

Leadership, Power, Culture, and Ethics in the Transcultural Context

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The purpose of this paper was to examine leadership, power, culture, and ethics in a transcultural context. The literature review showed that power, culture, and ethics are interconnected with leadership. The literature also revealed that these forces are also influenced by differences in national cultures. An organization's culture is also a reflection of their employees' different cultural backgrounds. Issues involving culture and its impact on strategic management were also discussed. Based on the review of the current literature, future research should focus on how transcultural leadership theory can be used to better understand the underlying leader-follower relationships in a transcultural context.

INTRODUCTION

Since the middle of the twentieth century, globalization has rapidly moved forward, and it appears to continue to expand well into the future. The result has been that the political, economic, social, technical, and legal environments between countries around the world have become dependent upon each other. This has produced many challenges for organizations that operate within this global context. Global leaders must be aware of cultural differences and how these differences affect organizational performance, so they can effectively lead in a transcultural environment (Northouse, 2016).

Derungs (2011) postulates that the type of leadership which is needed by twenty-first century global organizations is transcultural leadership. According to Maranga (2017), transcultural leadership is comprised of cross-cultural awareness found in multiculturalism blended with the characteristics of leadership observed in transformational leadership. Transcultural leadership, therefore, is the merging of transformational leadership and multiculturalism. Transcultural leadership has been recognized as a more successful approach for leading today's global organizations (Derungs, 2011). The purpose of this paper is to examine leadership, power, culture, and ethics in a transcultural context. Examples of current global leadership issues will also be provided. This paper will also provide this author's professional experiences and recommendations for twenty-first century global leaders.

LITERATURE REVIEW

Leadership is a process whereby a person exerts influence on a group of people to accomplish a common goal (Northouse, 2016). However, leaders who lead in a transcultural context must be open to cultural diversity and the many worldviews they will encounter (Gosling, Sutherland, Jones, & Dijkstra, 2013). Also, transcultural leaders must be aware of the distinctions and similarities that exist between different cultures, which have an impact on the leader-follower relationship (Jackson & Parry, 2012). For example, in countries where there is a high-power distance culture like in the Middle East,

followers do as they are directed and will not question their leaders. Conversely, in low-power distance cultures, which is common in Western countries, participative leadership is encouraged, and followers expect to be included in the decision-making process (Bass & Bass, 2008).

According to Caldwell (2015), to be a successful global leader, one must embrace cultural diversity. Caldwell adds that successful global leaders understand how culture and leadership interchange to help organizations achieve their goals. Transcultural leaders also need to possess cultural intelligence (CQ). Researchers have determined that having a high degree of cultural intelligence (CQ) is critical for leading today's highly diverse global organizations (VanderPal, 2014). As a result, transcultural leaders must not only be visionaries, inclusive, and good communicators, they must also possess knowledge about other cultures (Derungs, 2011). This allows them to adjust their leadership styles to the cultural context, according to Derungs (2011). Since leadership also involves the use of power, it is also important to understand power in a transcultural context.

Power and Leadership

Leadership and power are interconnected because leaders use power to get others to do what they want or need them to do. Yukl (2013) defines power as "the capacity of one party to influence another party" (p. 189). Leaders accomplish organizational objectives by using motivational methods based on their formal or informal authority (Aleksic, 2016). Formal power is derived from the position leaders hold within an organization, whereas informal power is bestowed to leaders by their followers because they believe the leader holds something meaningful they can associate with (Derungs, 2011). Legitimate power, reward power, coercive power, information power, and ecological power are attributed to position power. Referent power and expert power are associated with informal power (Yukl, 2013). Power used within a transcultural context requires the leader to recognize that their ability to exercise power is affected by cultural dynamics (Mittal & Elias, 2016). For example, the GLOBE project identified six cultural dimensions that can affect how leadership power is utilized in a transcultural context (Yukl, 2013).

Mittal and Elias (2016) developed a conceptual power interaction model that is useful for applying power in a transcultural environment using the culture dimensions found in Hofstede's study and Raven's taxonomy of power. The implication for leaders is that the power base they use is contingent upon the cultural context. According to Derungs (2011), leaders who are aware of how power can be applied in a transcultural context, develop the sensitivity for balancing the leader-follower relationship. Therefore, power in a global environment must take into consideration the transcultural context in which it is exercised. Leadership also involves understanding the framework of culture.

Culture and Leadership

Jones et al. (2014) define culture as society's ideas, values, and symbolisms which influence human behavior. According to Yukl (2013), cultural values and attitudes impact leadership behavior. Yukl adds that leaders may not be aware of this interaction. National culture has also been found to influence leadership style and organizational performance (Nohria & Khurana, 2010). For example, researchers have shown that management skill and effectiveness are attributed to culture (Hoffman et al., 2014). Leaders who are culturally competent can improve their ability to create meaningful relationships that lead to goal achievement (Dale & Dulaimi, 2016). Thus, leadership within a transcultural context relates to the interaction that exists between leadership and culture.

Hofstede's study and the subsequent GLOBE project identified several cultural dimensions which help shape leadership behavior in a transcultural context (Yukl, 2013). By using these cultural dimensions, leaders can match their values and behaviors to those of the other culture to be effective. For example, leaders in individualistic cultures can publicly praise followers to reward performance, whereas in collective cultures it may be inappropriate to single out a person for group work (Bass & Bass, 2008).

However, leading in a transcultural context is not only limited to being aware of national cultures. There is also a relationship between organizational culture and leading in a transcultural context. For example, similar to how national culture influences leadership styles, Ogbonna and Harris (as cited in

Nohria & Khurana, 2010) found that “leadership styles are associated with organizational culture” (p. 338). Further research has shown that organizational culture and national culture help predict leadership behavior (Nohria & Khurana, 2010). Since global companies employ a multicultural workforce, their employees’ cultures also help shape the organization’s culture. Global leaders, therefore, need to be cross-culturally competent to effectively lead their organizations.

Ethics and Leadership

Ethics is concerned with morality and how people go about choosing right from wrong (Hartman & DesJardins, 2013). Morality is derived from an individual’s cultural values and systems of beliefs about what it considers to be acceptable behavior (Bass & Bass, 2008). Within the context of leadership, ethics involves how leaders apply their moral values and beliefs to the leader-follower relationship (Price, 2008). In a study that examined ethical leadership outcomes, researchers found a positive relationship between a leader’s ethical behavior and their followers’ perceived level of fairness (Bedi, Alpaslan, & Green, 2016). This same study showed that national culture was a moderating factor. Ethical leadership is, therefore, also important in a transcultural context. For example, cross-cultural research studies on ethical leadership have shown that differences in ethical judgement can be attributed to differences in national cultures (Eisenbeiß & Brodbeck, 2014; Okpara, 2014; Villatoro, Chang, & Lane, 2014; Nguyen & Pham, 2015).

Cultural differences are an important factor in how leaders and followers interact ethically in a transcultural environment. Global leaders must be aware of how their personal values and beliefs are interpreted by their followers. This is important because differences in ethical values between leaders and followers can lead to miscommunication, misunderstandings, and a loss of trust. Also, since leadership is an influential process whereby leaders tend to hold more power and control than their followers, they have an ethical duty to be sympathetic to their followers’ unique needs and those of their organizations (Northouse, 2016).

Current Global Leadership Issues

The world is becoming ever more complex. Globalization continues to expand and along with it the many challenges that are faced by global leaders. Global leadership is unique in that it is not just leadership as practiced within one particular country. It involves the interaction between people across different cultures. This interaction impacts employee behavior and organizational performance (Canals, 2014). This presents several global leadership issues.

One issue associated with the transcultural aspects of global leadership is the need to understand different cultures and their impact on the strategic management of an organization. For example, what mechanisms should be used to increase team effectiveness, transcultural collaboration, or incentive systems which help drive organizational performance (Hofstede, 2015)? Another emerging issue facing global leadership is the ability to produce leadership that is compatible with the interactions which occur between the values of individuals and societies in a global context, which impact leadership effectiveness (Mustafa & Lines, 2016). According to Gotsis and Grimani (2016), organizational leaders should do a better job of creating an inclusive environment that supports diversity.

Finally, the recent economic crises which impacted the global economy due to financial scandals have created a demand for better global citizenship and ethical behavior. This issue has sparked a need for educating global leaders about social responsibility, sustainability, and better ethical behavior (The golden rule and the global agenda, 2014). These issues appear simple on the surface. However, they are much more complex than they appear because of the various interactions that occur in a transcultural framework.

Recommendations for 21st-centruy Leaders

Globalization promises to continue well into the future. This will create more opportunities and challenges for global leaders. As more developing countries enter the international arena, there will be a greater need for understanding those cultures. Participating in culturally diverse committees has offered

this author the opportunity to observe firsthand how leadership, culture, power, and ethics intermingle in a transcultural context. For example, when interacting with African American and Latino community leaders, there is an emphasis on collectivism and the greater good. There is also an emphasis on diversity, and relationships almost always precede business. This author has had similar experiences with middle eastern community leaders. However, when dealing with leaders in the Anglo community, businesses is forefront and friendships develop as a result of these interactions.

When it comes to power and leadership, African American and Latino community leaders are often transformational, culturally sensitive, and power is often distributed among the group. Anglo community leaders are more transactional and less aware of the cultural context in which they lead, although some do make an effort to be culturally aware. Power among Anglo leaders is also associated with a position and often is not shared. From an ethical standpoint, every person from different cultural backgrounds this author has interacted with shared similar common ethical values like honesty, trust, and the importance of character.

Therefore, to succeed as a transcultural leader in the 21st- century, it is recommended that global leaders increase their cultural intelligence (VanderPal, 2014). This will require developing global leadership development programs designed to close this gap. These programs should not only be established in institutions of higher education, but also within global organizations. It is also recommended that global leadership program developers collaborate with leaders in those emerging markets to develop programs which incorporate their cultural perspectives. Finally, it is recommended that 21st-century global leaders introspectively examine how their values and beliefs influence the leader-follower relationship. These recommendations will help develop the cultural awareness needed to lead and drive organizational performance in a transcultural context.

CONCLUSION

Globalization has increased the interactions that occur across many cultures around the world. These interactions involve the exchange of different perspectives and cultural beliefs. Global leaders must increasingly be aware of cultural differences and how these differences affect leadership and organizational performance. The literature review showed that power, culture, and ethics are interconnected with leadership. The literature also revealed that these forces are also influenced by differences in national cultures. Also, organizational cultures are a reflection of different national cultural values and beliefs. Issues involving culture also have an impact on an organization's strategic management. Finally, for global leaders to lead well into the 21st-century, they must embrace diversity and develop their cultural intelligence. The literature review demonstrated a gap on future research to be focused on how transcultural leadership theory can be used to better understand the underlying leader-follower relationships that occur across cultural values in a transcultural context, which can create leadership congruence.

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