

Ethnocentrism: The Hidden Adversary of Effective Global Leadership

Ruxandra A. Vodă

Abstract—With the industrial revolution, global leaders must more rapidly become knowledgeable of and develop essential cross-cultural competencies to be effective. Ethnocentrism represents a hidden barrier of effective leadership and must be acknowledged and addressed proactively by global leaders. The article examines the impact of ethnocentrism in four critical areas (leadership strategy, cross-cultural competencies, intercultural communication, and adaptation to international contexts) and argues that by developing cross-cultural competencies, leaders might naturally reduce ethnocentrism levels. This paper will also offer few examples to support international managers in understanding how ethnocentrism can affect performance.

Keywords—Adaptation to intercultural contexts, cross-cultural competencies, effective leadership, ethnocentrism, global leader, intercultural communication, leadership strategy, the GLOBE Project.

I. INTRODUCTION

GLOBALIZATION has imprinted new patterns and trends in how nations have become interdependent politically, economically, socially, and technologically [21]. With the Fourth Industrial Revolution (Industry 4.0), the lines between the physical, digital, and biological have been blurred, making everything faster, more disruptive, and more profound than ever before [25]. To this end, globalization, or the movement of ideas, people, and commodities, has also been accelerated exponentially by the use of technology [26].

The emergence of the global village [16] and the acceleration of such interdependencies between countries have substantiated the need to approach leadership from a broader angle, as people, economies, trade, and cultures have become permanently interconnected. Globalization has affected cultural identity twofold: (1) triggering a rapid growth in migration, mobility, and connectivity from the context perspective, and (2) culture becoming a dynamic and multi-layered construct from the conceptual perspective [27]. Therefore, leadership is becoming less of a regional or organization's practice and more synchronizing strategies, teams, and processes across multiple nations towards reaching the same organizational vision. The term global leadership is intrinsic to the notion that organizations aim to conduct their activities in more than one or even several specific geographical regions. These regions have been best described in the GLOBE Project, one of the most comprehensive longitudinal studies of leadership practice across the world [12]. Today, global leadership must connect the political,

economic, social, technological, regulatory, and environmental context worldwide. The GLOBE Project identified nine cultural dimensions of leadership: uncertainty avoidance, power distance, institutional collectivism, in-group collectivism, gender egalitarianism, assertiveness, future orientation, performance orientation, and humane orientation [12], [21].

Global leaders must practice six cross-cultural competencies to be effective. First, they must become knowledgeable about the business, political, and cultural environments worldwide [1], [21]. Second, they need to constantly acquire knowledge on different cultures' perspectives, preferences, trends, and technologies [1], [21]. Third, they must simultaneously collaborate with individuals from different cultures [1], [21]. Fourth, they must adapt to living, working, and communicating in other cultures [1], [21]. Fifth, they must relate to other cultures as equal, renouncing any perception or behavior of cultural superiority [1], [21]. Last, they must possess the skill to generate and communicate transcultural visions, which inspire people in different cultures [19], [29].

Dealing with multicultural contexts represents a challenge for international leaders from external (context, contingencies) and internal (the individual system of norms, values, and beliefs) perspectives [21]. Most importantly, appreciating and treating other cultures as equal and renouncing any perception or behavior of cultural superiority requires overcoming two relevant barriers to effective cross-cultural leadership, i.e., ethnocentrism and prejudice.

This paper will explore how ethnocentrism can adversely impact effective leadership in cross-cultural contexts and how ethnocentrism and prejudice might be reduced. The paper will also suggest that the development of cross-cultural competencies can lead to an inherent decrease in ethnocentrism. The literature and practical experience of leaders working with multicultural settings combined indicate that the reduction of ethnocentrism and prejudice is an aspect of leadership often neglected, which could prevent both effective leadership, inclusion, and diversity at the workplace. The literature also suggests it can be an unseen barrier that leaders are unaware of, thus affecting their performance across all nine cultural dimensions from the GLOBE Project. Lastly, this paper will showcase a few examples based on Project GLOBE's nine cultural dimensions focusing on two of the ten distinct regional clusters, Germanic Europe and Eastern Europe [12].

R. A. Vodă is a Ph.D. student at Tiffin University, Ohio, United States (e-mail: vodara@tiffin.edu).

II. AREAS OF ETHNOCENTRISM THAT IMPACT EFFECTIVE GLOBAL LEADERSHIP

A *leader* is a person who pilots and influences a group or organization and empowers transformation [7]. The global leader is an individual who inspires and motivates a group to pursue a constructive vision systematically while fostering personal and collective development in a context with a high level of complexity, flow, and presence [18].

Complexity involves space, time, relationships, and information. The flow involves leaders crossing many boundaries in and outside the organization from the relationships, channels, and information perspectives. Last, presence refers to the degree of spatial-temporal presence. The greater the complexity, presence, and flow are, the greater the degree of global role, responsibilities, and activities [18]. The above definitions show that ethnocentrism might affect effectiveness in driving transformation on all management's layers (complexity, flow, and presence).

A. Ethnocentrism and Leadership Strategy

Scholarly literature reviewed for this article prompted that ethnocentrism could influence the leadership strategy in multinational organizations at their core [22].

Ethnocentrism is an intrinsic characteristic of culture and represents a perceptual stance of viewing one's culture as superior to other cultures [21], [24]. The term was first introduced by W. G. Sumner in 1906 [20]. By the tendency of such individuals to place their own's group (ethnic, racial, or cultural) above other cultures, they might miss recognizing the unique perspectives and characteristics of others [21]. For example, the performance orientation dimension of Germanic Europe culture cluster might influence their leaders to fail in valuing at full potential and encouraging Eastern Europe cluster's in-group collectivism and humane orientation traits, which express into organization loyalty, support, care, and kindness [12], [21].

From a human resources management's perspective, [31] defined ethnocentrism as an attitude resulting from seven beliefs: (1) managers of foreign subsidiaries should be from the host country; (2) expatriate leaders should have proper ethnic origin; (3) they should know the culture of the host country; (4) they should adhere to local management behaviors; (5) expatriate managers should know the host country language; (6) they should have excellent knowledge of the host country social traits; and (7) international managers should be familiar with the host country's history. Ethnocentrism is a universal tendency, and each leader might hold it to a certain degree. It usually expresses the inclination to think that own cultural values, norms, and traditions are correct and natural [21]. Ethnocentrism is a universal propensity, and each leader might hold it to a certain degree. It usually expresses the inclination to think that own cultural values, norms, and traditions are correct and natural [21].

Reference [22] was one of the first academics to study ethnocentrism from a multinational company's perspective [20]. Reference [22] analyzed three leadership strategies in international contexts: ethnocentric (home country oriented),

polycentric (host country oriented), and geocentric (world-oriented). Later, [23] added the regiocentric strategy. The ethnocentric strategy would be afferent to organizations with complex structures in the home country and simple in its subsidiaries' network [22]. The ethnocentric leadership strategy keeps decisions in the headquarters, applies national performance standards and incentive systems across all branches, and imposes home country nationals for key positions in all foreign offices [22].

In a hypothetical scenario, analyzing the GLOBE Project's nine cultural dimensions, a Germanic Europe-based business with an ethnocentric strategy across its Eastern Europe subsidiaries could potentially diminish employees' commitment to inclusion and diversity. For example, a performance management and rewards system based on the Germanic Europe cluster's future orientation characteristics (long-term planning, investing, and delaying gratification) might deteriorate motivation levels of Eastern European segment's teams, which also appreciate short-term objectives, targets, and rewards [12], [21].

In the above example, it is evident how a geocentric leadership strategy [22] would be beneficial. With such a strategy, either simple or complex/interdependent organizations would have a collaborative approach between the home country company and their subsidiaries. The organization could apply universal standards, develop a performance management system rewarding local and international objectives, have two-way communication between the headquarters and subsidiaries, and develop the best talents for critical roles worldwide [22]. The benefits of world-oriented strategies in global organizational settings are also demonstrated by the research in the GLOBE Program, as it has shown to be a critical element in the integration of culture, organizational processes, and leadership [15], [21] and therefore the need to understand how cultural diversity influences performance [21].

For decades, academia has emphasized the need for international or global organizations to pursue geocentric leadership strategies that nurture international leaders who have become role models in diversity and inclusion [10]. Successful global companies have also acknowledged the importance of geocentric strategies to develop global leaders, expand the business and promote better international human resources management practices [11]. On this point, the GLOBE Project has brought an essential contribution to supporting the growth and development of leaders by identifying and promoting 22 universally desirable attributes in academia [12], [21].

In 2019, Financial Times acknowledged the Diversity Leaders ranking of 700 companies offering diverse and inclusive workplaces [3] of which companies belonging to the Germanic Europe cluster such as Booking.com (Netherlands), Colgate-Palmolive (Switzerland), IKEA (Netherlands), BMW (Germany), SAP (Germany), Oberbank (Austria), Deutsche Telekom (Germany), or OMW (Austria) [3].

B. Ethnocentrism, Dynamic Cross-cultural Competencies, and Global Leadership Effectiveness

The academic literature suggests that the development of cross-cultural competencies naturally results in reducing the ethnocentrism level. Reference [5] analyzed data of a 420 global leaders sample where they identified that specific personality characteristics (such as extraversion, openness to experience, and lower neuroticism), as well as cross-cultural experiences, were predictors of necessary dynamic cross-cultural competencies such as ambiguity tolerance, flexibility, and reduced ethnocentrism. Such competencies were also found to represent drivers of global leadership effectiveness in the view of the respective leaders' supervisors [5].

Leadership effectiveness has been the subject of scholarly research for decades, without reaching a consensus on the dimensions to be evaluated [18]. However, given the present research question, leadership effectiveness is used with the same meaning as the Project GLOBE studies, which view performant leadership concerning organizational effectiveness and success [12]. Effectiveness is, therefore, a "function of the interaction between leader attributes and behaviors and organizational contingencies. Leaders who effectively address organizational contingencies will be more effective than leaders who do not" [13, p.20].

In addition to developing cross-cultural competencies, the literature examined also suggests that tolerance, flexibility, and reduced ethnocentrism are critical to cross-cultural knowledge absorption. Additionally, ethnocentricity has been found to reduce the capacity to cope with new and different values or social norms [5], [6] and to damage cross-cultural interpersonal relations [5], [28]. Therefore, it can be opined that the more acquaintance with cross-cultural practices, the more reduced ethnocentrism would be [5].

In addition to international exposure in business situations, social learning theory literature suggests that even non-work cultural experiences could reduce ethnocentrism and increase cultural flexibility and tolerance for ambiguity. Consequently, multinational companies should encourage international travel and international assignments for their current and future leaders to expose them to international contexts. With the emergence of the single market (the European Union), European organizations have been developing expatriation policies, including selection, training, adaptation, performance management, and repatriation processes [19].

C. Ethnocentrism and Cross-Cultural Communication

Intercultural communication is critical for effective leadership because stereotyping and ethnocentrism might adversely impact the leadership act when not acknowledged [24]. The search for cultural identity can fuel ethnocentrism, but it can also be diminished through constant dialogue, which is the basis for understanding diversity [24]. The critical challenges in intercultural communications are discrimination, poor communication due to ethnocentrism, and discrimination based on nationality, race, and religion [27]. Intercultural communication sensitivity and multiculturalism are significant factors for ethnocentrism reduction [8].

Such communication competencies include attitudes, knowledge, and skills that leaders put into practice to create and maintain a constructive relationship with teams across nations [24]. Holding an attitude that is aware of different cultural values while consciously limiting ethnocentrism represents a trait of successful intercultural communication. This competence is critical because it could eliminate a large portion of intercultural misunderstandings. To succeed in international roles, global leaders must maintain an open mind and communication with their teams [4]. Awareness and acceptance of differing cultural values and the conscious limiting of ethnocentrism are vital components to establishing trust and legitimacy with teams. It also actively supports enriching leaders' intellectual, psychological, and social capital, meaning the global mindset [14], [15].

Awareness and acceptance of different cultures start with understanding own strengths and weaknesses. Enriching a global mindset involves assessing the intellectual, psychological, and social capital and see where improvements are necessary. First, to prove global mindset, the indispensable intellectual capital resides in understanding how the business works globally, demonstrating cognitive complexity, and showing a cosmopolitan outlook [14]. Second, a global mindset requires a psychological capital of receptiveness: having a passion for diversity and adventure and having enough self-confidence to embark on intercultural exchanges [14]. Third, social capital supports relationship building through empathy, interpersonal impact, and diplomacy [14].

D. Ethnocentrism and Adaptation to Intercultural Contexts

As [28] showed, ethnocentrism could limit the ability to adapt to different contexts successfully. It can happen especially to leaders for the first time in a position to manage an international subsidiary. Ultimately, ethnocentrism can lead to culture shocks or failure of expatriate managers [28]. Ethnocentricity might impede effective relationship building, for example, when the international leader gets in contact with a less economically developed country (e.g., a Germanic European country manager traveling for the first time to a former Communist country in South-Eastern Europe) and views their own culture as privileged and bound to determine which things are *right* [28]. Therefore, cross-cultural training is critical in becoming aware of different cultures and building interpersonal communication skills that are effective in this cross-cultural environment. Such programs contribute to understanding different cultures, adaptation, and provide tools for interaction with people from other cultures [27]. Both cognitive (acquiring theoretical knowledge and understanding) and experiential (learning through practical experiences) approaches have proved their usefulness [27].

Human resource development professionals can provide cultural awareness, understanding, assimilation, and behavioral programs [27]. Cultural awareness training provides information about cultural differences between nations and explains legal requirements, procedures that regulate interactions [27]. Cultural understanding programs emphasize self-awareness on how native culture differs from

others and represent the basis for understanding different cultural norms and interacting in accordance [27]. Cultural assimilation programs are preponderantly scenario-based and aim to diminish expatriates' culture shock. They learn to interpret specific behaviors, adapt to cultural variances, and adapt faster to a different cultural environment [27]. Cultural behavioral programs rely on practical experience and aim to instill different skills that improve cross-cultural collaboration (e.g., negotiation, conflict management, or management competencies) [27]. To such practical experiences, [28] suggested that short prior foreign assignments before attempting a more consistent role and learning from national minorities might also support.

III. CONCLUSION

In a world with accelerated globalization, the existence of both ethnocentrism and prejudice could represent a source of leadership failure and insidiously affect leaders' behavior and expression in the context of the cultural dimensions identified in the GLOBE Project [12]. Success in global leadership practice requires familiarity and comfort within the areas of complexity, flow, and presence [17]. Based on the literature examined, ethnocentrism could directly affect an individual's capacity to understand and adapt to uncertainty avoidance degree, in-group collectivism, gender egalitarianism, and future performance and humane orientation of culture.

Acquiring and maintaining an appropriate global leadership strategy, adapting to different contexts, and developing intercultural competencies - out of which cross-cultural communication competency is critical - represent vectors for a natural decrease in ethnocentrism. However, to truly succeed in a multicultural context, global leaders should seek to limit ethnocentrism through developing an intercultural mindset, skillset, and sensitivity through training and development.

Training and successive cross-cultural experiences represent the basis for such progress [2]. Dynamic cross-cultural competencies such as ambiguity tolerance, flexibility, and reduced ethnocentrism have been proven to constitute active factors for effective leadership. A complete skillset with understanding language, nonverbal behavior, communication styles, and values of different cultures [2] represents a must-have for an effective international leader. Developing cultural sensitivity reduces the manifestations of ethnocentrism (denial, defense, or minimization of other cultures) and increases ethnorelativism (acceptance of different cultures, adaptation, and integrating into them) [2].

While this paper does not explicitly focus on the human resources management element of leadership strategy, ethnocentrism can negatively influence managerial decisions in hiring, affecting inclusion and diversity policies [20], [30], [31]. Hence, more research is necessary for this area. Ethnocentrism does not yet hold a universally accepted definition, there are no precise measurements of the phenomenon, there are few studies to measure cultures' ethnocentrism degrees, and there is not a vast knowledge pool on how human resource practitioners can support leaders and hiring by actively addressing ethnocentricity from all

perspectives [20]. Nonetheless, two aspects are apparent: becoming aware of ethnocentrism represents the first premise of increasing leadership effectiveness. The second premise would be for leaders to be to embrace a mindset of openness and humbleness. Successful navigation of today's borderless context, i.e., global organizations, requires a global mindset including the necessary intellectual, psychological, and social capital [15], as well as an open attitude towards enriching such capital. Proactive a priori and a posteriori learning and open intercultural communication have always proven beneficial and building trust, even with the risk of showing vulnerabilities [9]. Acting towards valuing and embracing diversity can show honesty, communication skills, and justness - three of the most desirable leadership attributes anywhere in the world [21].

ACKNOWLEDGMENT

Ruxandra A. Vodă would like to thank Dr. Perry Haan and Dr. Joseph J. Lestrangle for their guidance and support. The author would also like to thank the two anonymous peer-reviewers for their feedback.

REFERENCES

- [1] Adler, Nancy J., and Susan Bartholomew. "Managing globally competent people." *Academy of Management Perspectives* 6.3 (1992): 52-65.
- [2] Bennett, Milton J. "Intercultural competence for global leadership." *Oregon: The Intercultural Communication Institute* (2001).
- [3] Boulton, L. "Striving for inclusion: top European Companies." *Financial Times* (November 2019).
- [4] Caldwell, Jason. "Leading globally, thinking interculturally: Developing global characteristics." *The Journal of Business Diversity* 15.1 (2015): 55.
- [5] Caligiuri, Paula, and Ibraiz Tarique. "Dynamic cross-cultural competencies and global leadership effectiveness." *Journal of World Business* 47.4 (2012): 612-622.
- [6] Church, Austin T. "Sojourner adjustment." *Psychological Bulletin* 91.3 (1982): 540.
- [7] Cortellazzo, Laura, Elena Bruni, and Rita Zampieri. "The role of leadership in a digitalized world: A review." *Frontiers in Psychology* 10 (2019): 1938.
- [8] Dong, Qingwen, Kenneth D. Day, and Christine M. Collaço. "Overcoming ethnocentrism through developing intercultural communication sensitivity and multiculturalism." *Human Communication* 11.1 (2008): 27-38.
- [9] Hansson, Sten, et al. "Communication-related vulnerability to disasters: A heuristic framework." *International Journal of Disaster Risk Reduction* 51 (2020): 101931.
- [10] Harris, Philip R., and Robert T. Moran. "European leadership in globalization." *European Business Review* (1996).
- [11] Hedlund, Gunnar. *The hypermodern MNC—a heterarchy?*. Routledge, 2017.
- [12] House, Robert J., et al., eds. *Culture, leadership, and organizations: The GLOBE study of 62 societies*. Sage Publications, 2004.
- [13] House, Robert J., et al. "Cultural influences on leadership and organizations: Project GLOBE." *Advances in global leadership* 1.2 (1999): 171-233.
- [14] Javidan, Mansour, Mary Teagarden, and Dave Bowen. "Making it overseas." *Harvard Business Review* 88.4 (2010): 109-113.
- [15] Lestrangle, Joseph J. *Values Based Leadership 2.0: A Multi Method Study Toward The Development Of A Theoretical Framework For Global Leaders*. Diss. Indiana Institute of Technology, 2015.
- [16] McLuhan, Marshall. "The Gutenberg Galaxy." *Toronto: University of Toronto* (1963).
- [17] Mendenhall, Mark E., et al., eds. *Global leadership: Research, practice, and development*. Routledge, 2017.
- [18] Mendenhall, Mark E., et al. "Defining the "global" in global

- leadership." *Journal of World Business* 47.4 (2012): 493-503.
- [19] Mitrev, Stoyan, and Robert Culpepper. "Expatriation in Europe: factors and insights." *The Journal of International Management Studies* 7.1 (2012): 158-167.
- [20] Myers, M. B. "Ethnocentrism: a literature overview and directions for future research." *Proceedings of the 1995 Academy of Marketing Science (AMS) Annual Conference*. Springer, Cham, 2015.
- [21] Northouse, Peter G. *Leadership: Theory and practice*. SAGE Publications, Incorporated, 2019.
- [22] Perlmutter, Howard V. "The tortuous evolution of the multinational corporation." *Columbia Journal of World Business*, vol. 4, no. 1, 1969, p. 9.
- [23] Perlmutter, Howard V., and David A. Heenan. "How Multinational Should Your Top Managers Be?" *Harvard Business Review*, vol. 52, no. 6, Nov. 1974, p. 121.
- [24] Samovar, Larry A., et al. *Intercultural communication: A reader*. Cengage Learning, 2014.
- [25] Schwab, K. "The fourth industrial revolution: what it means and how to respond." January 14, 2016. *World Economic Forum*. <https://www.weforum.org/agenda/2016/01/the-fourth-industrial-revolution-what-it-means-and-how-to-respond/>
- [26] Schwab, K. "Globalization 4.0 - what does it mean?" *World Economic Forum*. November 15, 2018. <https://www.weforum.org/agenda/2018/11/globalization-4-what-does-it-mean-how-it-will-benefit-everyone/>
- [27] Szkudlarek, Betina, et al., eds. *The SAGE Handbook of Contemporary Cross-Cultural Management*. Sage, 2020.
- [28] Thomas, Kecia M. "Psychological privilege and ethnocentrism as barriers to cross-cultural adjustment and effective intercultural interactions." *The Leadership Quarterly* 7.2 (1996): 215-228.
- [29] Ting-Toomey, Stella, and Tenzin Dorjee. *Communicating across cultures*. Guilford Publications, 2018.
- [30] Zeira, Yoram. "Management development in ethnocentric multinational corporations." *California Management Review* 18.4 (1976): 34-42.
- [31] Zeira, Yoram. "Ethnocentrism in host-country organizations." *Business Horizons* 22.3 (1979): 66-75.

Ruxandra A. Vodă is born in Bucharest, Romania, in 1976. She holds a Bachelor in journalism and mass communication studies from the University of Bucharest, a Master's degree in audio-video communication from the National University of Political Studies and Public Administration in Bucharest, and an Executive Master of Business Administration from Tiffin University, Ohio, United States. Currently, she is pursuing a Ph.D. degree in global leadership and change with Tiffin University, Ohio, United States.

She has 22 years of experience in telecom & ICT, retail and media & advertising, business development and reengineering, integrated marketing, corporate communication, reorganization, and culture change. She is responsible for developing the corporate communication and social responsibility strategies and internal and external communication plans for Deutsche Telekom's group of companies in Romania.