CROSS-CULTURAL LEADERSHIP AND ORGANIZATIONAL CULTURE: A SOUTH AFRICAN PERSPECTIVE

SOLOMON Feldman

Abstract

The aim of this research was to determine the influence of cross-cultural leadership on organisational culture. This is assessed by using the GLOBE project's dimensions of culture which are an extension to Hofstede model of culture. These are; power distance, uncertainty avoidance, human orientation, individuality vs. collectivism, egalitarianism, assertiveness, long term orientation and performance orientation. As more organisations in South Africa become more culturally diverse, it is important to determine where the organisational culture stems from? This is essential in addressing cross cultural conflicts and in efforts to create a winning culture in the workplace. The case study involves Arcelormittal South Africa (AMSA) and will hopefully contribute positively in identifying salient cultural implications in managerial positions such as for example, high employee turnover and cultural clashes which hinder individual performance. A qualitative research design was used in this study to determine participants' perspectives on organisational culture and leadership. Two instruments were used for primary data collection in this research. The first one was designed by the researcher to capture the demographics data for this particular study. The second instrument used was the GLOBE survey questionnaire which captured 8 dimensions of culture and was specifically designed to encompass questions relevant to the business environment. A convenience sampling methodology was used with a target population of 115 managers classified as middle management of AMSA. The research revealed that there is a general shift from a Eurocentric approach to leadership which is congruent with high individualism and low human orientation. The influence of cross-cultural leadership is thus indicated by the preference for higher degree of human orientation and collectivism amongst managers, which is associated with the Afrocentric leadership style and the black ethnic group. The higher degree of uncertainty avoidance can be attributed to the continued dominance of white managers (58%) in AMSA's management (Booysen: 2001). The other ethnic groups consist of Africans (15%), Indians (27%) and virtually no Coloured representation.

Keywords: Culture, Hofstede, GLOBE Study, Diversity In The Workplace

Introduction

With the demise of apartheid and the implementation of equal opportunity programmes in South Africa, there has been an increase in the number of blacks in management since 1994. Despite the changes that have taken place, the latest statistics show that males, especially white males, are still overrepresented in management, while females as a group, particularly black females, are underrepresented (Booysen, 2001). The management structure of ArcelorMittal South Africa (AMSA) was no exception. Prior to 1994, Arcelormittal's management structure comprised only of 100% white males. However, post '94 there has been a huge drive to promote cross-cultural leadership, thus achieving a non-racist and non-sexiest South African Society.

Thus, this paper, using Hofstede's model of national culture, aims to evaluate the changes from this cross-cultural leadership on the organisational culture at ArcelorMittal Newcastle works. The objectives of the study include determining whether there is any change in AMSA organisational culture from post 94 to date, which is perceived to be still deeply rooted to the Eurocentric style of leadership (Booysen: 2001). Analyse the changes brought in by the other ethnic groups, and finally attempt to establish the workplace implications for the organisation as a result of aforementioned changes.

In 2007, AMSA conducted an employee engagement survey to identify the salient issues which hindered diversity and organisational culture transformation. It was apparent that as the workforce became more inclusive of other ethnic group, there was a continued misalignment between the organisational culture and operating environment.

Some of the key pressing issues identified relative to Hofstede's dimensions included;

- Bureaucratic system which disempowered middle managers. (High power distance) "Too much red tape causing unnecessary delays"

- Aloof culture with less concern for human orientation. "Head Office just takes and do not give anything"

- Management preferred appointments not reflective of the country's demographics. (High level of gender Egalitarianism) "Favouritism when it comes to appointments"

- High power distance indicated by insufficient communication from top management. "We do not get invited to certain presentation, but we are considered part of management"

- Dominance of the Dutch- Afrikaans culture perceived to be highly individualistic and results driven. "Some meeting are still conducted in Afrikaans even when other nonafrikaans speaking participants"

Thus, the above survey confirmed that an intervention was required in order to change the perceptions of employees about the company's organisational culture and leadership as it was clear that AMSA could not manage to sustain its customary culture while maintaining its competitive advantage in the business environment.

Changes driving AMSA's organisational culture

Internal Forces - AMSA faces a challenge of continued restructuring efforts to improve profitability thus maintaining competitive advantage as a low-cost producer. The government is also posing pressure to meet acceptable levels of Employment Equity (EE) and Board Based Black Economic Empowerment (BBBEE).

External Forces - Stems from being part of a multinational company and change in the country's economic policy, legislation and regulations, technology, etc.

Booysen (2009) is of the opinion that due to the shifts in political and economic power, a shift has also occurred in social power among the people of South Africa, and in the portrayal of different groups and individuals in these groups.

These aforementioned power shifts persist on causing cross cultural conflicts within organisations. And when these conflicts occur, not only is work disrupted, but also group members experience substantial pain and distress that may only be remedied through significant and difficult organisational development interventions that affect changes in values, attitudes, norms and behaviours and workplace interaction (Booysen, 2009). The study was conducted using the Globe project's organizational culture and leadership tools, which covers 8 dimensions of culture, and is an extension from Hofstede's model.

Literature Review

There are three interrelated themes in this study. These are Leadership, organisational culture and change management. Various experts have conducted intensive research on each of these topics distinctly; hence it will be virtually impossible to cover each topic in detail. Thus, for the purpose of this article, the focal point will be on organisational culture and leadership.

Hosfede and the National Culture

In the 1980s, Hofstede developed a cultural model identifying 4 dimensions of culture. These are namely; power distance, uncertainty avoidance, individualism versus collectivism and gender egalitarianism (also referred to as masculinity vs. femininity). The GLOBE project then later extended these dimensions to comprise dimensions applicable to business organisations. These are assertiveness, human orientation, performance orientation and future orientation.

Hofstede's four elements of national culture:

Power distance – the extent to which a society tries to minimize inequity between individuals and groups

Uncertainty avoidance – the extent to which a society tolerates and copes with uncertainty and change

Individualism vs. collectivism – the extent to which a society encourages and rewards individualistic or collectivistic behaviour

Gender egalitarianism – is the extent to which a society minimizes or maximizes the division and differentiation between sexes.

Dimensions added by Project GLOBE:

Assertiveness - is the degree to which individuals in organizations or societies are assertive, confrontational, and aggressive in social relationships.

Future Orientation - is the degree to which individuals in organizations or societies engage in future-oriented behaviors such as planning, investing in the future, and delaying gratification.

Performance Orientation - refers to the extent to which an organization or society encourages and rewards group members for performance improvement and excellence.

Humane Orientation - is the degree to which individuals in organizations or societies encourage and reward individuals for being fair, altruistic, friendly, generous, caring, and kind to others.

According to the GLOBE project the aforementioned dimensions are now considered universal and can be applicable to any business organisation to determine its culture. Project GLOBE is a multi-phase, multi-method project in which investigators spanning the world are examining the interrelationships between societal culture, organizational culture, and organizational leadership. One hundred and seventy social scientists and management scholars from 61 cultures representing all major regions of the world are engaged in this long-term programmatic series of cross-cultural leadership studies.

One of the major questions addressed by GLOBE research concerns the dimensions by which societal and organizational cultures can be measured. A second major question addressed by

GLOBE concerns the extent to which specific leader attributes and behaviors are universally endorsed as contributing to effective leadership, and the extent to which attributes and behaviors are linked to cultural characteristics. It was found that cultures can be differentiated on the basis of the leader behaviors and attributes that their members endorse. However, for the purpose of this research, this paper only considers the questions relating to the cultural dimensions. Thus, the questions were focused on understanding the participants perceived ideal organizational culture rather than the organizational culture as is.

Leadership styles in South Africa

Although blacks are in the majority, prior to 1994, power at all levels of society was held by white males, as the dominant group who wielded political, economic and social power (Booysen, 2001). This explains the dominance of the Eurocentric (white) or Western style of management practices in many organisations in South Africa. Booysen also found that black managers displayed an Afro-centric approach to leadership.

Afrocentric leadership values the concept of Ubuntu. Ubuntu fosters collective person-hood and collective morality (Booysen, 2001); Ubuntu encourages group support and commitment, acceptance and respect, cooperation and consensus, caring and sharing and solidarity (Khoza, 1994; Mbigi, 1997). Ubuntu opposes individualistic and competitive behaviour amongst employees by espousing the solidarity and group conformity principles.

It can be debated that the Eurocentric leadership style is more congruent with the directive leadership approach, while Afrocentric leadership overlaps between participative and servant leadership approaches.

Khoza (1994:121) also argues that "corporate culture as experienced in South Africa is very Eurocentric". Khoza argues that decision-making in a Eurocentric style is informed by power relations rather than consensus, which fosters adversarial relationships between managers and the subordinates, buyers and suppliers and blacks and whites. Madi (1995) argues that corporate culture in South Africa is tinged European and American. Post 1994, leadership styles in South African organisations have given rise to an Afrocentric (black) approach to management (Binedell, 1992).

Booysen (2001) points out that due to South Africa's colonial history the Anglo-American style of leadership is widely dominant in South Africa. Although with the demise of apartheid, there has been a huge drive for programmes to promote equality amongst ethnic group, white males are still overrepresented in management, especially in the private sector.

The dominance of the Eurocentric type of management practice poses a serious challenge for most organisations in South Africa, because it does not take into account the cultural archetypes of people in question. This may also result in less than optimal solutions on South African management challenges as South Africans forgo their value propositions and structure of society (Khoza, 1994). The challenge in South African organizations is to balance the two management styles. However due to the current overrepresentation of whites in management, when black managers are promoted to leadership positions, they tend to adopt the Eurocentric style of management, which causes a conflict with the work force on lower levels that is predominantly black.

Organizational culture

Researchers have developed a number of definitions in an attempt to describe what organizational culture is. Schein (2004) defines organizational culture as a pattern of basic assumptions that a particular group has learned as it solves its problems of external adaptation

and internal integration that have worked well enough to be considered valid and therefore to be taught to new members as a correct way to perceive, think and feel in relation to problems.

Johnson and Scholes (1992)'s cultural wed, Deal and Kennedy (1982)'s culture types, Nadler and Tushman (1997)'s Congruence model and Quinn and Rorbaugh (1981)' competing values models are all general models which can be used to evaluate the company's organizational culture. Using these models, the company can easily see where it is or where it would like to go. For example, The Congruence Model developed by Nadler and Tushman in 1997 is based on the principle that an organization's performance is derived from four elements: tasks, people, structure, and culture. The higher the congruence, or compatibility, amongst these elements, the greater the organisational performance.

Changing organisational culture?

Burnes (2009: 208) is of the opinion that no organisation's culture is static; overtime it tend to evolve in a slow unplanned fashion as a result of the turnover of group members and changes in the organisation's environment and general changes in society. Therefore it is important for an organisation to examine its reasons for considering a change of culture by asking itself the three pertinent questions below:

- Why should an organization wish to change its culture?

- Is culture, or significant element of it, amenable to deliberate change?

- Are there established approaches available for changing culture?

Schein (2004) asserted that leaders who intend leading change successfully cannot ignore the impact of organisational culture on the overall corporate strategy. Thus, Schein (1995) suggested the following approaches in dealing with organisational cultural barriers;

- Leaders may unfreeze the present system by highlighting the threats to the organisation if no change occurs, and, at the same time, encourage the organisation to believe that change is possible and desirable.

- They may articulate a new direction and a new set of assumptions, thus providing a clear and new role model.

- Key position in the organisation may be filled with new incumbents who hold the new assumption because they are either mutants or brought in from the outside.

- Leaders may systematically reward the adaptation of the new directions and punish adherence to the old direction.

- Organisation members may be seduced or coerced into adopting new behaviours that are more consistent with new assumptions.

- Visible scandals may be created to discredit sacred cows, to explode myths that preserve dysfunctional traditions, and destroy symbolically the artefacts associated with them.

- And lastly, leaders may create new emotional charged rituals and develop new symbols and artefacts around the new assumptions to be embraced, using the embedding mechanisms described earlier.

Similarly to Schein (2004), Cummings and Worley (2001: 509-11) recommend the following approaches to cultural change; Formulate a clear strategic vision

Effective cultural change should start from a clear vision of the company's new strategy and of the shared values and behaviour needed to make it work. This vision provides the purpose and direction for cultural change.

Display top management commitment – Cultural change must be managed from the top of the organisation. Senior managers and administrators need to be strongly committed to the new values and the need to create constant pressure for change.

Model culture change at the highest level – Senior executives must communicate the new culture through their own actions. Their behaviours need to symbolise the kind of values and behaviours being sought.

Modify the organisation to support organisational changes- Cultural change must be accompanied by supporting modifications in organisational structure, human resource systems, information and control systems, and management style. These organisational features can help to orientate people's behaviours to the new culture.

Select and socialise newcomers and terminate deviants – Select people in terms of their fit to the new culture and provide an induction clearly indicating desired attitudes and behaviour. Existing stuff who cannot adapt to the new ways may have their employment terminated.

Develop ethical and legal sensitivity – Be aware of potential ethical and legal pitfalls.

Research Methodology

Research design and method

A qualitative research design was used to enable a researcher to gain new insight about organizational culture, develop new concepts and discover the problems that exist in an attempt to understand organizational culture. Schein (1995) stipulated that it is better to use qualitative research approaches when dealing with organizational culture and recommends that one should consider the combination of field work and observation method to better understand how culture works.

Population and sampling Convenient sampling was chosen as a sampling method. The population of interest for the study has been defined as employees of AMSA Newcastle, specifically the steelmaking managers. Other operating units were not considered due to time and resource constrains, these include; AMSA Pretoria, Vereeniging, Vanderbijlpark and Saldhana works.

In this study, a sample of 32 respondents out of an interest population of 115 (hundred and fifteen) people was targeted, and these respondents are categorized as middle management employees of AMSA. This represents a sample size of 28%. The population of interest includes, middle managers and skilled labour that have direct subordinates as these are the groups experiencing cross cultural influence as a result of diversified leadership.

Ethical Considerations

A letter was sent to the Plant and Human resource manager requesting permission to conduct the research. In addition, a memo was sent to all respondents notifying them about the purpose of this research, which is the partial fulfilment for the study of master's in business leadership MBL offered by UNISA School of Business Leadership.

The measuring instrument

Two instruments were used for primary data collection in this research. The one designed by the researcher to capture the demographics data for this particular study. And the second instrument is the GLOBE survey questionnaire which captures 8 dimensions of culture and is specifically designed to encompass questions relevant to the business environment. The questionnaire was developed using a 5 point Likert type scale and contain closed-ended questions.

Bailey (1987) is of the opinion that closed-ended questions are simple to complete and play a role in avoiding differences in interpretation. The questionnaire developed for the study is made up of thirty six multiple choice questions and positive and negative questions are asked. The questions require the participants to strongly agree, agree, be neutral, disagree and strongly disagree. The neutrality option allows effective answering of the questionnaire although Coldwell and Herbst (2004) are of the opinion that the inclusion of neutrality may encourage non-committal responses. Secondary data was obtained from the company archives and website.

Data analysis

Reliability

To ensure reliability, the Globe questionnaire was designed to obtain two or more responses for each cultural dimension to measure the degree of consistency of the results over repeated testing (Wilkinson and McNeil, 1996: 423).

Validity

It can be construed that the Globe questionnaire adequately covers the subject being investigated and its questions are relevant to the topic being studied. Woods (1979) is of the opinion that qualitative researchers should not concern themselves excessively about validity and reliability since the objective of qualitative studies is to seek in-depth understanding of the phenomena rather than using statistical tools for theory testing as in quantitative research studies.

Results And Discussion

From a targeted sample size of 32 managers, 26 managers responded to the survey questionnaire, which represent an acceptance 82% response rate. The participants consisted of 24 males and 2 females (Black and White). The ages range from 20 – 62. There were 15 Whites, 7 Indians, 4 Blacks and zero Coloureds.

Summary of the Cultural Dimensions

Uncertainty Avoidance - AMSA management indicated a higher level of uncertainty avoidance. Gender Egalitarianism - Although result indicated a preference balance in gender, AMSA management is still overly dominated by males at 92%. This implies a high degree of gender inequality.

Future Orientation- AMSA indicated a preference for high level of future orientation. Power Distance- AMSA indicated a preference for low level of power distance.

Human Orientation - AMSA indicated a preference for higher level of human orientation.

Individualism / Collectivism - AMSA management showed a preference for collectivism.

Performance orientation - AMSA showed a high degree of performance orientation.

Conclusions and Recommendations

Conclusions

The results revealed that AMSA's management structure has become more diversified and inclusive of another ethnic group. In the literature review, Booysen (2001) associated collectivism and high human orientation with the black ethnic group. And according to the results AMSA indicated higher preference for collectivism and human orientation. This implies that indeed other ethnic groups are contributing in changing AMSA's organisational culture which is perceived to be deeply rooted to the Eurocentric style of management. This preference for high collectivism and human orientation by middle managers indicates a move away from the Eurocentric to the Afrocentric style of management, hence accommodating other cultural archetypes. Khoza (1994) asserted that the challenge in South African organizations is to balance the two management styles in order to achieve optimal performance.

Recommendations

The recommendations presented here relate to the company in which the data was collected. From the results it is recommended that the company conduct a management engagement survey to identify the most salient issues hindering change in organisational culture. General engagement of the workforce is required to improve morale. It is also suggested the company conduct a leadership training programme with emphasis on bridging the gap between top and middle management.

Top management at Newcastle works is still exclusively White and still uses a Eurocentric approach to leadership, while middle management is becoming more diversified and succumbing to the Afrocentric approach. Given the aforementioned, it is also important to develop a diversity training programme which is compulsory for all managers aimed at increasing both group and individual cultural awareness. Address the need to view diversity in a global context. And also highlight the advantages of embracing diversity for the benefit of the whole company.

Lastly, it is recommended to develop an Employment Equity Committee to address the following objectives; the company need to use the National & provincial demographics when filling vacancies, year on year progress on recruitment and promotions must be visible.

Training and development should also demonstrate bias toward designated groups so as to have talent readiness for promotions. This will not only ensure that company complies with government's employment equity regulations, but it will also reap maximum benefits for embracing a diverse workforce.

Suggestions For Further Study

This research was conducted at AMSA Newcastle works. Therefore, the perspectives of other operations in Vanderbiljpark, Saldhana and Vereeniging were not reflected. It is suggested that future studies be conducted in these operations (to increase sample size and) to give a holistic view of the company's perspective on leadership and organisational culture. It is also recommended that AMSA conducts a study to determine the reason for the accelerated advancement of one particular ethnic group (Indians who make up 2.6% of total SA population) in management positions compared to their counterparts, Blacks (79.4%) and Coloureds (8.8%).

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