

Global Companies/Local Leaders

Practical Strategies for Surviving and Thriving in a Multicultural World

Convened by Michael Novak and Alison Sander

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One of the greatest challenges to civilization is whether we can learn to manage and resolve differences across multiple cultures. As the world becomes increasingly interconnected, we need to learn how to use our differences effectively, so our differences do not erupt as wars, trade disputes, environmental desecration, or economic warfare. The challenge of managing across different cultures, backgrounds, and belief systems confronts all of us. Yet, traditional responses to multicultural challenges are inadequately matched to the crises we face. The challenge of learning real tools to manage the “synergy of compatible differences” is a critical skill set for each of us to develop in order to thrive into the next century.

I. *Effective Global Leadership*

The first discussion focused on defining characteristics of global leaders who are able to build and lead successfully across different cultures. Koichi Fukuda presented findings from a Heidrick & Struggles worldwide survey of 6,000 CEOs concerning the factors companies seek in a global manager. The five factors most desired include: flexible management style; at least two degrees from different countries including one advanced graduate level degree; Asia/Pacific operating experience; competency in more than two languages; and a spouse from another country. With multinational organizations going through accelerating change, the most important thing looked for in a CEO candidate is a sense of balance.

Nancy J. Adler from McGill University offered insight from her research supporting the position that skills for effective global leaders in the next century appear to be more prevalent among the few senior female leaders than among the majority of male leaders who dominated the 20th century. Joe Jaworski shared information from his consulting at the Centre for Generative Leadership where many companies struggle with how to integrate their global operations across different countries and cultures. Joe reported an emerging trend from some major multinationals for senior executives that have a spiritual dimension and that understand the increasing importance of being-ness over doing-ness.

In discussion, a number of examples were given where lack of awareness in businesses of local customs led to failures and in some cases to disastrous consequences. Alarming research provided by the Pacific Cultural Conservancy showed that 1,500 indigenous cultures out of a total global population of 5,000 indigenous cultures are in immediate danger of extinction from lack of sensitivity and awareness from the dominant culture.

II. *Success Under Stress in Multicultural Situations*

One of the challenges in this field is that many of the theories on how to handle multicultural differences are written for non-stressful or moderately stressful situations and do not hold up under extremely stressful conditions. Dr. Mitch Hammer is an expert who has focused explicitly on handling multicultural situations under stressful conditions. Mitch discussed strategies that he has evolved from situations of extreme stress such as hostage taking and kidnapping including his work from the Peru hostage situation where he advised the Japanese government. Mitch reported that in these types of highly stressful situations, companies and individuals tend to revert to their primary

cultural programming and to over-rely on conflict resolution approaches that are most familiar which oftentimes are inadequate in meeting the demands of a crisis situation. This typically produces contentiousness, and a win/lose mindset which often escalates to violence.

The traditional western-based bargaining and problem solving models have been inadequate in transforming such contentious situations into cooperative situations. These negotiation approaches ignore the fact that conflict not only occurs with substantive issues but also occurs in the areas of power and trust, identity and reputation, relationship and emotion. Indeed, in most of the world, issues of relationship must be reconstituted *before* substantive issues can be addressed.

Mr. Fukuda discussed the difficulty of crisis recognition in a harmony-oriented culture like Japan, and used the Kobe earthquake as an example where traditional decision-making procedures are inadequate. The discussion revealed a wealth of experience in the room in the area of multicultural situations under stress. The discussants included a high school student whose school was in the midst of serious rifts, two representatives from Belfast most poignantly described what it is like to grow up being taught to hate and pointed out that divisions in Belfast start early with divisions between Protestant and Catholic schools, a speaker from Cyprus, a European business executive who had been the intended victim for a kidnapping threat, and a Nobel peace prize laureate who had worked to bring the plight of East Timor to world attention, among other participants. Jose Ramos-Horta talked about an important initiative among Nobel prize laureates to assemble a list of individuals willing to be involved as independent negotiators in global hot-spots and in hostage situations. This would be an invaluable resource as few state authorities are viewed as being truly independent in these situations and few are available within the tight time frames required.

III. Global Best Practices in Asia

The third session focused on multicultural challenges and successes between specific cultures—namely the U.S. and Japan. Bob Hiebeler presented Arthur Andersen’s inventory of Global Best Practices to underscore the variety of business practices used in a global context, and for the value that comes from benchmarking these and choosing to employ the best approach. He described the importance for a relationship-based approach and for really understanding the objectives of the “other side.” The best practices were drawn from research of over 1,500 corporations worldwide.

Then Ambassador Ira Shapiro, former U.S. chief Japan negotiator, and Japan Consul General Kiyo Nanao used the U.S./Japan contentious auto trade talks as the focus for a spirited conversation about best practices for U.S. Japan trade negotiations. This simulation was introduced by Carmen Suro-Bredie from the U.S. Trade Representatives Office and skillfully moderated by George Renwick, an expert in Asian negotiations and facilitation. We heard about the political pressures that operate on negotiators from both sides. We heard how the U.S. wanted unilateral concessions in light of the growing U.S. Japan trade deficit (which today stands over \$40 billion) but did not see the need to make substantive changes in its own market opportunities for Japan. We heard how companies were used by both sides to put pressure on the negotiators and we marveled that despite the extreme pressures of time, politics, and the high stakes, that Ambassador Shapiro and Consul General Nanao have developed a strong working relationship. In the end, as was mentioned many times in our session, no matter how contentious the negotiation, it is the relationship or lack thereof that one has to come back to.

Bob Lynch, President of the Warren Company, added a very helpful perspective pointing out how several leading U.S. and Japanese companies had managed to turn around even the most challenging situations. He described how a different mindframe would use a win-win paradigm to see how both sides could “co-create” a better outcome. In other words, rather than fighting over a shrinking pie are there creative ways and energies that both sides could use to create a winning solution for both countries—for example to jointly discuss how to collaborate in approaching emerging markets. Bob pointed out how creative thinking was necessary to develop new links in order to breakthrough some of the paradigms that locked both the U.S. and the Russians into the Cold War mind-frame. He suggested that similar breakthroughs in thinking and linkages may be required if we are to avert an economic trade stalemate. Marc Luyckx from the European Commission discussed new approaches being explored in Europe and echoed the importance of finding peaceful solutions for resolving this problem. This session highlighted the importance of bringing together creative approaches with some of the greater multicultural crises, particularly in the area of economic trade negotiations.

Conveners: Michael Novak
Alison Sander (President, Cambridge Transnational Associates)

Panel 1 - Effective Global Leadership

Moderators: Michael Novak and Alison Sander

Principal Speakers Joe Jaworski (Author of *Synchronicity* and Chairman of the Center for Generative Leadership)

Nancy Adler (Professor of Organizational Behavior and Cross-Cultural Management at McGill University)

Koichi Fukuda (Managing Partner for Heidrich & Struggles in Japan)

Panel 2 - Success under Stress in Multicultural Situations

Moderators: Michael Novak and Alison Sander

Principal Speakers Dr. Mitchell R. Hammer (Principal, The Hammer Group, Professor of International Conflict Resolution at American University)

Koichi Fukuda

Panel 3 - Global Best Practices in Asia

Moderator: George Renwick, President, Renwick & Associates

Principal Speakers Bob Hiebeler (Managing Director of Global Best Practices for Arthur Andersen)

Robert P. Lynch (President, The Warren Company)

Ira S. Shapiro (Former Chief U.S. Trade Negotiator with Japan and Canada)

Kiyo Nanao (Consul General - Japan Consulate, San Francisco)

Carmen Suro-Bredie (Senior Asia Pacific Policy Advisor to the U.S. Trade Representative)