





A Landmark Study of CEOs from 28 Countries

GLOBAL LITERACIES

Lessons on Business Leadership and National Cultures

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To leaders courageous enough to learn from the rest of the world



CONTENTS

To the Reader					
PART ON THE SE	EARCH FOR GLOBAL COMPETITIVENESS	13			
ONE	The New Business Reality	15			
TWO	The Cultures of Twenty-first-Century Business	32			
	O OUR GLOBAL LITERACIES: g a New Language of Business	55			
THREE	Personal Literacy: Understanding and Valuing Yourself	61			
FOUR	Social Literacy: Engaging and Challenging Others	96			
FIVE	Business Literacy: Focusing and Mobilizing Your Organization	136			
SIX	Cultural Literacy: Valuing and Leveraging Cultural Differences	171			
	REE LOBAL LITERACIES AT WORK: the Five Universal Business Questions	211			
SEVEN	Purpose: Where Are We Going?	217			
EIGHT	Plan: How Do We Get There?	246			
NINE	Networks: How Do We Work Together?	281			
TEN	Tools: What Resources Do We Need?	311			
ELEVEN	Results: How Do We Measure Success?	340			
PART FOU BECON	UR MING A GLOBALLY LITERATE LEADER	371			
TWELVE	Your Path to Global Literacies	373			
Appendix: Research Strategy					
Selected References					
Acknowledgments					
Healthy Companies International and Watson Wyatt Worldwide					
NDEX					



TO THE READER

As a PSYCHOLOGIST and businessman, I have spent the last twenty years studying and advising executives and their organizations. I have written three books on leadership and, as CEO of Healthy Companies International, have consulted with dozens of Global 1000 corporations, governments, and entrepreneurial growth companies around the world. But when it came to writing *Global Literacies*, I needed help.

In 1997, I discovered that Watson Wyatt Worldwide, an international consulting firm, was interested in the same topic. So we created a joint project with unprecedented reach and scope. Our goal was simple: We would conduct a worldwide search for leaders who are globally literate and whose companies are winning in the global marketplace. We would go to them, on six continents, and sit face-to-face with them to hear their stories in their own words. Then we would tell their stories—and extract the lessons of global leadership. The results of this qualitative and quantitative study serve as the cornerstone for this book.

Global Literacies is a living example of collaborative individualism at work—four strong, independent people working together. I was truly blessed to work with three of the finest colleagues. Patricia Digh is a business analyst focused on emerging issues and was formerly vice president of international and diversity programs for the Society for Human Resource Management. Marshall Singer is professor emeritus of international and intercultural affairs at the University of Pittsburgh and a leading expert in intercultural management. Carl Phillips is one of the leading consultants in executive development and formerly worldwide director of organization effectiveness at Watson Wyatt Worldwide. Collectively, we have more than 120 years of work experience and have lived or worked in more than 120 countries.

As leaders in global business, each person brought something special to the table. But the real challenge was to tap our collective intelligence. We needed to learn how to express our wisdom, acknowledge our prejudices, and argue our points of view. Rest assured that each of us was sufficiently challenged along the way, and the book is better for it. With time, our thinking became strengthened and magnified by this unique partnership. We each walk away wiser for it.

We are all reflections of our past. Nowhere is this truer than writing and

reading a book. Each of us sees through our own unique cultural lens. Ours is a North American lens, with a particular slant toward the United States. We come from a future-focused, short-term, action-oriented society in a culture of liberty and freedom. We are direct, verbal problem solvers committed to learning. This lens influences how we see the world. But not all people and countries see the world the way we do. Nor should they.

Some would argue that for the first time in modern history, the United States is the only world superpower. Its influence—military, political, economic, and cultural—is having a major impact on the nations of the world. Many are comfortable with the U.S. position; they aspire to be like us or like being taken care of. But there are others who resent American omnipresence—now more than ever—and have a very different definition of how a successful society should look. Undoubtedly, this will influence their reactions to this book.

In the United States, we are experiencing a renewed sense of national pride and success. Many believe that our booming free market economy is leading the world and our democratic government is a model for all. Despite these successes, our greatest danger is arrogance. If we are not careful we will become too smug and ethnocentric. We will overestimate our abilities and underestimate what we can learn from others. This too will influence how this book is read.

Any study attempting to characterize a given culture is complicated and risky. No one is simply a product of his or her culture, and we all justifiably resent being culturally typecast. Our examination of culture was undertaken with the specific goal of understanding the "commercial ethos" of a country—how business is conceived, organized, and conducted in different cultures. We know that this kind of understanding will be increasingly important in a marketplace in which each nation has the world at its borders.

As a team, we were committed to overcoming these blind spots as much as possible. We wanted to be objective, honest, and fair when writing about the world. That is why we spent so much time conducting research, visiting leaders in their home countries, contacting embassies, reading national publications, and questioning ourselves. You will be the best judge of whether we were successful.

As the lead author of this book, I am no stranger to business leadership. I had conducted a six-year research effort on American leadership and healthy organizations, funded by the John D. and Catherine T. MacArthur Foundation. In that project I looked for examples inside the United States, and wondered how U.S. principles would translate around the world and what lessons we could learn from other countries.

Global Literacies presents a fresh, dynamic approach to leading global business in the twenty-first century that is relevant to all leaders at all levels in all regions of the world. Told through the real-life stories of seventy-five CEOs from twenty-eight countries and a survey of 1,200 executives worldwide, we hope the book will be useful to a wide international audience.

Our philosophy is a positive one. We focus on strengths and contributions: the leaders' best thinking, the companies' best practices, the countries' best contributions. While we believe that people learn best from positive stories that tell the truth, we also recognize that leaders, companies, and countries have shortcomings, prejudices, and blind spots. We simply want to learn from their best.

Inevitably, we make broad generalizations throughout the book, and there will always be exceptions to our statements. As we highlight these general differences, it is important to know that we have no desire to offend anyone. Our commitment is simply to present what we see and do so honestly.

We also want to acknowledge that at any point in time, the companies listed in this book may be performing well—or not so well—in the market-place. This doesn't concern us too much. Inevitably, good companies go through both profitable and difficult periods. It is their sustaining lessons of leadership that matter.

Finally, let me share a few thoughts about my experience of traveling. Over a two-year period I visited thirty countries. I traveled 250,000 miles, equivalent to ten times around the globe. From the rain forests of Brazil to the Great Buddha of China, from the fjords of Norway to the cape of South Africa, from Sydney Harbor to the skyscrapers of New York City, I walked the streets and met the local people. When you travel to so many diverse cultures in such a concentrated period of time, you can't help but see the world's similarities and differences. The regions of the world, including the Americas, Europe, Asia and Australia, the Middle East, and Africa, are clearly coming together into one world humanity. Yet there are thousands of colorful threads that create the fabric of the richly diverse peoples of the world.

Along the way, I discovered what anthropologists have known for years: that when you travel, you learn as much about your own culture as you do about others. Today, I'm still a proud citizen of the United States. Yet something happened inside me. In a mysterious, almost unconscious way, I became a global citizen. And there's no turning back. I will forever be a citizen of the world.

I hope you enjoy the book.

R.R.

PART ONE

THE SEARCH FOR GLOBAL COMPETITIVENESS



CHAPTER ONE

THE NEW BUSINESS REALITY

I STILL REMEMBER my first trip to Japan. Surrounded by the signs and sounds of Japanese, I felt utterly lost. Unable to decipher even the most basic information in restaurants and on city streets, I retreated into myself. It was hard to stretch into unfamiliar territory. When I asked questions, people reacted in ways I couldn't quite understand. I simply couldn't read their psychology.

In an instant, I understood what it means to be illiterate. Only when I got home, relieved to be back in the United States, did I fully recognize the personal cost of global illiteracy. Like adults who can't read, I had hidden the fact that I couldn't understand the verbal and nonverbal cues around me. Although intrigued by the differences, I spent a lot of energy protecting myself for fear of appearing foolish. I felt defensive, making it difficult to fully experience the world of Japan.

Being illiterate, even for that short period of time, taught me a lot about the power of literacy in our lives. Many of us take literacy for granted. We can't imagine—or remember—a world in which we were not able to read. But all of us were there at one time.

Watching a child learn to read is like witnessing a miraculous process unfold. A whole world suddenly opens up to him or her, enriching life beyond measure, adding depth and feeling to every experience.

We urge children to read at such an early age, and we worry when they don't proceed at the right pace. We do everything we can—buy them books, take them to libraries, show them flash cards—to ensure they master this new language, these strange, black hieroglyphics.

Once children have mastered basic words, we urge them toward greater complexity of ideas. One-syllable words give way to three-syllable ones, complex descriptions paint a picture richer than simple picture books, and dialogues become multilayered and more subtle.

But literacy doesn't matter just to children. In the new global world of business, we're all beginning readers. Like children, we must learn to read the world's new language by deciphering the handwriting, engaging in dialogues, and sharing ourselves in the process.

Literacy matters. And the worst thing for adults in the twenty-first century is being unable to read the world. Being able to read this emerging world allows us to witness an unfolding, an opening up of new possibilities. To fully participate in the global society, we need a common vocabulary, syntax, and grammar, and a rich base of knowledge. We need to move beyond comprehension of letters and language to a deeper understanding of ourselves, our customers, our markets, and the cultures of the world.

Global literacy is our new language for the twenty-first century.

The Twenty-first-Century Marketplace

We stand on a precipice, stepping into a new era, a time of enormous change and uncertainty characterized by the emergence of the first truly borderless, interconnected global economy. It's the world's youngest economy, fueled by the spread of free markets and democracy around the world.

Walls are crumbling among markets, organizations, and nations. People, information, labor, and capital move freely as never before. Global media, international travel, and communications have eroded distance and borders, linking us instantly to one another from Prague to Shanghai, from Lima to London. A tightly woven fabric of distant encounters and instant connections knits our diverse world together.

Ours is a unique place in history. Not since the Industrial Revolution have we faced such forces in two fundamental areas of world society: the electronic information revolution and global economic interdependence. This isn't just a change in degree, but a fundamental change in kind. Globalization is a new international system that is shaping domestic and international politics and changing the rules of trade. A dynamic and ongoing process, globalization involves the integration of markets and nation-states, enabling individuals, corporations, and countries to reach the world farther, faster, deeper, and cheaper.

We live in a networked, interconnected world with computer devices embedded in telephones, cars, televisions, and household appliances. The Internet and electronic commerce are dramatically changing how we do business. Our relationships with customers and suppliers have forever been altered, and employees have access to information never dreamed of ten years ago. Everyone is talking to everyone else in real time.

Add to that the fact that all business is global and all markets are local. World markets rise and fall together. Currency traders in Shanghai, Toronto, and London interact at a moment's notice. Global mergers and acquisitions