Ethical Leadership and Intercultural Competence in Global Business

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Our Agenda This Morning

• Ethical leadership: local & global challenges
  • What do we mean by ethical behavior, and other difficult questions?
  • Ethical challenges in the news

• Assessing intercultural competence:
  • Ethics and intercultural competence – the connection?
  • The intercultural development continuum
  • The group’s IDI profile

• Addressing ethical challenges from a developmental perspective:
  • Who adapts to whom?
Difficult Questions about Ethics

• What do we mean by “ethics”?  
  • Are ethics the same as morals?

• Where do ethics come from?

• Can ethics be different in different places and situations?  
  • How important is context?

• Can we behave ethically - do the right thing - while still holding prejudices?
More Tricky Stuff about Ethics

Do these affect our ethical behavior?

How are we related?
  What are my obligations to my group; to the other group?

How strong is my need to accomplish my goal?

How am I being incented?
  How big are the rewards?
  How big are the penalties?

Who’s watching?!
A Four-Quadrant Perspective – where is “ethics”?

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<th>OUTER</th>
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<td>INDIVIDUAL</td>
<td>“I” Self &amp; Consciousness <em>(thought, emotion, volition)</em></td>
<td>UL “It” The Individual <em>(personal behavior)</em></td>
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<td>COLLECTIVE</td>
<td>“We” Language, Worldview <em>(culture)</em></td>
<td>LL “Its” Groups <em>(social structures)</em></td>
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Ethical Challenges in the News

The *NYT Opinion Page*, 14Mar12:
“Why I Am Leaving Goldman Sachs”
- Did Greg Smith act unethically?
- Did Goldman Sachs act unethically?
- Is this a leadership problem?
- Are there global implications?

The *Atlantic*, June, 2012:
“How We Got the Crash Wrong: Leverage was not the problem – incentives were, and still are”
- Do financial brokers act unethically?
- Is this an insider/outsider problem?
- Can we relate this to global leadership?
Ethical Challenges in the News

The NYT, 31Aug12, Politics, Checkpoint:

“Facts Take a Beating in Acceptance Speeches”

- Is lying in politics unethical?
- Is this about my group vs. your group?
- Is this about global leadership?

The Financial Times, 12Nov04, Markets Week WORLD:

“Postcard from a Proud Country with a Long History of Corruption and Fraud”

- Are Chae’s actions ethical by Korean standards?
- What are the cultural aspects of this?
Ethical Challenges in the News

The NYT, Global Business, 3Sep12: “Foreign Firms Most Affected by a U.S. Law Barring Bribes”
  • Are ethical standards relative?
  • Is one ethical stance “better” than another?
  • Is it ethical for the U.S. to impose its standards on the rest of the world?

The NYT, 30Aug12 – Education: “Harvard Says 125 Students may Have Cheated on a Final Exam”
  • Who is being cheated?
  • How is this different from the other examples?
  • Why?
“It’s the professors who are immoral!”

Who was right?

What are the implications for a universal ethics?


- This was, and certainly still is, a provocative story. Why?
- How does it apply to the challenges of ethical leadership today, local or global?
Horizontal vs. Vertical Growth

In Stages, Discontinuous

Learning

Development

Across Time

In-Time

Linear, Continuous
Intercultural competence is the ability to interact effectively across cultural boundaries, that is, with people unlike oneself in significant ways.

- Intercultural competence is an unnatural act.
- This is the first time in earth’s history that a significant percentage of the population is under pressure to acquire this competence.

- It doesn’t come easily.
• Based on a **developmental model** of five stages
  – Denial
  – Polarization (Defense/Reversal)
  – Minimization
  – Acceptance
  – Adaptation
Intercultural Development Inventory (IDI)

• Denial (monocultural groups):
  – “Everyone I know thinks and feels like I do”
  – Comfortable with the familiar (“Different? No thanks!”)
  – Assumptions of similarity (“Everyone is like me”)
  – Disinterest in other cultures (“Why would I want to...?”)
  – Avoidance of cultural difference (Weird!)
  – Lack of awareness of cultural difference and its impact on behavior
  – Have you observed this stage before?
Intercultural Development Inventory (IDI)

- **Polarization (Defense/Reversal) (clumping):**
  - “It’s clear we have a better decision making process than the Japanese. They take forever to make a decision!” (Defense)
  - “We’re less tolerant in the U.S., just look at Switzerland!” (Reversal)
  - Can identify cultural differences, but understands them as “us” and “them”
  - In Defense, “us” is superior. In Reversal, “them” is superior.
  - Incomplete understanding of other cultures (stereotypes)
  - Have you observed this stage before?
Intercultural Development Inventory (IDI)

• Minimization: (transitional) (U.S. diversity)
  – “I’ve traveled around the world and now believe that despite some differences, deep down we all want the same things”
  – Other cultures are not viewed as a threat or perceived over-critically
  – Understanding of cultural differences primarily at the surface level (stereotypes mostly avoided)
  – Over-emphasis on cultural commonality and universal values (“It’s a small world after all” syndrome)
  – Have you observed this stage before?
Intercultural Development Inventory (IDI)

• Acceptance (inclusion):
  – “It’s interesting to me how the Japanese take more time to make decisions. They really value consensus and want to consider all the possibilities before committing to something”
  – Recognition of deeper cultural differences and the ability to communicate them clearly
  – Strong awareness of your own culture and an understanding that it is only one particular way of experiencing the world
  – Have you observed this stage before?
• Adaptation (cross-border competence):
  – “Even though Gary prefers action oriented decision making and sticking to timelines, he adjusted his planning and budget to give the Japanese client more time to build consensus and feel comfortable with the decision”
  – Know enough about yourself and other cultures to shift to their frame of reference (“Cultural glasses”)
  – Look at situations from a variety of cultural perspectives
  – Modify behaviors and communication styles to various cultural contexts
  – Have you observed this stage before?
• **Profile intent:** To gain insight into how the group makes sense of and responds to cultural difference. To help you interpret your personal stance.
**Group IDI Profile – Orientation Gap**

- **PO score:** The group rates its capability and perceives itself in **Acceptance** (raw score)
- **DO score:** The IDI assesses the group orientation to be in **Minimization** (weighted score)
- The **Orientation Gap** is 23.72 indicating an **overestimation** of the level of intercultural competence
- You may be surprised at this result, given the size of the gap
A narrow range suggests that the group has a common approach to cultural difference and would have relatively consistent perceptions and behaviors.

A wider range (here, 47.1%) is spread above and below minimization, suggesting the opposite.
Cultural Disengagement is a sense of disconnection or attachment from one’s cultural group.

A score of less than 4.0 indicates an identity challenge in which one experiences a lack of involvement in core aspects of membership in a cultural community.
• Leading Orientations are immediately “in front” of the group's primary (developmental) orientation) – in this case, **Acceptance**.

• **Acceptance** is focused on increasing cultural self-awareness and learning general and specific culture frameworks for more deeply understanding difference.

• It involves *the capability to make moral and ethical judgments that take into consideration both other cultural values, and one’s own.*
• *Cultures do not find themselves in conflict with one another: interests do.*

• There is no reason to assume that “prejudice derives only from ignorance, that intimacy must breed amity. You can be genuinely engaged with the ways of other societies without approving, let alone adopting, them.”

Behavioral Stance as driven by evolving values & intercultural competence

1. **DENIAL** Do unto others *as you please and can* (might makes right; aggressive ignorance)

2. **POLARIZATION** Do unto others *according to their obvious deficiencies* (bringing truth to the natives)

3. **MINIMIZATION** Do unto others *as you would have them do onto you* (assumes similarity; common values)

4. **ACCEPTANCE** Do unto others *as they would have done onto them* (different strokes for different folks; it’s all good)

5. **ADAPTATION** Do unto others a) *as appropriate to the situation and desired outcome* (adapting to context), or b) as you and they negotiate (creating a shared culture)
I’ve come to see that the geometry of human progress is an expanding circle of compassion.

And that nature and human dignity require each other. And I believe that – if the word “sacred” means anything at all – the world exists as the one truly sacred place. As we walk the shores and launch our travels, several axes of possibility – evidence, ignorance, indifference, and compassion – will form the north, south, east, and west upon which we’ll plot our course.

Carl Safina, ecologist, marine conservationist, winner of a MacArthur genius grant, and author of The View from Lazy Point, Henry Holt & Co, 2010
Thank You

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