Strategic Leadership through the Prism of National Culture:
Differences in Understandings

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INTRODUCTION

The growth of strategically-focused organizations – with the rising importance of strategic planning, strategic management, and strategic leadership – can be seen as a logical and rational response to the increasingly complex and chaotic task environment within which businesses operate. Of course, a strategically-focused approach is not something new: organizations have always been concerned with their future and with the best strategic ways of envisaging and reaching that future. However, a sea-shift in economic complexity and market volatility towards the end of the 20th century focused minds and placed renewed emphasis on strategy (Hitt, 1998). In the last 30 years there has been an unprecedented increase in economic discontinuities, blurring of the boundaries that had previously separated business sectors, growing ferocity in competitive markets, and economic and business landscapes reshaped by global opportunities and international challenges (Geissler & Krys, 2013; Hitt, Haynes, & Serpa, 2010). From a rational and logical perspective; it is hardly surprising that, as we moved into the 21st century, strategic leadership became the most discussed, researched, and advocated response for the complexities of the age (Boal & Hooijberg, 2000; Dinh et al., 2014; Vera & Crossan, 2004).

Rational and logical paradigms, however, set unrealistic boundaries for strategic reorientation and impose significant constraints on strategic leaders. The new economic and global landscapes are increasingly complex, chaotic, and turbulent – they require a higher degree of adaptive learning on the part of strategically focused organizations and more creative sense-making from their strategic leadership (Boal & Schultz, 2007; Marion & Uhl-Bien, 2001; Paarlberg & Bielefeld, 2009). The complex environments that are currently faced – and which will continue to be faced in the future – require strategic leaders to shift their focus from the static abstractions of business entities, which might be amenable to a simple logic of manipulation, to the more subtle dynamics of organizations peopled by real people, who operate under quite different assumptions and understandings. Truly adaptive strategic leaders are challenged to "navigate the unknown effectively [through] the abilities to anticipate, challenge, interpret, decide, align, and learn" (Schoemaker, Krupp, & Howland, 2013, p. 131).

The need for strategic leaders to develop more complex responses to human behavior is crucial, and a failure to do so can be disastrous. For example, mergers and acquisitions (M&As) are often prompted by a simple consideration of strategic logic; however, these "logical" ventures often flounder because strategic leaders fail to appreciate the significant cultural and people-centered challenges involved. For example, interviews with more than 100 senior executives involved in 700 M&As during the period 1996-1998, revealed that 83 percent of these strategically-justified initiatives produced no additional shareholder value, and more than half actually destroyed value (Kelly, Cook, & Spitzer, 1999). The cool, distanced, and rational logic of strategy does not guarantee optimal corporate advancement sim-

ply because it fails to appreciate the shifting dynamics, inherent paradoxes, and embedded subtleties of complex people-filled organizational and task environments (Smith, 2014; Smith & Lewis, 2011; Smith, Lewis, & Tushman, 2011).

When strategically-justified M&As falter it is usually because strategic leaders have failed to anticipate differences in organizational cultures, interpret and learn from them, and decisively implement programs of cultural integration (Bjorkman, Stahl, & Vaara, 2007; Lakshman, 2011; Shaver, 2006). This is true for domestic M&As, but it is doubly true for the international and cross-national M&As, where differences in organizational culture are compounded by those of national culture (Gill, 2012; Malhotra, Sivakumar, & Zhu, 2011; Perrault, 2013). Even as the M&A is being contemplated, strategic leaders need to appreciate that "employees' reactions in the form of emotions, intentions, and behaviors varies across cultures" (Gunkel, Schlaegel, Rossteutscher, & Wolff, 2015, p. 405).

This chapter explores strategic leadership through a prism of national culture. The first section provides background by briefly examining the meaning and implication of national culture. The second section discusses the construct and practice of strategic leadership across national culture divides. The third section suggests research initiatives that are considered important, while the final section briefly summarizes the main points of the chapter.

BACKGROUND

Within social settings and organizational groupings, culture is understood as a pattern of shared basic assumptions "learned by a group as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid… [and taught] as the correct way to perceive, think, and feel in relation to those problems" (Schein, 2004, p. 17). Culture has been seen as a "fuzzy set of basic assumptions and values, orientations to life, beliefs, policies, procedures and behavioural conventions that are shared by a group of people, and that influence (but do not determine) each member's behaviour and…the 'meaning' of other people's behaviour" (Spencer-Oatley, 2008, p. 3). Classically it has been understood as a "fabric of meaning in terms of which human beings interpret their experience and guide their action…. an ordered system of meaning and of symbols in terms of which social interaction takes place" (Geertz, 1957, p. 33).

Culture is a strangely invisible but persistent dimension within which we are embedded, and most would agree that although "culture is an abstraction, yet the forces that are created in social and organizational situations that derive from culture are powerful" (Schein, 2004, p. 3). Culture assumptions and values exist in all social contexts, but perhaps more noticeably they also pervade the thinking, behavior, and political expressions at a national level. One of the most useful and extensively used sources of approaching national culture has been advanced by Geert Hofstede and his associates in a statistical model that distinguishes national cultures through the following five dimensions (Hofstede 2001; Hofstede & Hofstede 2005).

- **Power Distance:** This is "the extent to which less powerful members of a society accept and expect that power is distributed unequally" (de Mooij & Hofstede, 2010, p. 89). In high power distance cultures status, hierarchy, and deference are anticipated and accepted and individuals are aware of what they understand to be their "rightful place."

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