Global leadership

Week 12

1) Describe the notion of global leadership.

2) What does the evidence say about it?

We conducted a case study of a Finnish multinational corporation operating in the high-tech sector. China represented an important region for the case company. The challenge posed by the need to recruit competent Chinese individuals to managerial positions in one of the most difficult labor markets in the world accelerated the need to work virtually. In 2014, many managers were still based in Finland but worked at a distance from their global virtual teams. These teams typically consisted of more than 10 members, with one to five members from China and the rest from, for example, the United States, India, Italy, France, or Germany. Hence most of the members were non-native speakers of English, the common corporate language.

The first author conducted a total of 25 personal interviews with team leaders and managers who were each responsible for one global virtual team. The interviewees occupied roles such as supply manager, vice president for technology, vice president for logistics, head of project management, and head of field and technical training. We use pseudonyms to protect their anonymity. The first author was also employed in a global role in the case company for four years. She conducted participant observation and took field notes on her daily work and that of her colleagues when they interacted with their employees through various communication channels such as conference calls, email, videoconferencing, chats, Lync, Skype, live meetings, and face-to-face encounters.

Our interviewees described their daily work as demanding and fast-paced. Working across different time zones added to the length of their working days. The time difference between China and Finland is six hours, which means that the first calls are scheduled at six or seven a.m. Finnish time. David, an executive vice president of new product business with long tenure in the company, described his daily work as follows:

> My days are long. In the morning I call my Chinese employees, in the evening my American employees. The clock speed has changed, everything is moving faster than before and reaction times are shorter than before. Things get old sooner than before and are replaced by new things … The difference between work and private life has also disappeared.

David refers to the "clock speed," which sets the annual sequence of business planning, budgeting, and strategy work. Managers determine the goals for their teams and individual team members on the basis of shared strategy and plans, and monitor their implementation through regular meetings on a weekly, monthly, quarterly, or annual basis. The whole team, including the Chinese employees, participates in these conference calls and live meetings. Our field notes and the interview data suggest that participation by the Chinese team members decreased when the team size in virtual meetings was large. The Chinese became more cautious and "did not take a firm stand on issues" as Ann, the HR director, pointed out. In such situations managers typically followed up on actions and performance in one-to-one calls to solicit additional information. Furthermore, several unexpected, ad hoc events such as customer requests, conflicts, or personal issues, also required the attention of managers. They tended to travel to China a few times per year to meet their employees in person.

The annual performance review of the managers themselves was associated with how well they reached the targets set for leadership development. Global leadership standards were defined by the competence model used in the case company. The key leadership competences included decision-making, executing, winning through people, collaborating, strategic and business acumen, and customer focus. They were used in continuous assessment, review, and development of the managers' competences and skills. In addition, strategic development programs, which changed every three years, introduced new leadership requirements. Moreover, a coaching culture was launched and broadly promoted internally, which had a positive impact on leadership competences. The managers interviewed made an effort to coach and support their employees and listen to them. At the same time the expectations of the employees were also rising as they repeatedly called for more guidance, support, and caring from their managers. Ann, the HR director, who had recently returned from a two-year assignment in China, described the expectations of the Chinese employees as follows:

> Definitely, they need clarity, with instructions and all … but at the same time they expect caring, especially the younger employees. They have typically come from far away to work

> in a city, their parents are far away and they look for support. I felt I had to be a mother for them. They build strong relationships with you as a manager and if you leave the company, they usually do, too.

It is also possible that Ann's position as HR director and her own female gender brought to the fore the feminine side of new leadership styles.

Time pressure and virtual work overload

The managers interviewed described vividly and at length their daily practices with the Chinese employees with whom they worked mainly virtually. Because of the physical distance and time differences, managers could not reach their employees on a need-basis (or vice versa). Instead, communication was limited to virtual meetings, which had to be pre-planned and tended to be formal in nature. The calendars of the managers were soon fully booked with virtual sessions, which often took place simultaneously. Many interviewees spoke about "virtual work overload," even "virtual pollution," and stressed the need to shorten the meetings to make them more effective. This resulted in strictly planned meetings with regular working structures and ground rules for the team.

The virtual meetings between the Finnish managers and their Chinese team members seemed to be dominated more by a task-orientation rather than a people-orientation. Our findings show that communication became more formal and was limited to pre-scheduled meetings. The main contents of an average virtual meeting focused on information sharing, follow-up, metrics, control, and reviews. Also, there were fewer items on meeting agendas. Each team member commented in turn on the agenda items. As a result, the agenda was discussed mechanically; there was no time for personal issues or ad hoc queries. Ann, the HR director, commented: *"If you only have one hour at your disposal, there is simply no time for any small talk at all!"*

Managers generally had limited time to support and motivate their Chinese team members or to listen to their concerns. The Chinese employees were very shy, polite, and respectful toward their managers. They were reluctant to raise problems in virtual meetings and tried to avoid speaking about controversial matters. They were more reserved than the Finns, seldom questioned or challenged official stands on agenda items, and listened passively during virtual meetings. Hence the managers had to resort to regular one-to-one calls with the Chinese team members. Nevertheless, personal matters were usually handled in face-to-face meetings if at all. Tim, a team leader describes his leadership approach:

> It's important for the Chinese not to lose face … that nobody is in an unpleasant situation. [Raising negative issues] is easier via [Lync communication software]. Last week, when I was in China, we found some problems and agreed on how to tackle them. This week they have had time to prepare for the next meeting via Lync. So we can sort of "warn them" virtually beforehand.

Tim explained how he had learned to take the Chinese employees into account more effectively while continuously developing his ability to lead them as team members. The company also offered training programs on Chinese culture for managers and team leaders like Tim.

On the other hand, our interviewees were also of the opinion that the quality of the work conducted in global virtual teams had improved owing to shorter and more effective meetings. The managers also described the benefits that these changes created for their Chinese employees: they felt that when the meeting was well-prepared and structured, it was easier for the Chinese to overcome the language barrier, follow the meetings, and participate actively. Another advantage of virtual communication with the Chinese was noted by Mike, a supply manager, who had employees in several countries:

> Facelessness makes the Chinese bolder. Facts are also accepted better, perhaps because I am forced to communicate proactively.

Several interviewees mentioned that interaction with the Chinese was evolving as younger Chinese managers and employees, who were more used to "western behavior," joined the workforce. Larry, an area manager, confirmed this. He pointed out that virtual communication with the Chinese managers was already more effective as they were more competent and used to communicating virtually across cultures than their local subordinates. Perhaps over time the good example of local Chinese managers would also have a positive effect on the Chinese employees in terms of meeting behaviors.

Limits of communication technology

As mentioned previously, managers used the telephone, email, chat, Skype, live meetings, or Lync and many other software applications to communicate with their employees. They reported frequent disruptions in communication. Several interviewees expressed frustration with the technology when communicating with Chinese employees. James, a team leader in material management, explained the technical problems and challenges:

> Technology often fails, phone lines are bad, live meetings don't work … then we are late and everyone wastes time.

Ann, the HR director, worked a lot from home in Shanghai, and complained that colleagues at headquarters often failed to notice the technical problems:

> Technology fails all the time, connections frequently fail when you are working from home. There is also a lot of background noise. We keep hearing the clinking of coffee cups at headquarters and cannot properly understand what's being said.

Managers reported how the technology limited their communication with employees whose faces, body language, and gestures they could not see. Adam, vice president for the supply organization, referred to the lack of nuance, emotion, and tone of voice in communication mediated by technology. Richard, a product manager, described a typical source of confusion with his Chinese employees:

> The challenge is to get your message through [when] the answer is always "yes, yes, yes" … Then you realize that they have not understood at all … I start from the beginning, with different words, speaking clearly, and ask them to repeat what I have said."

Language-related challenges with the Chinese employees were frequently reported by the interviewees. Poor connections made it even more difficult to hear and understand what was said in a foreign language. Furthermore, computer-mediated communication impoverished the language used as stories were not told, emotions could not be expressed, and the tone of communication was very professional. Language was a major issue for the case company, particularly in China. The case company had adopted English as its common language in the 1970s and thus everybody was expected to speak good English. However, the level of English in the Chinese subsidiary was still inadequate, although the company had made a significant investment in English language training for the Chinese managers and employees. On the other hand, the English skills of the young generation were improving because of changes in the local educational system. Peter, a manager for the supply organization, articulated the language issue as follows:

> Language can be a problem and we need to give odds to the Chinese. I have to speak more simply and clearly. The Chinese may also have a strong accent. If we cannot understand each other, then we try to find another solution. I usually send an email [because] written text is easier to understand.

Harry, the vice president for maintenance, had worked a lot with the Chinese and commented as follows:

> Language plays a very big role [in communication]. Every time I meet a person who speaks bad English, I wonder whether they are incompetent or only have a language problem. I need to constantly remind myself that content is the key. Similarly, good English can also lead you to draw the wrong conclusion: "first you think what a smart guy but afterwards you find out the reverse".

Harry's comment reveals the close connection that is often made between foreign language competence and professional competence.

The conundrum of virtual presence

Presence is one of the refrains in current leadership discourse: in order to support employees, managers should be present. Our interviewees frequently pondered on virtual presence in a situation that did not allow them to be physically co-located with their Chinese team members. They argued that presence was particularly important for building trust. In Asian cultures, meeting a person physically is a pre-requisite for creating trust. Thomas, director of the R&D department, stressed the following:

> With the Chinese people, virtual leadership works well, but only if you have established the relationship non-virtually. It is essential that you have met face-to-face, that's how you create trust [and] then you can operate. But there is no way it can work if you have never met face-to-face.

In a similar vein, the vice president for a manufacturing department put it as follows:

> I think physicality is more important for the Chinese than for other cultures. For them, a physical visit means that you respect them. You cannot have a discussion with a Chinese person before you know them properly. It means exchanging gifts. If you need to become close [with the Chinese], you need to do a favor and receive one in return. First you have to agree on the formalities, go through things. We talk without reaching any conclusion, we eat and drink ... Then I suggest that we make a development plan [and ask] whether I can show how to do it. [It's] just a simple favor, but necessary.

William, the senior vice president for a business function, continued:

> Meeting and visiting my people physically means that I respect them. On the phone the employees might think I'm arrogant. Also, sensitive issues are difficult to talk though on the phone.

Ann, the HR director, agreed:

> The Chinese appreciate a personal visit. The problem is that Finnish managers are often too busy when they come for a visit. It is important for the Chinese that their managers have time for them, have long dinners with them. That's when you start to understand the challenges. They appreciate being asked how they're doing. Finns seldom inquire about the families [of their Chinese counterparts]. The Chinese appreciate that you have other interests beyond work. You can see from their facial expressions whether they are pleased.

While the Finnish managers perceived that virtual communication and virtual work practices were improving, there were limits to what could be achieved virtually, as Tim described:

> The only thing that I cannot do with the Chinese virtually via Lync is quality checks … Next week I will wear my overalls again and ask the factory manager to show me "by hand" how he checks quality.

Bill, an area manager, was more pessimistic about the potential of working virtually:

> It's ok to work with the Chinese virtually, but only when it's about follow-up and controlling.

Another theme associated with presence is how to recognize, gain, and ensure commitment virtually. The managers spoke about the need to "look into their people's eyes" to discover whether they are committed. Tim, a regional manager working at headquarters in Finland, explained this as follows:

> I want to be physically present when we have issues such as a change in direction. I want to have commitment from the Chinese, to create a bond with them by looking into each other's eyes. Lyncs and other meetings are more about follow-up. From time to time I need to physically make sure that things are done as agreed.

When trying to ensure commitment from the Chinese team members, Tim was faced with the challenges posed by a matrix structure. Dual reporting lines, which are at the heart of the matrix, do not suit Chinese culture. The Chinese are used to vertical lines of command; virtual work with its horizontal and diagonal interrelationships does not necessarily provide the clarity and security they prefer. For the Chinese, it was comforting to know their job role and receive orders and guidance from their direct line manager. Jake, the director for a product line, described this as follows:

> We have tried really hard to introduce the matrix structure in China but the Chinese culture is not receptive to it. For them, the relationships between managers are unclear, what role the operative line has … They are not used to taking orders from anyone except their own manager. [They are] uncertain but don't show it clearly and ask strange questions [when] seeking confirmation. We need more management intervention.

Hence our interviewees experienced that the lack of physical presence rendered their cross-cultural management work more difficult, in some cases even impossible. Although the managers tried to increase a sense of presence through good listening skills, virtual support, and regular contacts, face-to-face meetings were necessary to improve their relationships with the Chinese team members. If the interaction was exclusively virtual, the leadership remained faceless; the tones of voice and emotional expressions that build and sustain relationships were missing.