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Global Leaders, World Class Companies, and National Cultures
By Robert H. Rosen

Thank you so much for coming today. It's a pleasure to be here. First of all, I want to thank Barbara Kellerman, Scott Webster, Zachary Green, Nance Lucas and others at the Burns Academy of Leadership for providing real leadership in the launching of the International Leadership Association. And thanks, too, to the Kellogg Foundation for providing leadership on the subject of leadership in this country and around the world.

It's very interesting. Something is happening around the world. How many of you read the Economist magazine? The CEO of the Economist Group takes creative and diverse individuals, brings them together around a common purpose, and inspires them to write and tell stories about what is going on in the world. However, if you read the Economist, you'll recall that none of these writers has a byline. Several thousand miles away, in Asia, sits the largest private insurance company in the world. It started in 1988 with 120 people. Today it employs 120,000 workers and 80 percent of them are under thirty-five years of age. When you walk in to the corporate headquarters there are two busts. As you might expect, one bust is of Confucius and along the wall hang wonderful paintings of Eastern philosophy. But next to Confucius is Sir Isaac Newton. And along the wall are more paintings representing Western philosophical traditions. These two companies, in two very different parts of the world, are wedding individualistic Western societies like the United Kingdom, Australia, and the United States to collective humanitarian societies like those in Asia. They are crafting a common vision and espousing what I believe is a new global-centric leadership

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quality called collaborative individualism. During the next hour I'd like to have a conversation with you about global leaders, about world class companies, and about national cultures.

I'm a psychologist and a businessman. I've spent the last twenty years working inside the hearts and minds of leaders and along the hallways of some of the world's largest corporations. I approach my work with an American lens. Many of you are American citizens like me and you know that we live in a fast-paced, short-term, action-oriented society. It's a society with a culture of liberty and freedom. We're direct problem-solvers and committed to learning. We grew up in a culture of shareholder capitalism that honored dreamers and entrepreneurs. We have our share of social problems, including the proliferation of guns and violence, and a growing gap between the haves and the have-nots. We have a unique sense of national pride - militarily, politically, economically. Now is a great time for the United States.

However, I believe our greatest danger is arrogance and ethnocentrism. We tend to overestimate our abilities and underestimate what we can learn from the world. My one message today is that as we enter the twenty-first century we must become much more aware of the lens through which we view the world and the fact that culture matters more, not less, in the twenty-first century.

Global Change

I want to take you on a journey that I've been on the last couple of years, interviewing one hundred CEOs from large multinational companies in thirty countries around the world. I also just recently finished a survey of 1,200 CEOs in twenty countries. It's all going to appear in my forthcoming book *Global Literacies: Lessons on Business Leadership and National Cultures* (Simon & Schuster, 2000). But I'll present some of the data as I talk today. I'm going to make a business case that to survive and thrive through the next millennium we must develop global literacies.

We stand on the precipice of a new era of enormous change and uncertainty. We are witnessing human history's first truly interconnected borderless global economy. The walls are coming down among markets and companies and nations. There is mobility of people, information, labor, and capital like never before. Global brands like McDonald's, Mercedes-Benz, and Coca-Cola are ubiquitous. It's the power of knowledge and knowledge worth. It symbolizes the changing role of business over government. With China and Asia rebounding from economic woes and the integration of Europe, it is truly a New World society.

If we were to sit on a satellite and look down on the world, we could identify two fundamental forces that are changing our societies. The first is the electronic information revolution. The second is global economic interdependence. All business is global business and all markets are global markets. Competition comes from everywhere. Do you know that the Europeans own 80 percent of American publishing? Japan produces large amounts of our cars and India produces most of the tractors. France produces glass. Chile produces copper. And China produces large amounts of the world's apples. In this competitive marketplace of winners and losers, winning the race for brainpower and globally literate brainpower will be the

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secret to success.

But it's not all good news - biological warfare, terrorism, digital espionage, and ethnic conflict are among the seemingly intractable problems. And there's no turning back. That's half of this equation.

The other half of the equation is that we are operating in a multicultural world. The world is borderless and multicultural at the same time: expanding tourism, pop culture, global migration, Internet community, the Hong Kong flu. You can go on and on. If we drew a map of the world today every country would be connected to every other country because the Internet is the great connector in the world.

But as change increases we actually become more tribal, more aligned to our local cultural views. Like a body that responds in a defensive way, the immune system kicks in. And you see it now in the protection of companies. Import barriers. The hostility of foreign control. A backlash against American culture. Just wait until the first week of December when you will read on the front page of newspapers many stories about the World Trade Organization meetings in Seattle. The countries of the world will be bumping up against one another like never before in this borderless, multicultural world.

I don't think that this will bring an end to national history or politics or culture because, while our world has changed dramatically, the problem is that our models of how to see, how to think, how to act, and how to mobilize people have not changed. We don't have the mental software to fully grasp what this new world means. And in the United States, in particular, we are hesitant to pass political judgment in an environment of political correctness. We ignore cultural differences; we pretend that they don't exist. We paint them as obstacles to overcome rather than as resources that we need to learn from, opportunities we must exploit, and differences that we must manage.

I became fascinated with the issue of the mental software necessary for success. For those good researchers in the room, I set out to identify 1,000 companies around the world -- leaders, world class companies, brands that people knew. And I conducted in-person, two-hour interviews with one hundred CEOs in twenty-eight countries.

Additionally, in conjunction with Watson-Wyatt Worldwide, I administered a survey of 1,200 CEOs. I tried to get my arms around the national cultures of these companies, located in places like Australia, Belgium, Chile, China, Denmark, France, Germany, Japan, the Netherlands, the Philippines, Singapore, Sweden, South Korea, and the United States. Many of these are blue-chip companies. Now why did I choose large companies? Because I believe that our large company CEOs have the most to teach us about this global literacy as we move into the next century.

What is global literacy? I see it as a universal world business language. Global means to be world class at home and abroad. Literacy is a new competence for the new era. When you combine them it's about the state of seeing, thinking, acting, and mobilizing in culturally mindful ways.

We all know that leadership is a world phenomenon. We've had it around for

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centuries. It was defined as different things in different eras, in different parts of the world, in different sections of our societies. We know that good leadership is a catalyst for growth and success in business and in society, and that bad leadership is a primary cause of business or societal failure. We also know that, wherever you are in the world, the life of a business leader is often the same: you have to delight customers, grow the business, and turn a profit. Increasingly, in American-defined shareholder capitalism - the law of the dominant culture in the world these days - good business people also have to address the hard realities like managing costs and developing people at the same time. They've got to lead people through continuous change. But why do we need globally literate leaders?

One reason is that our markets are changing faster than the ability of our leaders to reinvent their companies. Second, we have a shortage of leaders with international experience and exposure. But probably most important is that we need internationally minded, globally literate leaders in all sectors of our society because leadership styles are in transition in the world. And to be successful anywhere, whether domestic or international, you must learn about the best companies and the best practices from around the world.

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When we say "global," oftentimes, particularly in the United States, we ask, "Do we have customers?" or "Do we have suppliers outside our country?" The smarter leaders say, "Wait a second. 'Global' really means considering whether we are world class at home or abroad, wherever we do business. Are we really the best in the world in what we do, whether we're running a community leadership organization or a government or a large corporation?" I believe that as we enter the new millennium all of the activity is going to be around whether we are learning the best thinking and the best practices from around the world.

So I have been fascinated by the mental software necessary for the new leaders of the new era. I see four components as crucial. First, the new leaders are good global economists. They understand the global marketplace. That's why Thomas Friedman's book, *The Lexus and the Olive Tree* (Farrar, Straus & Giroux, 1999), is so successful right now. They see the world's challenges and opportunities.

So I have been fascinated by the mental software necessary for the new leaders of the new era.

Second, new leaders think with an international mindset. The chairman and CEO of one of the largest businesses in France insists that his managers think with a French perspective, a European perspective, and a global perspective simultaneously at all levels of the business. He sees the importance of thinking with this international mindset.

Third, leaders of the new era act with fresh global-centric behaviors. Collaborative individualism is a global-centric behavior. It's not American; it's not Brazilian; it's not Singaporean. It is global-centric. But people and corporate leaders around the world are expressing these universal behaviors in their own culturally unique ways. That's

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what's so exciting about a new leadership model that is both borderless and multicultural at the same time.

Finally, the new leaders mobilize world class companies and make use of three new assets. They are essential assets. They are human assets. First is the collective intelligence; I'm sure you heard a lot about this from Jean Lipman-Blumen, whose work I have a great deal of respect for. Second are the collaborative relationships that companies and organizations build both internally and externally. Third is companies' cultural wisdom - their understanding of themselves and the cultures of the world. What's the lens through which they see the world?

I believe that the single most important new competency of leaders in the future will be their ability to understand the power of the external world outside themselves and outside their companies.

Every single person in this room and every business around the world is grappling, at a minimum, with these two phenomena:

1. The knowledge explosion. What are its implications for leadership? Leaders must be authentic. They can't hide any more in the knowledge-explosion world.
2. The technology revolution. Speed and connectiveness are forcing our leaders to change fundamentally their roles in their institutions. Change insists that all leaders be flexible, adaptive, and innovative with respect to flexible work solutions and flexible work forces.

And despite the innovation and the change, we must remember that history matters. There's a reason why the United States and China bump up against other: China has been around for 4,500 years. The Americans' sense of time perspective is radically different. There is a reason why geography matters. Why is New Zealand so good at dealing with cross cultural issues and the United States so bad? Because New Zealand had to do it to survive. They're a small nation without large domestic market; they have had to learn to interact with the world. They have no history of isolationism.

Global Literacies

As I traveled to conduct this study, I noticed four universal global-centric leadership competencies. These literacies are the sum of the attitudes, beliefs, knowledge, skills, and behaviors needed for global success wherever business is done:

1. Personal Literacy
2. Social Literacy
3. Business Literacy
4. Cultural Literacy

Personal Literacy

At the core of Personal Literacy is Creative Tension - a both/and rather than an either/or phenomenon. Probably you are better at one side of the continuum than the other and your life's work has been coming toward the middle, whether you're confident and you're learning humility or whether you're humble and learning to be

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more confident in the world. What's so interesting is that the Asians teach us about Personal Literacy. Why is that? It's because these are societies that have lived amidst paradox and contradiction and opposing forces for years. They teach the world how to do the mental psychological work required of leading in the twenty-first century.

The CEO of Samsung Electronics stood up in front of a group of 100,000 employees recently and said, "Change begins with me." He put action behind words. And when his company reorganized during the recent Asian crisis, he took a 90 percent pay cut to demonstrate that he meant what he said. When was the last time you saw an American leader do that when he reorganized his company?

Authentic Flexibility is another important component of Personal Literacy. It refers to putting a stake in the ground without sacrificing one's values and ethics. But when you interact globally, it is also to be respectful of the fact that the world defines these ethics in culturally different ways. How do you retain your core at the same time that you interact with people who define ethics and values somewhat differently? Important, too, is having a vision of the future but being able to talk about current realities.

Realistic Optimism, also an element of Personal Literacy, is perhaps best illustrated by Deutsche Bank. The bank is now the largest financial institution in the world. Years ago, its CEO dreamed it would become just that. What's very interesting about the CEO is that he knew where he wanted to go but he had to deal with some very, very hard realities. For one thing, the bank had a very unsuccessful past when it came to managing change. Several years ago, it botched a take-over. For another, when the company acquired property in the United States regulators harassed it about the legacy of Nazi Germany. Deutsche Bank's CEO had to carry that on his shoulders. He had an aspiration of where he wanted to take the business, but he also had to deal with the realities of the deck of cards he was dealt, and he was able to exhibit Realistic Optimism.

The Self-Development aspect of Personal Literacy is not easy to grasp because cultures differ in how they define Self-Development. In the UK, Australia, and United States we're fascinated with therapy and fitness and with action, but if you go to China or Japan or Taiwan - where the Buddhist tradition prevails - life is much more focused on meditation. Americans exhibit self-confidence by puffing up their chests and talking louder. But in another Western society, Great Britain, self-confidence might be expressed in a more thoughtful, more reserved, way. Two seemingly similar societies can express self-confidence in their own unique ways.

Social Literacy

Social Literacy refers to engaging and challenging others. I think we could learn about Social Literacy from the Latin Americans. They are superb at building relationships in the midst of chaos and complexity. We also can learn about Social Literacy from the Africans. Their management philosophy teaches us how individuals define themselves in relationship to the group and that individuals cannot stand alone; they are always part of a collective group. It's the collective that helps define the individual and vice versa. These are great contributions that two continents offer

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in thinking about how to do work in the twenty-first century.

Pragmatic Trust is an integral component of Social Literacy. By it, I mean combining the attitudes of the trusting believer and the skeptical pragmatist. Urgent Listening is also paramount: being able to go deep and listen to the nuances and messages of another person in a realm of speed. The CEO of Toyota taught me how good the Japanese are at this. Americans come from a low-context culture, meaning that we're often the same person in every environment - and our principles and character carry over with us whether at work or at home. But in Japan a high-context culture prevails - where circumstances or situations will influence how people act, so they develop a core competency for context and for understanding the non-verbal nuance across cultures. The Japanese rarely speak English, but they have been doing business internationally for years because they have this incredible capacity to listen urgently to the world.

Social Literacy also refers to Constructive Impatience. One of the great gifts of leaders is to have a vision of you that is bigger than your vision of yourself. Constructive Impatience is about setting a bar for another person that creates enough anxiety to stretch him, but not so much that it undermines his mental health, his self-esteem, and his capacity to engage with another person. The CEO of Ericsson of Sweden sets the bar very high but he understands that you have to create a healthy corporate culture in order to make that work.

Business Literacy

Business Literacy is about focusing and mobilizing the business. Who do you think would be good at that? The Americans. The North Americans. The best in the world. Why? We're the most linear thinkers. We have the most narrow gap between our vision and our execution. We are problem solvers. The business of America is business. And 50 percent of Americans today now own stock. So we are the ultimate business literate community in the world.

In part, people who are business literate are Chaos Navigators inasmuch as they guide people through continuous change. They are also Business Geographers because they understand the business context wherever they go. The CEO of Cemex, one of the largest cement companies in the world, based in Monterey, Mexico, is intent on benchmarking. He is enormously sophisticated about going into the local markets and understanding the way the Venezuelans or the Panamanians or the Americans sell cement. He benchmarked against the 911 Houston rescue service and he benchmarked against Federal Express. He threw huge amounts of technology at his cement business to be able to go in and deliver cement on time in very crazy, chaotic Latin American markets. He exhibits this Business Geographer mentality in practice. And increasingly in the new era all business leaders are going to have to understand the local context in which they do business.

Being a good Historical Futurist is also very important - being able to think in the past, the present, and the future. Also, being a Leadership Liberator. We in the United States think a lot about this issue of liberating leaders, creating leaders at every level of our business. It's sort of the zeitgeist of our thinking in the last ten years. But I am convinced that the Australians are much farther ahead on this than we are. There's an interesting concept in Australia called the tall poppy syndrome.

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Australia is an intensely individualistic society. The tall poppy syndrome holds that in a field if any one of the poppies grows too high it's the responsibility of the entire field to pull down the tall poppy. They apply that same lesson to their leaders. So if you're a business leader or a government leader or a nonprofit leader in Australia, you must lead without relying on your status because you can't be too big or else your organization will pull you down. Australians have developed a combination of influencing and mobilizing people without relying on their status and their role as leaders. To me they are the true Leadership Liberators.

The last consideration in this category is how do you pull it all together? How do you integrate it? How do you make the vision and the mission and the strategy and the tactics and the matrix together? The British have thought an awful lot about this. British Telecom, for instance, is a notable example.

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Cultural Literacy

Cultural Literacy refers to understanding and leveraging cultural differences. If we think about it, this plays out in a developmental process. The first is being a Proud Ancestor - valuing your own cultural heritage while acknowledging its shortcomings and strengths. How do we do that? If you come to an intercultural relationship with an air of cultural superiority, or you come to the table with the feeling of cultural inferiority, you're not really coming to the table as a mature adult. You've got to set the foundations for these.

I remember talking to a woman in China. Her name was Madam Chu. And she said to me, "You know, you Americans are not very good at this. When you do international business you send the Americans out with their mental models and their philosophies about business and you think that's the way the world works. But that will be harder and harder as we move in to the twenty-first century."

The second stage in the developmental process is being an Inquisitive Internationalist - looking beyond your own culture for business solutions. Much can be learned from entrepreneurs in developing countries like India and Turkey.

Third, in the developmental process you must bring those skills back in to your own country to reinvent your company.

Fourth, being a Good Global Capitalist - bringing global resources to local problems and local resources to global opportunities.

Connecting It All

All of you are experts in leadership and you know, as I do, that in each of these four areas there's not a lot that's new. However, we have not thought holistically and integratively about these ideas. People experience these four literacies in a holistic way. But we educate people in silos around these areas. That's the first point I want to make.

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The second point I want to make is that we do all this wonderful leadership development and then we say, "Okay, go back in to the workplace and apply it." We spend pathetically little time on the bridge between the competency and the application. I'm fascinated with the questions that the business people in my survey were asking within their own companies and how they were integrating the leadership questions with the business questions.

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They were posing five basic business questions: (1) Where are we going? (2) How will we get there? (3) How are we going to work together? (4) What resources do we need? and (5) How do we measure success? What was interesting was that the really great leaders were translating these leadership literacies into business practice. They were hardwiring their companies with the

beliefs and the behaviors to make it happen.

Let's talk briefly about the five basic questions. The first one is really about purpose, about creating shared visions and values. The way that Canon and the Japanese cultivate shared visions and values is to integrate into their business a fundamental operating principle like living and working together for a common good. By contrast, in a stereotypically American way, George Fisher at Kodak assembles a map, for posting in offices throughout the company, that outlines Kodak's eight-year plan. Both organizations are building shared visions and values, but they're doing it in their own unique way.

Don't forget networks, either. Consider healthy relationships. Gustavo Cisneros, the great media magnate in Venezuela, is building strategic alliances with America Online and other companies around the world. Tools are likewise essential. Motorola invests in training and is building a great global learning culture. The Germans teach us about quality, quality tools and quality relationships. Those are the tools, their special contributions of the world. The Italians and the French spend a lot of time investing in a national plan whether the product involved is champagne or jewelry. These are their tools.

South Africa had to do it in a creative way. South Africa Brewery is one of the most progressive, equal-opportunity companies in the world. They met the challenge of creating the tools necessary to make their organization competitive. Today South Africa Brewery is one of the largest companies on the London Stock Exchange and probably the most successful company in South Africa.

Finally, results. Where would you go to learn about innovation around results? Well, we'd go to Sweden. One of the country's most precious resources is people. So they have invested in intellectual capital and they have been innovators in measuring the intangible side of business.

These, then, are the global literacies that I believe will be critical as we move into the twenty-first century. You know as well as I do that our cultural lenses influence the way we see these literacies and the way we apply them. Are we a tradition culture? Are we a reality-based culture? Or a society like the United States totally

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obsessed with the future? Do we think in the short term or the long term? Are we like the UK, linear and compartmentalizing in the way that they think, or are we like the Brazilians?

I confess that I'm using stereotypes here and I know that there are many people in Brazil and the UK who do not personify the mindset ascribed to them. However, stereotypes are positive and negative and they can help us understand how national mindsets differ from one another. Some societies are verbal, some nonverbal. Some are I-focused, some we-focused. Some are hierarchical, some egalitarian. The Australians are achievement oriented. The Dutch are very open and direct and linear. The Chinese are circular and systemic in the way they see the world. These are cultural differences that influence the way we see those universals and influence the way we apply those universals in workplaces around the world.

I became fascinated, after I got into this a little bit, with what we can learn from other countries around the world. Each country has its own unique history and national heritage. Since World War II, Western management and thinking has influenced the world. Some people didn't buy into American preeminence. However, as the global economy heated up in the last forty or fifty years something very interesting has happened. Many of the sons and daughters who went to the London School of Economics and to the American business schools went home. They built hugely successful global enterprises. And now they are getting in touch with their own unique perspective about leadership. So the world is moving from leadership defined as a Western model to a global model where there are innovations and great thinkers from around the world.

I tried to put some kind of order to what I saw. Profiles in the forthcoming book outline these various country cultures, but I'll offer some snapshots here. The Singaporeans: commercial catalysts in industry. The overseas Chinese: rely heavily on mutual trust and mutual benefit. The Canadians: business savvy, tolerant and multicultural in their society. The Dutch: build bridges. The Japanese: silent and contextual, with a firm commitment to continuous improvement.

Our survey attempted to try to validate these things. And I want to share with you just a touch of some of the data the survey produced. Americans: Motivated by strong principles. We lead by example. We pride ourselves on our ability to communicate and to market. But we speak the fewest languages. When you ask CEOs in our country, they say multicultural experience is not a priority. And not only is it not a priority, but we don't need to improve it! We're the dominant culture in the world, they say.

Well, guess what? When you're the dominant culture in the world, you don't see the impact you're having on others, you seldom see how other people perceive you, and you have no interest in learning. I see that as being our Achilles Heel as we move in to the next millennium. We are a highly domestic market and a highly global market but so few of us see ourselves as globally literate.

By way of contrast, consider the Japanese: strongly principle driven; face change with confidence; when things go bad, vulnerable to suicide. Encourage common

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values and goals. Influence each other by role modeling. This is very different from the U.S.

Contrast this further with the French. The French are proud of their philosophic, big picture minds. Very competitive. They know their strengths and shortcomings but rarely will they let on. They say they understand their roots better than anybody. Yet they are the first to admit they are less likely to respect others. Why? Because they think they come from the best culture in the world. And for good reason. They have an incredibly rich culture in the arts and literature. Yet the global economy has forced them to confront the fact that their world is changing. They are global and European and French all at the same time.

The final point I'd like to make before I stop is one you might expect from me as a businessman. What factors predict global success? We found two. The first: developing leaders is critical. Thank goodness! We still have a profession. (Laughter). Assessing leaders, engaging them, educating them, coaching them, rotating them, and rewarding them is the most significant predictor of global success.

But what's interesting is when you peel back the onion and look at some of the other questions that we are asking, you find that even the tasks are somewhat universal. Everybody says that applying leadership and doing it in the workplace is the best way to learn. You've got to apply the competencies or the lessons are for naught.

The second predictor is this: multicultural experience matters, wherever you are in the world. This is when it gets interesting. When you ask executives whether multicultural experience matter, guess who's at the top of the list? New Zealand. Where is the United States? Near the bottom. We know that leadership is important but our Achilles heel is that we don't know what we don't know about the importance of cultural literacy as we move into the twenty-first century.

When you look at this question by continent you begin to see it's the Europeans who teach us about cultural literacy. Why? Many of them have deep cross-culture experiences; they've invaded each other; and they're at a point in development where they can talk freely about differences. I am in meetings in Europe all the time and I am amazed at how the Italians and the Germans and the Dutch laugh about each other's differences. If I were to talk openly about the differences between black and white in the United States I might be put in jail. We are woefully underdeveloped when it comes to this issue in this country, but we think that we are so good because we have this melting pot. But what the hell is a melting pot? That just melts everybody down. We have to learn how to celebrate and talk openly and not be so scared of these issues as we move into the next century.

Finally, let me leave you with some questions to consider personally as you go on your journey every day to try to become a global citizen. Are you unlearning and relearning the rules of business? Are you developing a flexible way of thinking and acting? Are you willing to think in a linear way, as you always have, or in a more circular fashion, like the Asians - agile and nimble and putting yourself in situations where you work across boundaries and borders? Are you using culture as a tool for business success? Are you really trying to understand cultural context and to

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understand that we are all similar at the same time that we're different? Are you using the global literacies as an integrated system? Let's stop teaching people in silos and let's teach them as holistic people - as they experience their lives. Are you teaching others about these literacies? And finally, is your business successful?

My great fear, and I'm a businessman, is that this huge opportunity which is opening up to us around global trading will make us lose sight of the fact that we are part of one global society with global responsibilities. We must become global citizens. We must close the gap between the haves and the have-nots; increase the standards of health and education and safety for all of our citizens; protect the Earth's resources; and respect democratic institutions and human rights wherever we are.

But we must do it in a culturally sophisticated manner. The Americans engage in social responsibility through individual initiatives. The Europeans engage in social responsibility through their governmental institutions. The Latin Americans traditionally have engaged in social responsibility in the family and the Catholic Church. The Asians engage in social responsibility by integrating it into the very principles that are embedded in people's hearts and minds. This work is done in culturally unique ways and we have to respect each other in the process. I believe we are at the precipice and that global literacies will become some of the new leadership competencies for the twenty-first century.

Thank you very much. (Applause).