

## **Leadership Style of Indian Managers: A Comparative Analysis**

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This study focuses on the comparative analysis of Indian and American style of management in the context of Hofstede's framework, the GLOBE Project, Level 5 Leadership, and a creativity dimension. Geert Hofstede pioneered a study of cross cultural management using data from IBM employees; his research has set a new paradigm and a model for cross cultural research. In our study, we test Hofstede's attributes with the new data that we have collected from Indian business people. In a recent cross-cultural study of leadership, the Global Leadership and Organizational Behavior Effectiveness Research Program (GLOBE) extends the Hofstede's landmark 1980 culture study to include variables relevant to cross-cultural interactions (House, 2004).

The Level 5 Leadership model is based on a 10 years of research conducted by Jim Collins. He studied the role of leadership in determining what causes some companies to become "great" having superior performance while others are just good or mediocre. In our study, we focus on the attributes of Indian managers in context of Level 5 Leadership. Finally, we focus on factors which promote creativity in the workplace since it is an important dimension for economic growth and development. In this context, we make a comparative analysis of Indian managers and US managers.

The methodology we are adopting is based on the statistical analysis of the data we have collected directly from Indian managers and US managers. The research includes a questionnaire that was submitted to Indian managers and a sample of US managers and will be used for descriptive analysis for comparative purposes. A number of hypotheses will be tested and comparisons will be made with the published studies. We believe that the study will result in interesting and original findings.

### **Hofstede's framework for assessing culture**

The role of culture and its impact on success of international management has become an important area of research in International Business. The work of Hofstede in identifying various types of cultural attributes has entered the main stream research of international management. Using aspects of social psychology, Hofstede identified five cultural attributes: high power versus low power distance, individualism vs. collectivism masculinity versus femininity, uncertainty avoidance, and long term versus short term orientation (<http://www.geert-hofstede.com/>).

Power distance demonstrates the degree to which members of society believe and accept the uneven distribution of power. The higher the power distance, the greater inequalities of power and wealth are accepted in the culture. Individualism focuses on the degree to which members of a society would like to work individually and are concerned with themselves and their immediate families. In a collectivist society, everyone is expected to look after each other and protect them and create a harmonious environment. In a masculine culture, gender roles are differentiated where men are considered dominant, competitive, tough and powerful while women are perceived as being modest, nurturing, caring and concerned with the quality of life. A high femininity rating means the society emphasizes equality between men and women, the characteristics of each are valued and accepted. Uncertainty avoidance focuses on the degree of comfort a society has with dealing with uncertainty and ambiguity. In a culture that has a high degree of uncertainty avoidance, there are many laws, rules and regulations which minimize the amount of ambiguity in the environment. (Hofstede, 1980) Later, a new dimension was added to Hofstede's framework, the long term orientation. This focuses on how much a society values

long term factors such as tradition and social responsibility. In a culture that values short term orientation, the past and present are considered more important and as a result change is more readily accepted.

Initial work of Hofstede was based on data collected between 1967 and 1973 from IBM employees representing 40 countries. However, he later expanded his sample and did the analysis for more than 70 countries. There have been a number of researchers that have attempted to follow Hofstede either from theoretical dimension or empirically. There have also been critics of his work. One of the main concerns has been its lack of focus on ethical and long term dimension (Tony Fang 2003 and Jennifer Nevine 2006). Fnag in particular argues that China's business and management attitude is shaped by Confucius philosophy which has a more long term approach.

A more comprehensive study of role of culture in management was undertaken by Globe Project addressing various criticism of Hofstede work.

### **The GLOBE Project:**

The Global Leadership and Organizational Behavior Effectiveness (GLOBE) Research study began in 1993 and is an ongoing study of national culture and leadership. This qualitative and quantitative study utilized 170 researchers and support groups who collected data from 17,000 middle managers from 951 organizations in 62 different countries (House, 2004).

The aim of the GLOBE project is to determine the organizational and societal dimensions of culture and its effect on leadership behaviors, country prosperity (GNP) and the well-being of members of society. Also the research attempted to determine what characteristics distinguish the practices of one culture from another and what leader behavior and organizational practices are acceptable in that culture (House, 2004).

The GLOBE study validates Hofstede's framework and extends it to include two additional dimensions - performance and humane orientations. Societies that value and reward

performance, emphasize results more than people and are concerned with individual achievement and excellence. In highly humane cultures, individuals are rewarded for being fair, caring, altruistic, benevolent and kind. The GLOBE study also changes the terminology of Hofstede's Masculinity – Femininity dimension to Gender Egalitarianism.

In our study, we include and analyze a number of characteristics that were developed by Hofstede and the GLOBE study and compare Indian and American cultural dimensions. Our questionnaire has a scale of 1 to 5, with 1 being low and 5 being high on each of the dimensions except for the power distance dimension. Below we present the result of our study.

**Table 1. Comparative analysis based on the study of GLOBE**

Uncertainty avoidance is the degree to which a society or an organization accepts uncertainty in their environment. The higher the uncertainty avoidance means that people will avoid more uncertainty. We have found that India has a higher degree of uncertainty avoidance relative to US.

Power distance can be defines as the degree to which a society or an organization accepts that power is unequally distributed. However, due to the structure of our questionnaire, higher mean value indicates that power is more equally distributed (reverse score). This is consistent with our expectations that the US culture expects power to be equally shared where the Indian society expects an unequal distribution of power.

Individualism is defined as the degree to which members of the society will like to work individually as opposed to collectively. Additionally, it demonstrates the concern for individual rights and well being versus collectivism. In our study, our expectation was that India would have more individualistic tendencies than the US. This was confirmed by our questionnaire as India and US has weighted mean of 2.5 and 2.125 respectively.

Gender egalitarianism refers to the degree a culture holds distinct stereotypes of men and women. Traditionally, men are seen as “more important” than women and advocate

relationships where men can control women (House, 2004). Societies, having a more egalitarian cultural climate, view traditional characteristics of men and women as equally important. The US, having a higher index, indicates that men and women are given similar opportunities and are treated more equally than their counterparts in India.

Future orientation indicates the degree to which a society looks towards the future and values tradition and social responsibilities. Here, India ranks higher than United States, which is consistent with our expectation. It is commonly believed that US management orientation is more bottom-line orientated and prone to change. Asian societies, in this case India, value stability in the organization and value a longer strategic orientation.

Performance orientation indicates to what extent to which a society emphasizes performance excellence and focus on process improvements and outcomes. Here our expectation was that US will have higher index than India. However, our study shows that the index for India (3.89) is higher than US (3.5). This somewhat counterintuitive and could well be attributed to sampling error.

Humane orientation is the degree to which the society or organization supports the values of caring, nurturing and kindness to others. Our results indicate that the difference between US and India is relatively small. Therefore, we can conclude that both societies have similar attitudes in this regard.

Standard deviation of parameters varies between U.S.A. and India. However, once we consider ratio of standard deviation to mean it is observed that the ratio for uncertainty avoidance, future orientation, performance orientation and human orientation remains very close, while there are noticeable differences for power distance, individualism and gender egalitarianism. The S.D./Mean ratios for those variables are much smaller for India than USA. This is not surprising since the size of sample was larger for Indian population than for USA population.

## **Level 5 Leadership:**

In a five year research study, Jim Collins credits Level 5 Leaders with transforming their companies from “good to great”. In his seminal work, what distinguishes one leader from another is a paradoxical blend of genuine personal humility and intense professional will. By this he means one who is modest and also has unwavering resolve; and one who is shy and courteous yet fearless. These leaders achieved extraordinary results and built great organizations without much hoopla (Collins, 2001).

Collins builds his model on transformational/transactional leadership behaviors where a Level 4 leader represents the transformational, Level 3 leader the transactional style (Vera, *et. al.*, 2004). Transformational leaders inspire and excite others to pursue a compelling vision, are concerned about others well being and encourage them to be more innovative and creative. Transactional leaders guide others towards established goals by clarifying objectives and task requirements. (Bass, 1985; Bass and Avolio, 1990, 1994, 1995, 2000).

Level 2 leaders are oriented toward teams and achieving group objectives and Level 1 relates to being a capable individual (Collins, 2001). Leaders whose style corresponds to levels 1-4 maybe successful but fail to catapult an organization to excellence.

What characterizes a Level 5 Leader? They select great successors and are clock builders not time tellers. (Collins and Porras, 1994) They show unwavering resolve to build their companies for future success not just concerned about the present. When meeting or exceeding corporate objectives, these leaders give credit to others or merely suggest the achievement was due to “good luck”. Alternatively, they accept responsibility for poor results. This style maybe attributed in part to the personality of the leader (Hogan and Hogan, 2001; Collins, 2001).

Level 5 leaders surround themselves with people with individuals who are confident but not self-centered (Collins, 2005). The leaders and their direct reports are egalitarian rather than superior in their communication with others. Morris *et. al.* (2005) conceptualized humility as being three dimensional – including one’s ability for self awareness, openness and acceptance of something greater than self.

The teachings of Lao-Tzu in the book Tao Te Ching suggest that leaders and people generally should be humble. Chinese philosophy emphasizes the importance of practicing humility. Historically, India is influenced by Confucian Asia (House, 2004).

## **Table 2. Comparative analysis of the leadership style**

In his study, Jim Collins attempted to identify timeless principles about the leadership that makes a company great. The principles of personal humility and professional will are not simply best practices. Level 5 Leadership (L5L) is practiced in the great companies but absent in comparable good or mediocre companies. Level 5 leaders' ambition is not for themselves but for the future success of the company. They are not necessarily charismatic. They surround themselves with individuals who are self confident and not self-centered. The senior management team tends to give credit to others and assumes responsibility when things go poorly. They understand the importance of their roles. They inspire people around them to be self motivated, bringing out the best in people (Collins, 2004). Humility is not a common attribute of American leadership but can be found more frequently in Indian companies (Mills, 2005). Our study was comparable, we found for L5L the mean average is 3.48 for India and 3 for US.

Level 1 leaders are highly capable individuals who make substantial contributions at the individual level. They are very knowledgeable, have good skills and work habits.

In our study, India ranks higher than the USA. This could be attributed the importance the Indian culture places on education and performance excellence. This compares favorably to the performance orientation index identified above.

Level 2 leaders contribute to the achievement of group goals and working effectively with others. Level 3 and Level 4 Leadership refer to transactional and transformational leadership style respectively. Level 3 leader is a competent manager who identifies task requirements and organizes others to achieve objectives. Level 4 leaders focus on substantial changes within the

system and uses their charismatic personality to implement those changes. In our study, we find that for Level 2, 3, and 4 leaders the index for US and India is fairly similar.

Once again our data shows reliability of India sample. In all cases if there is any difference between S.D./Mean ratio, those of India is small than U.S.A. Once again we attribute this to the larger size of our India Sample.

### **Creativity:**

Many researchers believe that individual innovation will lead to organizational success (Amabile, 1988). In the United States this has been particularly true; innovation has been the growth engine of the economy (Hiemstra, 2006). Creative employees generate valuable ideas which can become new products and services. They represent about one third of the workforce and receive approximately half of all wages and salaries (Florida *et. al.*, 2005).

Creative workers are motivated from within and excel in environments that encourage intrinsic motivation. In fact people with average intelligence are capable of some level of creative work. Creativity depends on a number of factors: level of expertise, personality, ability to think in new ways, and tolerance for ambiguity (Amabile, *et. al.*, 2004). Unfortunately, many people don't realize their creative potential because their work environments impede this process (Breen, 2004).

Leaders are a powerful influence on employee's behaviors (Yukl, 2002). They can keep others engaged in intellectually stimulating work and remove obstacles to performance and other distractions (Florida *et. al.*, 2005). Transformational leaders help others to view problems in new ways and develop their skills and knowledge (Bass and Avolio, 1994). They engage others in dialogue rather than make arbitrary decisions. This participative style leads to a positive relationship and more creative behavior (Axtell, 2000). This egalitarian behavior sends a message that "we are on the same team" and we are not just a collection of individual ideas but a product of group interaction. This culture creates a sense of loyalty to the organization and to the customer it serves.



### **Table 3. Comparative analysis of two countries based on creativity**

Our study found that the creativity index for US (3.562) is higher than India (2.943). This indicates that the American management style encourages a higher level of creativity than the Indian. This is consistent with our expectations and observation that a higher number of patents and innovation comes from United States than from India.

#### **Conclusion:**

The study analyzes the role of culture in management style used in India as compared to the US. It tests empirically a number of theoretical models including Hofstede, GLOBE, Level 5 leadership and a creativity dimension to identify differences in the management approaches of the two countries. While the results are not significantly different from previous studies the new data nevertheless shed an interesting light on the specific attributes of the two cultures. For example, we identified that US has a higher creativity index than India, but India has a higher Level 1 and 5 leadership index. Our data shows that the difference between level 2, 3, and 4 leadership of India and US seems to be small and falls within potential sampling error.

There are a number of steps that can be taken to improve the result of the study. The most important limitation is the size of the US sample. We feel that a larger sample of management would improve the reliability of the result. Regarding the Indian sample size, a number of respondents were from one large multinational enterprise in one geographic location. One can argue that different geographic locations in India may have different cultural attributes. Also, those Indian managers involved with US MNEs may have different approaches than those managing in more traditional

sectors of economy. This hypothesis can be tested in subsequent studies and could result in interesting insights.

Notwithstanding the above limitations, we feel the study has provided interesting insights into the role of culture in comparative management of the two countries.

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**Table 1. Comparative analysis based on the study of GLOBE**

	<b>India</b>			<b>USA</b>		
	Weighted Mean	Standard Dev.	S.D./Mean	Weighted Mean	Standard Dev.	S.D./Mean
Uncertainty avoidance <sup>1</sup>	3.258	0.467	0.143	2.938	0.437	0.149
Power distance <sup>2</sup>	2.645	0.216	0.082	3.188	0.368	0.115
Individualism	2.5	0.195	0.078	2.125	0.371	0.175
Gender egalitarianism	2.468	0.164	0.066	3.313	0.643	0.194
Future Orientation	3.419	0.601	0.176	3.063	0.522	0.170
Performance Orientation	3.89	0.849	0.218	3.5	0.782	0.223
Humane Orientation	3.459	0.513	0.148	3.5	0.616	0.176

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<sup>1</sup> Uncertainty avoidance- higher the mean value indicates that there is higher uncertainty avoidance

<sup>2</sup> Power distance – higher the number indicates lower power distance

**Table 2. Comparative analysis of the leadership style**

India				USA		
Leadership Level	Weighted Mean	Standard Dev.	S.D./Mean	Weighted Mean	Standard Dev.	S.D./Mean
Level 1 Leadership	4.113	0.959	0.233	3.5	1.0518	0.301
Level 2 Leadership	2.629	0.248	0.094	2.438	0.381	0.156
Level 3 Leadership	3.540	0.588	0.166	3.563	0.759	0.213
Level 4 Leadership	3.798	0.744	0.196	3.625	0.688	0.190
Level 5 Leadership	3.483	0.536	0.154	3.0	0.505	0.168

**Table 3. Comparative analysis of two countries based on creativity**

India			USA		
Weighted Mean	Standard Dev.	S.D./Mean	Weighted Mean	Standard Dev.	S.D./Mean
2.943	0.332	0.113	3.562	0.610	0.171