?' I see things as they are not, and ask 'why not?' G B Shaw

Narratives include stories, fables, legends, myths, tales, anecdotes, yarns, allegories, parables, chronicles. There are narratives in literature, drama, audiovisual media, multimedia, courtroom summaries, academic dissertations, sales pitches, self-introductions and daily conversations.

Through the ages narrative has been a fundamental response to making sense of the world; storytelling is a form adapted to the complexities of human thought and action. Stories make sense of economics, legal discourse and scientific discourse, psychoanalysis and self-awareness. All embrace narrative as a means to help us understand each other, ourselves, and the world around us. Storytelling is omnipresent in human affairs.

In the world of business, politics and decision making, the sources for stories are as rich and varied as anywhere else. Yet when we consider the specific function of the corporate narrative our options are more tangible. A corporate narrative must reflect the values and visions of the organisation.

For the outsider the most apparent narrative is contained in an organisations company report. Here

the values and visions are laid out and 'authorised' by a Chief Executive Officer. The basis of the report is annual turnover figures. An organisation's annual turnover provides the basis for three principle narratives:

- *What the CEO tells the Board of Directors*
- *What the Board of Directors tells stockholders*
- *What the Corporation tells the consumer*

The company report provides a description, but a description is not a story. And no matter how hard the corporate storytelling team may work the story the company wants is not always the story the company gets. No-one has a copyright on storytelling. A company can invest in a multi-million media campaign that makes a captivating story around a new product. Maybe it will help sell the product; maybe the consumer will make up a new story, and any positive effects of the narrative approach will be negated.

The focus of corporate narrative is the 'inside story'. Stories that can inspire change within the organisation and the people within the organisation.

There are five basic story types that fulfil this objective:

The Success Story
History defines identity, inspires others; the 'How We Did It' Story: replicate success through example

The Foundation Story
'Why we are here', defines values, integrates newcomers (Corporate Soul)

The Culture Bearing Story
The glue that holds people together through common values

The Communicating Story
Arouses curiosity-> communicates values -> provides opportunity for learning -> inspires change

The Vision Story
'some see things as they are; others dream of things yet to come…'

There is another kind of story that the media, customers and competitors are quick to exploit. This is 'The False Story' - the communication bluff; hype. On the surface 'hype' seems a reasonable short-term strategy to gain focus, or profile a company, product or service. Like many short-term strategies, however, it is the kind of story that lends itself to long-term damage, and contravenes the basic tenet of successful leadership – integrity.

Ethics and CSR

"Greed – for want of a better word – is good. Greed is right. Greed works. Greed clarifies, cuts through, and captures the essence of the evolutionary spirit. Greed in all its forms – greed for life, for money, for love, for knowledge, has marked the upward surge of mankind. And greed… will not only save Teldar Paper but that other malfunctioning corporation, called the USA." [Wall Street,1987]

Successful business is based on three factors: profit, opportunity and performance. Without profit, there is no development; opportunity means development through entrepreneurship and competition; and performance means satisfied customers, satisfied investors and continuity.

Is there any collision between the foundations of business practice and upholding of moral and ethical values? If we answer to the negative why are ethical transgressions in intercultural business practice, more the norm than the exception? By transgressions we are referring to business practices that company leaders, employees and consumers would not accept in their own culture, but accept outside their own borders. The industrialised nations of Western Europe, North America, Japan and Australasia exploit low labour costs, absence of union protection and struggling economies; the industrialising nations of Latin America, the Far East and the India sub-continent, Eastern Europe and Africa persist with

bribery and corruption at political and corporate levels. All for the sake of 'good business.'

Why are ethical and moral considerations over-shadowed by the globalisation of international business practice? Stereotyping of culture has resulted in certain expectations and anticipations from initial exploratory business analyses, to negotiations, to contracts and the execution of the terms agreed upon.

Corporate values, in many instances, are the tags by which a company proclaims some sort of ethical intent, yet judged by the actions of the company, such proclaimed values can be seen more as a marketing ploy by which to appease investors and assure consumers. 'No child labour exploitation' is more often the leadership dictum that implies insure that the public has no knowledge of child labour exploitation. Thus 'core values' and mission statements are often perceived, whether cynically or not, by market analysts, consumers and employees, more as marketing tags than corporate ideals.

The practice of 'good business' as morally suspect business is ultimately down to individual choice, from the highest echelons of leadership to managers, executives, bureaucrats and workers. Individual choice determines the practice and development of business opportunity at every level. What are the social and psychological forces at work that lead to a third-world government official accepting a bribe as

'OK', or a US clothing company outsourcing to an Asian child-labour sweat-shop at the expense of local jobs and local community break-down, as 'good business strategy'?

The dilemma between the business demands of 'doing well' (profit), and the social responsibilities of 'doing good' (CSR) is the source of the narratives on either side of the ethical demarcation line. These are the cautionary tales of the morally reprehensible, and the success stories of corporate virtue. In other words, it is the corporate narrative that promotes a sound footing for global corporate ethics through example; that ultimately there is profit in virtue through long-term business relations.

A 2004 survey undertaken by the Corporate Social Responsibility Programme reveals that contributions to public good is the most influential factor for a company's public perception.

Not everyone agrees. 'The New Ethics', argues David Henderson, of the Westminster Business College, 'are bad for business.' At the Conference on Ethics and Leadership, hosted by Stockholm University (June 2004), David Henderson provided a more critical view of the New Ethics. The New Ethics consist of five principles designed for the adoption by today's ethically committed organisation:

Corporate Social Responsibility (CSR)
People Before Profits
Corporate Citizenship
Social Expectations
Globalisation

According to David Henderson, Corporate Social Responsibility (CSR) is a political issue, not corporate; when companies are involved with social responsibility for community economic well-being the result is disaster. People Before Profits contravenes the basic premise of the entrepreneurial enterprise and for the company translates as 'go broke'. Corporate Citizenship is a slogan – a 'communication bluff' – with little bearing on corporate reality. Social Expectations, he argued, were neither reasonable, nor well-informed. As for globalisation; globalisation is not new, nor is it damaging; on the contrary, international trade is a basic component of social development.

Is it realistic to propose a set of ethical standards that are viable for corporate development? Are ethics are luxury for the company that can afford them, or abstract ideals devised by those far removed from the day to day running of corporate life?

David Batstone lists eight principles, designed, he argues 'for creating and preserving integrity without selling out.' (*Saving the Corporate Soul*, 2003)

Eight Principles

1. Leadership = personal responsibility
2. Transparency
3. The company is part of the community as well as the market
4. Obligations to consumer
5. Corporation is organic not mechanistic
6. Environmental accountability
7. Balance between responsibilities to workers, customers, suppliers
8. International trade based on cultural respect

These principles, suggests Batstone, do not put companies at a competitive disadvantage – just the opposite; 'principled companies excel financially over the long haul.' Here's why:

- a principled company will fortify its reputation
- a principled company will be more likely to avoid costly law suits
- a principled company will manage its business network more effectively

The other advantage lies in narrative. The principled enterprise has good stories to tell, and least likely to collapse under the dark threat of negative storytelling; the scandal.

Scandals

My career began in journalism; first radio, then television. The first lesson for any journalist is that news deals with stories, not facts. Scandals make good stories. Apart from that, what value is there in scandals?

Scandals are good. Better a society with too many scandals than no scandals at all. The scandal is the means by which a society defines and tests its self-imposed parameters of morality.

The media is rarely concerned with good behaviour and upholding ethics and values; it is about bad behaviour and the failure to adhere to ethics. Scandals bring these values to the surface. Corporate scandals during 2008 dealt with:

> *CEOs high wages and bonuses*
> *Accounting inaccuracies and allegations of fraud*
> *Environment and pollution*
> *Lay-offs, 'downsizing', closures*
> *Corruption – pay-offs, bribes*
> *Insider speculation – selling information*
> *Customer abuse – overcharged, dissatisfied, manipulated*
> *Cartels – undermining competitiveness, securing profits*
> *Child labour, sweat-shops, minimizing margins*

As opposed to the public sector, where sex and power-abuse scandals figure, the common denominator in the private sector is greed. Why greed? For business purposes greed offers a range of short term solutions to ensure profitability, as well some 'justification schema's allied to the nature of enterprise. Like these:

'Greed is good' - profitability is the underlying standard business practice
Greed is abstract – the pursuit of numbers and staying ahead in the game
Greed is unconscious– the tacit agenda of a power elite
Greed means security – a need which is boundless
What is greed? It is the shifting line – how much is enough?
Why not greed? – who defines the moral boundaries?

The word dilemma means 'two horns', and the two horns of the dilemma of enterprise are represented by rationalist economic theory and social evolutionary theory. It is the divide between 'doing well' and 'doing good.'

Rationalist Economic Theory	*Social Evolutionary Theory*
self-interest	*social responsibility*
opportunism	*trustworthiness*
egoism	*co-operation*

Social evolutionary theory (some key texts include Matt Ridley, *Nature via Nurture,* 2002; Robert Axelrod, *The Evolution of Co-operation,* 1984; Robert Frank, *Passions within Reason,* 1988) suggests the following advantages of moral behaviour:

1. Society allows for division of labour and for people to specialize. The sums of our specialized efforts are greater than general efforts. Society is synergy between specialists.

2. A harmonious society necessitates inter-connectedness. This requires us to be co-operative, social and trustworthy.

3. Being social, co-operative and trustworthy is an evolutionary advantage that ensures development for the individual and the community.

The other aspect to corporate morality is good advertising – moral behaviour makes for positive stories, and positive public perception.

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