CROSS-CULTURAL LEADERSHIP

How to run operations in markets we don't understand

By Professor Ben Bryant and Research Fellow Karsten Jonsen - October, 2008

In an ever more globalized business environment, how can culturally diverse teams learn to work together? In this Tomorrow's Challenge, Professor Ben Bryant and Research Fellow Karsten Jonsen, explain how an unusual leadership development program helped one global organization to cross the cultural divide.

As the global trade organization for the air transport industry, the International Air Transport Association (IATA) represents 230 airlines and employs 1,600 staff of 140 nationalities in 74 countries. But with headquarters in Geneva and Montreal, its corporate thinking has traditionally been biased towards western ideas and practices, with limited appreciation of important fast growing markets, particularly those of India, China and other parts of Asia.

IATA faces the same problems as many other organizations around the world:

- How do we run operations in markets we don't fully understand?
- Where do we find leaders able to grow local business, communicate with headquarters and manage local teams effectively while implementing global HR processes?

There are two classic approaches to these problems. One is extensive use of expatriates (the colonial approach), which works by sending out western "experts" from the company's HQ or another branch office. The other approach uses bi-cultural intermediaries – people who have lived in different countries and have first-hand experience of at least two cultures. In the case of China, western companies often fill executive roles with Chinese from Taiwan, Hong Kong or Singapore or Chinese nationals who have studied and worked abroad.

However, Guido Gianasso, IATA's vice-president for human capital, believes neither approach is perfect. "The problem with the colonial approach is that cultural differences often make the western expatriate unable to operate," he says. "The 'cultural translators' – ethnic Chinese educated or trained abroad – work well but are in very high demand. They can be expensive and not always loyal to their employer. We must find a new approach to the challenge of East-West business leadership, paying attention to the critical issue of culture."

Gianasso points out that Chinese, Indian and most other Asian cultures are highly collectivistic, with relationships governed by high "power distance" – a sharp awareness of differences in status. "However, most international companies have their roots in the western European/North American cultures, which tend to be more individualistic with lower 'power distance'," says Gianasso. "For example, when asked to work on a project as a team, it is quite common for junior employees from low-power-distance cultures, such as the US or UK, to throw out ideas and volunteer for leading specific tasks. In contrast, we noticed that junior Chinese employees were extremely cautious and made sure those more senior in the team had spoken and expressed their views before daring to intervene."

In an effort to bridge such differences and help the various cultural groups in IATA to understand each other and work together, Gianasso and his team developed the Intercultural Leadership Engagement and Development (I-Lead) program. Twenty change agents, half from East Asia and half from "mature" regions, were identified and paired to co-lead 10 teams made up of junior, high-potential employees in different locations. In essence, a leader from the West had to work closely with a leader from the East for a few months, although the personal bond they established could last much longer. Each pair had to overcome cultural barriers to working together and adapt their personal management style to the culture of a team that was foreign to one of them.

The teams, situated in various locations, spent six to nine weeks working on a defined project alongside their normal jobs. The change agents also had to teach a variety of skills, including teamwork, project management, stakeholder management and cross-cultural awareness, to a team of 10 other employees, primarily through a local two-day workshop that they ran themselves. Throughout the project, the change agents taught their teams about their cultural differences.

The objectives of the action-learning I-Lead program were to drive the business, develop culturally aware leaders and foster effective cross-cultural work. Overall, the program gave participants a valuable opportunity to manage highly motivated cross-cultural and cross-functional teams. "This has not only brought my leadership skills to a higher level by delivering challenging results, but it also provided a dynamic, interactive environment to learn from each other," remarked one participant. "Being Chinese, it was surprising how much I learnt about Chinese culture from the program – but it was from the perspective of my western colleagues, so my insight now has a stereo effect." From the organizational perspective, too, the program has had a positive impact, with IATA's chief executive commenting that it helped the organization to build bridges across different cultures.

In summary, the study of IATA's cross-cultural leadership program suggests that the following steps can help other organizations tackle the important but difficult task of integrating different cultures:

- **Identify two cultures that need to collaborate:** In many industries the world is the market, but it is not flat in the cultural sense and potential gaps between the "home" and "target" cultures should be identified.

- **Identify leaders and leadership talent from each culture:** Make a thorough judgment which leaders are sufficiently culturally intelligent to develop for cross-cultural integration and collaboration.

- **Identify appropriate pairs of co-leaders:** Look for a past track record in multicultural environments, a willingness to become team-players, high growth potential and an open-minded, empathetic nature.

- **Identify real projects:** Use real business projects which enhance the learning experience during an intercultural program.

- **Identify a realistic time frame:** A minimum of three to six months is a reasonable time-frame for start-up activities, content delivery and evaluation. Often more time is needed.

- **Share practices:** We recommend sharing both "good" and "bad" practices, working closely together and adopting an enquiring rather than judgmental mindset.

- **Adapt for the next cross-cultural challenge:** Cultural programs should not be replicated in their entirety because markets and cultures differ.

Professor Ben Bryant is Program Director of Mobilizing People (MP) and teaches on the Orchestrating Winning Performance (OWP) program.

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