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MANAGING ACROSS BORDERS IN ASIA

Recognising and developing leadership in Asia.

By Richard R. Smith and Tan Suee Chieh

Across many countries in Asia, we are witnessing local leaders rise to the level of country leader or managing director in their home country. However, when it comes to taking on regional roles in global firms, many of these leaders are unable to work effectively across borders. In other words, there were some skills or factors that allowed them to be successful in one country, but were not transferable to others.

It is a well-recognised fact that the global economy is shifting eastwards, given the favourable developments in this region that include rising GDP and young populations. However, we find that global firms still largely rely on expatriates for regional roles in Asia. The Center for Creative Leadership reports that despite the immense potential this region offers, “Asian representation in the top rungs of global firms remains in single-digit percentage terms—a worrying statistic when compared to their Western counterparts.”¹

The question thus arises: How do we help recognise and develop regional leadership in Asia? What are some of the potential roadblocks for local leaders moving into regional leadership roles? In other words, are there things getting in the way of competent Asian leaders moving up the ladder in global firms?

Asian leadership versus global leadership

Are all the leadership traits of an individual transferable across the globe? Clearly not. Yet, many global organisations are using their standards of leadership—the Western view of leadership—and trying to apply them in Asia. The head of HR for one of the large global energy companies explained her frustration, “We have been operating in Asia for more than 60 years and have never been successful in developing someone from Asia to a senior level in our organisation. Finally, we asked ourselves what we were doing wrong, and realised that we are looking for Western leadership styles and approaches from Asians...and this was just not going to happen!”

But while there are differences, research tells us that there are also key similarities between the Asian and Western approaches to leadership. The GLOBE studies on culture and leadership show a set of six characteristics to be common across borders, generally

referred to as culturally-endorsed implicit leadership.² These, in turn, have been simplified into six key global leadership traits that have emerged in the research over the last decade.³ Through our research in Asia, we contrast the Asian differences in each of these six traits given below.



Charisma or humility

Many Western cultures expect an outgoing style characterised by decisiveness, high standards and innovation. While both Asian and Western leaders would be expected to inspire subordinates with a vision and create in them a passion to perform better, the means might be quite different. In the context of our Asian cultures, some level of charisma is okay but humility plays a far more important role than it does in Western firms.



Task or team orientation

While most organisations say that people are their most important asset, the collective nature of Asian leaders creates more sensitivity to relationships within teams. Of course, Western leaders also stress collaboration amongst members of the organisation, but this is often as a means to accomplishing the task results. This contrast can be found even within the Asian context as we look at how business relationships are managed in China as compared to, say, Indonesia.



Risk or self-protective

Many Asian 'face-saving' leaders would focus on sticking to procedures and demonstrate a status-conscious attitude while leading. Asian cultures also tend to be more risk averse than their Western counterparts. While both views would genuinely have concern for the safety and the security of the individual and the group, the Asian inclination would be to play it safe and within the rules.



Participative or power interaction

It is common in the Western context for leaders to ask for input from subordinates and hold meetings where everyone has an equal voice in decisions and direction. In such cases, a leader seeks input from subordinates in decision-making and encourages subordinate involvement. Such a leader strongly emphasises a sense of delegation and equality, but this can be rather disorienting in the Asian context and create a risk-oriented situation for employees due to the perceived power of the boss and hierarchy. Thus while an Asian leader may ask for input, he/she would generally do so through indirect means to avoid the discomfort of the power-distance.



Diversity or humane outlook

The strong push for diversity in the West opens up new mixes of teams with members from various backgrounds and modes of thinking. While diversity can create conflict and more challenges in management, it can also improve decision-making and innovation. The diversity orientation is not as strong in the Asian context, but treating people with respect is still consistent with a generally humane orientation. Of course, in the developing economies of Asia there remains a hierarchy of rights and equality, but this too is evolving. Universally it is agreed that people respect compassionate and generous leaders, who are known for their patience, support and sense of concern for subordinates.

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Autonomous or community orientation

In the Western context, it is expected that leaders are not afraid to take bold steps to lead from the front and chart a new trail. They are often characterised by their independent, self-centric and individualistic approach to leadership. In the Asian context, it is more important to bring the team along and back the team in taking the suggested actions. Asian leaders would more likely be seen behind, providing support and taking a more harmonious approach in their leadership actions.

While these contrasts are overgeneralisations of Western and Asian approaches to leadership, we can begin to see clear differences in these common characteristics.

At the same time, research has shown that there are some non-transferable or location-bound leadership behaviours that are set deep in the cultural, social and environmental context of a specific location or country. Contextual factors thus play a significant role in evaluating leadership effectiveness. So perhaps looking at leadership in the context of Asia is only one story. With so many successful Asians now living in the U.S., we decided to explore this context for leadership progression.

The Asian career ceiling

'Bamboo Ceiling', a term coined by executive coach, Jane Hyun, in her book, *Breaking the Bamboo Ceiling: Career Strategies for Asians*, refers to the challenges that the ethnic minority of Asian-Americans face in their career progression in Western (primarily U.S.) corporates, largely on account of perceptions of Asian stereotypes. Hyun illustrates some common deeply-ingrained cultural values, such as being humble, self-effacing and putting the community ahead of one's own interests, as factors that

could possibly impede their success in the American corporate world. However, Hyun also explains that the biases can often be self-imposed, and says, "As with many challenges, Asian-Americans should acknowledge that barriers could also stem from self-limiting cultural influences on their behaviour, attitude, and performance in various social and professional settings."⁴

To explore this for ourselves, we recently completed a review of the Fortune 100 companies to better understand and look for evidence of Asians in leadership roles. Since most of these firms are global in nature and generally well-established, we looked for Asian leaders in top management positions. Not surprisingly, the numbers were quite small—but there could be a variety of reasons for this. We then looked at the leaders for the Asia region within each of these 100 firms. What we found is that again, only 39 percent of the people filling the role of Asia regional leaders were, in fact, Asian. This was quite telling.

Why do we not see more Asian leaders in regional roles in multinational firms? After all, leaders from the region would better understand its cultures, context, languages, and challenges. Perhaps there are some fundamental differences in how we view leadership in Asia? To explore this further, we had conversations with 80 successful Asian leaders around the region. While there are many models of success, we find that a few key factors emerge as unique to our region:

Balance between self-interest and group interest (individual versus collective orientation): While it may be obvious that the egalitarian ways of many of the Western cultures is inappropriate in the Asian context, there is a dilemma about maintaining the right balance between self and group interest.

Integrity (congruence of action): Many organisations and leaders talk about the importance of integrity, yet the emphasis on this is heightened in the Asian context. Trust in a relationship is very important and oftentimes the trust and commitment in a relationship far outweighs the written contract. When trust is violated or when someone is perceived to act without integrity, it creates significant reputational damage for the individual.

Assertive versus compliant (domineering versus supportive): The collective nature of most Asian cultures suggests a more compliant approach; however, it is

expected that leaders are more assertive in stating their opinions and views. While leaders in the Asian context are expected to be assertive, the traditional domineering boss does not win the hearts and commitment of people.

Polychronism (time orientation): In a relationship-oriented society, people may have a higher orientation towards emphasising the contributions of others than one's own place in history. This may lead to a greater focus on the people relationships and the value of 'being' versus 'doing.' Another way that this may manifest in both business and national agendas is by considering the longer-term view. In many societies in Asia, people may think about planning over many years (e.g. China's five-year plan), while others may be concerned with the plan for the day.

Self-control and regulation: Keeping one's self in control is quite important in most Asian contexts. Emotional outbursts can be perceived as weak or immature leadership. Self-regulation allows a leader to better understand the situation, complete a more thorough analysis, and respond appropriately. In a relationship-based society, a high degree of self-control is expected of leaders.

The Indian CEO

Continuing with our research and conversation with the Asian leaders, we also noted that there were many more Indian leaders emerging in companies around

the world. Perhaps this is just the outcome of the law of large numbers with a population of more than one billion. Or does English language proficiency make a difference?

Even within Asia, we find that Indians tend to be far more successful in taking global roles—in fact, in a tongue in cheek comment, *Time Magazine* referred to Indian CEOs as, “the country's largest export.”⁵ Research conducted by the Hay Group pinpoints some key leadership competencies most associated with Indians in comparison with Chinese CEOs. These include direct communication, adaptive business thinking, and consensus building.⁶ Indian leaders have been conditioned to be direct in asking people for information and being rewarded for boldness. Perhaps this is due to India's bureaucratic systems where strong verbal confidence is required or expected. However, Chinese leaders will likely be more reflective and quietly seek information through indirect means while taking a low-key and humble approach to achieving objectives.

Also, when it comes to business planning, Indian leaders tend to be quick to come up with immediate actions and responses to changes in the business. At the same time, the Chinese approach is to think ahead in hopes of predicting the future developments of an industry or situation. It is commonly known that seeking harmony in Chinese business relations is the norm, as long-term relationships are valued and respected. This seemingly complex relationship-based orientation, known as *guanxi*, can take time and is important for managing stakeholders.

In the Indian context, while relationships are also valued and required in business—failures, mistakes and changes are more accepted with the idea that, as a team, they will find solutions. The common Indian phrase of *jugaad* is often used when describing a way out of a situation through an innovative solution (or by bending of the rules).

We believe that these factors explain the higher success rate of Indian CEOs around the world.

Achieving cross-border leadership

So what can be done to help create more Asian leaders working across borders or in global roles? After reviewing the data and hosting several round-table discussions on this topic, we concluded on the significance of the following factors:

Celebrating diversity: While there seems to be a heightened sense of diversity around the world, too often we find homogeneous leadership teams from the same country, same gender, and same background. This can be a challenge not only for global leadership teams, but may be especially important for regional and even local teams.

Creating a net of psychological safety: To allow people to step out from their comfort zone, we must create a safe environment for them to do so. This has been highlighted in our recent research as a critical factor for teamwork and innovation.⁷

Ensuring early career mobility: It is common to see high potential leaders from the company headquarters coming to Asia for a development assignment, but what about the other way around? Some progressive global firms, such as Rolls-Royce, have been actively developing their Asian talent this way and achieving great results.

Fostering cross-border collaboration: Successful regional firms in Asia have a means of creating more direct communication across borders. In contrast, the common hub-and-spoke organisational structure in Asia requires local leaders to report to a regional leader in a way that each local country leader has limited exposure to the other countries in the same region.

Redefining global leadership: It is hard to put context aside when we think about leadership characteristics.

The organisational culture may unconsciously favour the nationality of the headquarters for leaders. In other words, leaders of a Germany-based firm may more likely be German and likewise for other nationalities. For global firms to operate successfully in all regions, they may need to rethink and redefine 'global leadership'.

As we look at the growth and the prosperity of Asia, it is no wonder that the world is paying close attention to what some might call, 'The Asian Century'. The success of Asian businesses and their rise to global power has been dramatic. But while we see these developments and the great achievements of leaders in Asia, we continue to see an East-West barrier when it comes to Asians working within a Western context. While we continue to witness rising globalisation of many processes and the interconnectedness of the world today, there seems to be a lack of globalisation when it comes to Asian leadership. But perhaps we are taking the wrong perspective—after all, how many Western leaders do we see at the leadership tables of Asian firms?

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