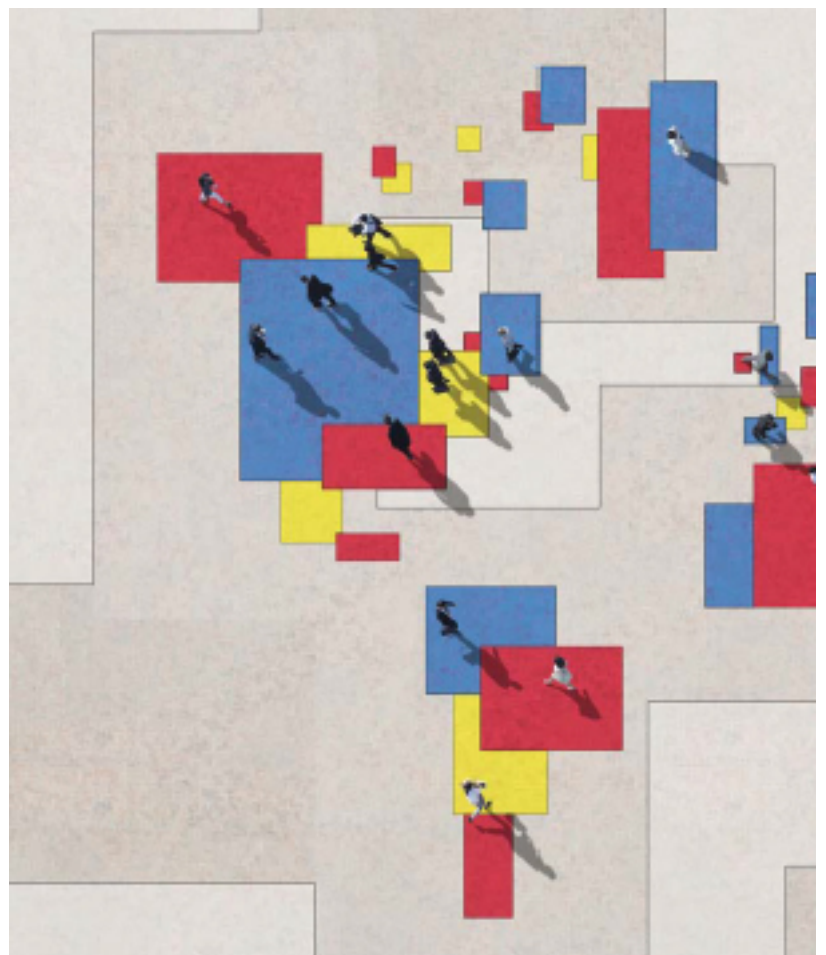


# GLOBAL LEADERSHIP

*Managerial leadership  
styles in emerged countries:  
China, India and Brazil.*

*By Fabio Ciarapica,  
PRAXI ALLIANCE  
Network Director*

The Western style of managerial leadership is recognizable around the world. The interpretations may vary depending on geography, but all derive from a framework of common elements like employment contracts, educational training, career plans, competency models and well-defined leadership and communication styles. Historically, Western managerial and organizational models were “exported” by Multinationals to the Far East for large-scale industrial projects and then later by medium-sized businesses moving into other low-cost production regions. A top-down leadership style was typical with minimal attention on developing and maintaining relationships with the local workforce. Western managers transferred to these countries either for business



Members of Praxi Alliance Worldwide Executive Search analyzed and discussed this topic at their 2014 Autumn Summit in Shanghai, China.

development, so relying on pure negotiation skills, or to reproduce the existing leadership model abroad, i.e. to command. Many of these so-called emerging countries like China, India and Brazil, have since emerged. Dynamic, consumer-driven marketplaces have sprung up in countries formerly considered solely as low-cost production sites. The rules of the game are changing rapidly as these local companies amass assets, businesses and brands worldwide. Managerial styles and business practices are also evolving quickly. It is no longer standard practice to send elite young graduates to be groomed abroad at prestigious Western business schools. Today it is more common for managers to receive

local education and training and then go on to spend their entire careers in their home countries.

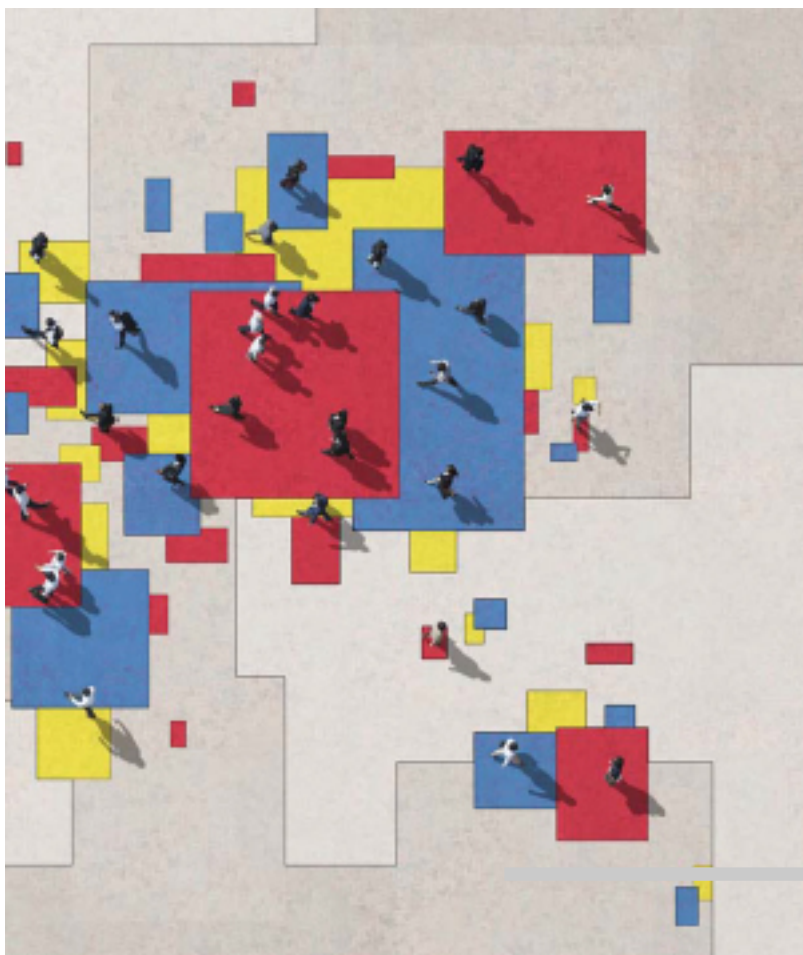
#### Expatriate for career development

Western managers are no longer playing on home turf. In order to be effective and garner respect within non-Western organizations or teams, Western managers must “expatriate” either physically or intellectually, to learn the local managerial styles and social norms. In Asian companies especially, social and business protocols are comparatively more complex. This has long been the case for managers working in Japanese and, more recently, Korean, multi-nationals, who have learned to embrace the strong hierarchical traditions found in both.

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Western managers seeking fortune in emerged countries will need to assess their existing managerial tools and leadership styles and adapt them accordingly. With respect to the traditional Western approach to business, the most visible contrasts are present in China, with India presenting its own unique aspects and Brazil being the most aligned with Western standards.

The emergence of these economies has caused the managerial spheres to multiply, with each gaining dignity and autonomy in terms of its efficacy and economic results. Social media and professional networking are also playing an important role in driving the interconnection of managerial communities across organizations and leadership styles.

Globalization is causing greater interaction between these different approaches and a rapid redefinition of the classical boundaries. On the surface the systems and processes may often appear similar however with

## Careers abroad

significantly different cultural interpretations and behaviors.

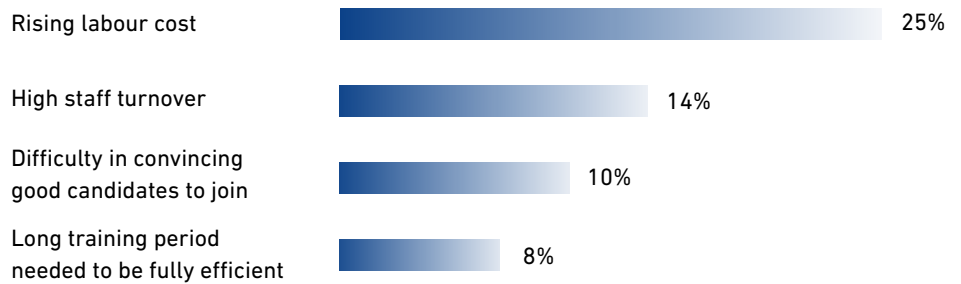
For the new generation of managers looking to seize international opportunities it is fundamental to study and understand the cultural differences found in various regions, identify the opportunities in the emerged markets offering the most personal and professional overlap and then highlight their freshly sharpened managerial tools.



**W**ithout a doubt, the top HR challenge in China today is a talent shortage, which in turn is creating a “talent war”, confirms Eric Tarchoune of Dragonfly Group, the Chinese member of PRAXI ALLIANCE, and a China resident for more than 20 years. With approximately 41 million private companies battling for the same scarce resources, this difficulty easily trumps other current issues like rising labor costs and high employee turnover. Size does not always bring influence. Large multi-nationals are competing with demand from Chinese state-owned companies as well as the plethora of “medium” sized private companies, of which 90 are in the Fortune 500. Innovative, creative and productive marketable talent is still in short supply in many organizations. A strong middle management team is generally a good counterbalance

in this situation, except that the middle management function in China is still almost non-existent. As a result, China continues to import managers, although no longer for the C-suite because those roles are increasingly being filled with local talent. Demand is now strongest for Western managers willing to take a peer-to-peer approach, rather than be in charge, who possess extensive professional experience, multilingual capabilities and good co-leadership skills. Attracting the right people to China is still a difficult task. Expat salary and career expectations remain somewhat tied to the past, when salary packages were at a premium and expatriating guaranteed a luxurious lifestyle and a lucrative career path. Today many managers go abroad simply to maintain an adequate level of professional standing, which they risk losing if they remain in their home countries.

Table 1 - Top 5 HR Challenges in 2013 (n=531)



Source: European Chamber Business Confidence Survey 2013, EUCCC in partnership with Roland Berger Strategy Consultants

Other obstacles such as a lack of brand recognition for the majority of Chinese firms, the fear of starting over in an unknown land, difficulty with the local languages and limited vertical career opportunities further decrease the appeal of expatriation.

Another deterrent is the potentially extensive period of professional and social acclimation. While the Chinese Maslow pyramid of personal and social needs has rapidly accelerated, and is much more aligned with Western standards, this modernization is not evident everywhere and for the entire population (the active segment is at least 800 million people!).

### Managerial Skills

For Western managers interested in building their careers in

this vibrant market, which skills are necessary? **Risk management:** the willingness to take risks, excellent decision-making skills and proactivity; **creativity:** having ideas and being able to tell a story; **ability to inspire:** exercising situational leadership and building team spirit; **communication skills:** getting the point across effectively and respectfully.

### Potential challenges

The historical and current role of central planning is one complexity that a Western manager will encounter once in China. The government still exerts great influence over the behavior and managerial decisions within Chinese organizations and society in general.

Managing relationships and formal etiquette is also paramount. It is very important to guard one's reputation or "face", by respecting hierarchy, showing

reverence towards elders (Confucianism) and taking pains to make a good impression.

The role of *guanxi*, or personal connections, is another key theme in Chinese society and should be studied and understood. The ability to build a network of influence and understand your place within this structure is critical for personal and professional success.

In China social status is coveted (family, title, car and house) and this ambition creates a multitude of competitive undertones. It is important to carefully cultivate this dynamic and remain goal-oriented.

### Communication, problem-solving and repatriation

Which seemingly "soft" organizational issues should be considered?

**Communication:** in the past, foreign (Western) managers expected their

Tab. 2 - Top Challenges companies face in attracting talent in China, 2013

	n=276 Locals	n=169 Expats
Lack of willingness to be assigned to China	3%	46%
Too-high expectations on salary/package	63%	37%
Inadequate training programme	7%	4%
Our brand name is not well known	14%	4%
Career opportunities not seen as promising	9%	5%
Culture of company not seen as attractive	2%	2%
Other	2%	4%

Source: European Chamber Business Confidence Survey 2013, EUCCC in partnership with Roland Berger Strategy Consultants

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native Chinese employees to learn English. Today, a manager planning a transfer to China should be prepared to interact in the local language at the managerial level.

Speaking the local language is necessary but does not guarantee conveyance of the correct message. Cultural barriers may interfere, especially in the assignment and completion of objectives and tasks. A principal problem for Western managers is ensuring that colleagues have fully processed requests and are capable of following through. It is common for employees to act as if they have understood (in order to save face) until it becomes evident later on that there was a misunderstanding.

**Problem solving:** the dynamics of individualism and conflict resolution also differ. Problems are often “forgotten” by being swept under the carpet, or fixed in an illogical way that differs from Western organizational models.

**Repatriation:** after a long period spent in China, returning home and adapting to a new managerial environment can be challenging. Many still view China as merely a production hub rather than the dynamic consumer market that it is and often undervalue the managerial experience obtained there. In the past, managers returning home after a stint in China enjoyed “rock star” status. Today that is no longer the case.

### China is closer to home

The paradox is that although China is no longer the distant “Eldorado” of the past, for a talented manager prepared to acclimate and motivated to succeed, there are more abundant opportunities for professional growth than ever before.

### Chinese managers abroad

Given the current Chinese growth and expansion, Western multi-nationals should expect greater interaction with Chinese decision-makers, according to Klaus Schla-gheck of SRO Executive Consultants, the

German member of PRAXI ALLIANCE. Large multi-nationals may find it easier to hire Chinese managers with Western experience for their distant operations rather than sending Western managers abroad. Chinese managers experienced in the Western corporate world would already possess an intuitive understanding of the complex dynamics between approaches and be in a better position to manage them. Against the backdrop of protectionist Chinese policies and strong patriotism, this strategy could help cultivate better international relations from both a political and business perspective. Factors to consider include potentially fewer job opportunities abroad for local managers and the need for diversity training in order to work effectively with colleagues coming from a very different managerial culture. This is a relatively new theme for Western markets and could prove to be a significant factor in future business plans.





**I**n many ways India and China resemble each other, says Sonia Singh of S&S Associates, the Indian member of PRAXI ALLIANCE. Barring large State-owned enterprises, Indian companies are primarily Family Owned Businesses (FOB) or Multinationals. Like China, there are a large number of FOBs and they are major employers at all levels. India being a diverse country, the promoter family's specific culture and ethnicity often drive the culture of the organization.

Hiring qualifications are slowly shifting away from a focus on characteristics such as cultural homogeneity, language similarity and a strong sense of loyalty, but the modern entrepreneur still relies upon well-honed instincts in making judgment calls on tangible issues. It is still common for a senior selection to be decided on gut feeling and good chemistry.

Family members usually occupy the top positions in FOBs, creating a noticeable glass ceiling and leading to the perception that Indian Multinationals offer greater opportunities for career growth and fewer barriers to upward mobility. This myth persists because the majority of multinational employees are so far removed from ever attaining top-level positions that an accurate assessment is not possible.

Multinationals hiring in India often look for a cultural match with the home country. For example, US based companies would likely have a strong preference for American educated Indians. Almost all Western companies look for familiarity with Western culture and strong English speaking skills.

#### **Organizational styles**

Since the style of functioning between Multinationals and Indian companies (barring

the largest) is quite different, often there is a silo-like situation where each category of candidates would be eligible for hire by one or the other set of employers but with limited portability between the two.

#### **More rapid decision-making**

With respect to China, decision-making in Indian companies while fairly centralized is much faster. Multinationals, however, must follow the protocol of taking clearances at various levels and typically prefer to give a late response to a market opportunity rather than short circuit the process. Hence, "process orientation" is a much sought after trait by Multinationals in India.

#### **Breaking down barriers**

The long-standing use of the English language within the Indian business community (and beyond) strongly

reduces communication problems similar to those found in China, although regional variations in customs, habits and workplace conduct are still common.

For managers with experience operating in both countries, the overall quality and abundance of Indian leadership talent tends to receive higher ratings despite the comparatively smaller economy. The “drone mentality” is not ubiquitous in India. On the contrary, Indians tend to follow the less beaten path and

rely on their own ingenuity to solve problems, which can create the reverse problem of too much creativity. This can be difficult to rein in, especially for Western managers accustomed to working by standard procedure.

Similar to China, designations mean a lot to Indians as their ego needs are supreme. Multinationals, particularly European companies, often resort to assigning two sets of designations: one for internal use and a more prestigious title for external purposes.



## BEING A MANAGER IN BRAZIL

**B**razil is a very diverse and multi-cultural country, according to Ana Paula Zacharias of Hunter Consulting Group, the Brazilian member of PRAXI ALLIANCE. This gives Brazilian managers an edge because they are highly adaptable and skilled at multi-tasking.

### The Brazilian Managerial Style

The current Brazilian managerial style is more of a professional culture with a strong American influence as opposed to

a well-defined managerial process. The current political climate has triggered a local ethics crisis and society is depending on the corporate environment to enforce higher ethical standards. This strong emphasis on the need for a truly Brazilian managerial system may present challenges for both Brazilian and expatriate managers alike. A manager interested in transferring to Brazil should be prepared to encounter a flexible and variable managerial approach less results-oriented than the American version. This is

most evident during the goal attainment process. For a European-based manager, the transition might take a bit longer given the additional geographical and cultural differences between the two. With respect to Brazilian and Asian style differences, high language barriers, pressure on incoming managers to speak the local language and an adjustment away from hierarchical Asian social structure, which is far from the Brazilian cultural norm, can impact working relationships.

### Overcoming future challenges

In 2013, Hunter conducted a study to identify the most prominent leadership profile inside the largest Brazilian multinationals. Over 300 professionals responded, including vice presidents, directors, managers and supervisors. The top five competencies for a managerial leadership position were: 1) Results-orientation; 2) People Management / Team Development; 3) Strategic Orientation; 4) Strong Interpersonal Skills; 5) Commitment.

Breaking down the leadership role, the degree of results-orientation appeared to have the most visible impact on the company. Respondents mostly agreed that the ideal leader should be fully

engaged to the company's values, focused on staff development and be inspirational with an entrepreneurial spirit and be a risk-taker. Surprisingly, approximately 75% of the respondents agreed that a chasm exists because the majority of these competencies are not present within their organizations.

For an incoming manager to be effective, an awareness of this scenario is just as important as embodying the demanded, but lacking, leadership qualities: a strong ethical foundation, a focus on company values and employee development and being a source of inspiration for fellow colleagues.

In contrast, a Brazilian Manager seeking experiences abroad will find a rigid and fast-paced style akin to that of the Asian management culture challenging at first. The characteristic Brazilian adaptability will be helpful in alleviating the Eastern-Western cultural and managerial shock. ■

*The original Italian article was published in the December issue of "Dirigente" magazine.*

