



**American
vs
Asian**

**Leadership-Management
Styles and Trends**

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It is common knowledge that socio-economic and political factors of a society play an important part in shaping leadership and management styles. But the advent of globalisation has caused and enabled leaders from across the globe to discover, adopt and adapt "new" styles of leadership and management relevant to their organisations, from across the West to the East.

We start by looking at what Professor Dan Mills has discovered in America. He highlights different models of leadership that tend to be adopted in different countries around the world:

- America: Leader/CEO
- China: Leader/Head of Family
- France: Leader/General
- Japan: Consensus
- Germany: Coalition

Leadership styles in America

Professor Dan Mill of Harvard Business School admits that even within the American context, a variety of leadership styles exists. He identifies five styles - the first three reflecting how executives deal with subordinates in the company and the final two indicating how executives are able to influence people outside the company:

- **Directive style:** Although popular, this style is declining in frequency. It stresses direction given by executives to others in the company, with the leader very much in control or in charge. In Asia, however, this style is still common.
- **Participative style:** This involves close teamwork and is more common in Europe than in America. In some European countries, this style is mandatory by law where certain business responsibilities are concerned.
- **Empowering style:** A relatively new concept emphasising delegation of responsibility to subordinates, it is employed by American companies that operate with largely autonomous divisions. However, a few younger Asian business leaders have adopted this style, for example, the CEO of Banyan Tree Resorts. The core of empowering leadership style is the ability to energise people within the company.
- **Charismatic style:** This brand of leadership involves strong human magnetism. People follow such a leader because of his or her personality or character and not necessarily because of good management or business acumen.
- **Celebrity style:** Such a style differs from charismatic leadership as it looks outside the company to impact customers and investors. The leader becomes somewhat like a superstar CEO who knows how to deal with the media effectively. One such example is Carly Fiorina, formerly of Hewlett Packard.

Evolution towards professional management

Mills observes that over the years, large American companies have evolved from founder's family leadership to professional management leadership. This evolution is characterised by capital obtained from capital markets as opposed to capital obtained from the government or family fortunes.

Today, it is predominantly professional managers who operate companies in America. Among these companies, the "better" ones possess talent development programmes to raise in-house executive talent for future leadership roles.

Mills adds that large American companies, being highly dependent on capital markets for their capital, understandably pay great attention to Wall Street analysts who project strong expectations about behaviour and performance of executives, and executive succession. In this respect, the boards and executives of large American companies have less freedom of action compared to their Asian counterparts.

Founder's family leadership

In Asia, Mills perceives that founder's family leadership is still prevalent - one such example is Li Ka Shing. Li, who runs his companies closely, plans to have two of his sons as successors.

While in Malaysia, founder family companies that are not unfamiliar to many Malaysians include Lim Goh Tong of Genting Berhad, Robert Kuok of Perlis Plantations Berhad, Vincent Tan of Berjaya Group Berhad and Francis Yeoh of YTL Berhad, just to name a few.

Nevertheless, Mills believes that over time there will be a convergence towards professional management leadership in Asia as well, though many of us today can already observe the reality of this phenomenon.

Politics and business

Mills notes that in Asia, top business leaders regard political connections as being crucial to their businesses. This is not very far from the Malaysian case. According to a study done by Edmund Terrence Gomez (1999), Robert Kuok operated more independently although he had close association with the United Malays National Organisation (UMNO) leaders; Lim Goh Tong had close association with the some Malaysian Chinese Association (MCA) leaders; Vincent Tan is known to have ties with some leading UMNO leaders and has benefited from a number of other concessions from the state; and Francis Yeoh, after securing lucrative government concessions came into the limelight. Partly attributed to the unique Malaysian socio-economic-political structure, these tycoons were able to seize the opportunities prevalent to achieve what they are today.

This is less true in America. In Mills' observation, CEOs of very large companies in America often possess no direct ties or have never even met with top politicians. Only in exceptional cases would deep political involvement still be a route to successful business in America.

MANAGERIAL LEADERSHIP

The New Asian Leader

Mills identifies three prototypes of the New Asian Leader:

Firstly, Li Ka Shing of Hutchison Whampoa-Cheung Kong whose leadership approach is characterised by old Chinese leadership in transition. It is a classic rags-to-riches story where one generation hands over the business empire to sons who are Western-trained.

Secondly, the leadership prototype of William and Victor Fung that is characterised by old traditional Chinese family-owned companies operated by the third generation who are Western and highly educated. This generation uses Western technology extensively to address globalisation and to succeed in business. They have mastered techniques of gaining maximum efficiency from the supply chain, taking raw materials and making low-cost, high-demand consumer goods cheaper than their US counterparts. The main threats with Li & Fung are in the driving down of labour costs and potential abuse of workers' human rights.

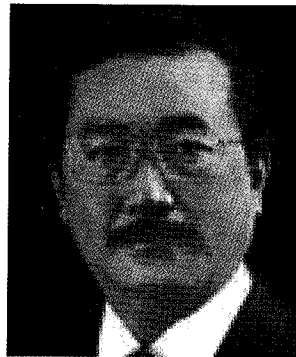
Thirdly, the new economy business leadership that is reminiscent of America's high-technology sector. Driven by advances in IT and the Internet, this brand of leadership may be described as entrepreneurial, innovative, hard-driving, highly flexible, ambitious, optimistic and visionary in both technological and business aspects. In Asia, Murthy of Infosys in India and Stan Shih of Acer are examples of such a brand of leadership which is almost entirely Western in nature.

Malaysian brand of leadership-management?

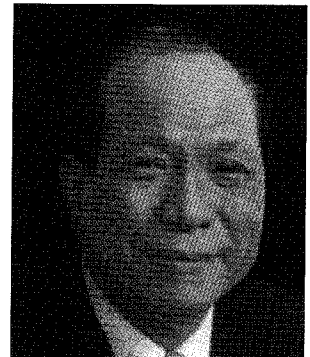
Succinctly explained by Dr Khaliq Ahmad (2005), the colonial legacy imprinted its influence in creating role models of leadership along the lines of the *tuan* approach which was effective prior to independence. It is no longer appropriate amid the values of better-educated Malaysian workforce of today.

Malaysian managers/leaders have yet to develop their own identity, according to Dr Asma Abdullah (2001), whereas it is common impression that Western managers are tough, strong, powerful, single-minded, demanding, assertive and focused. She noted that Malaysian managers demonstrate a variety of styles from being highly participative to autocratic and this depends on the type of organisation as well as the ethnic background of the workforce.

Malaysian leaders and/or managers have been exposed to human resource management and leadership theories from the West. However, according to Dr Asma and Dr Khaliq, such theories are relevant only as guides in the absence of local theory and practice, and cannot be entirely applied to the Malaysian context due to the multiethnic and multicultural nature of our society. Hence, it can be said that there is no one particular distinctive style of leadership-management in Malaysia.



Vincent Tan



Lim Goh Tong



Francis Yeoh



Robert Kuok

Malaysia's stand

While cultural differences between the East and West are important influences of leadership, they are by no means the determinant factor of differing leadership or management styles.

Mills acknowledges that there exist clear differences between leadership styles in America and Asia. Although he opines that as Asian markets begin to seek world capital markets, leadership styles will gradually converge towards a more American or professional management approach, Mills cautions that a convergence of styles does not automatically guarantee likeness of economic results.

Closer to home, despite the absence of a distinctive leadership-management style, Dr Khaliq believes that we can still foster openness, receptivity and the willingness of managers to learn from the evolution of a variety of theories and practices - selecting the best practices suitable and effective to the Malaysian culture - of both the West and the East. □