

“The Future of an Illusion: In Search of the New European Business Leader.”

Original publication by Manfred Kets de Vries and Konstantin Korotov

In *Organizational Dynamics*, Elsevier Inc. 2005, Vol. 34, No.3, pp. 218-230

Synopsis by **Maggie Fromm**, Claremont McKenna College '06

This article, by Kets de Vries and Korotov, begins with a brief introduction of some of this history and goals behind the European Union. Originally created so that member countries could benefit from a combined market place and communal economic policies, the authors note that the increasing growth in member nations, plus more waiting in the wings, has only complicated the original intent of the EU. Using the EU as a backdrop for the economic, political, and social climate of Europe, the article then analyzes various situations of leadership throughout Europe as microcosms of the larger issues within the EU.

The first of the episodes to be analyzed from a leadership point of view considers events at the Perrier bottling plant near Vergèze, France. Until the 1990s, Perrier was a flourishing and successful bottled water company. When traces of benzene were found in a bottle headed for the States, the American market for Perrier all but dropped off completely. The Swiss company Nestlé rescued Perrier, but still does not make a profit off the brand. Soon, a French workers union intervened, hoping to keep the company and its product entirely French. This contrasted greatly with Nestlé's plans to globalize the product. Kets De Vries and Korotov use this as a paradigm of the distrust and passive aggression that often arises in many leadership contexts, made worse by conflicting visions for an organization or a product. A second story concerning the Swiss Bank Corp and the British investment bank Warburg is used as further evidence. The larger concern, according to the article, is that these stories testify to what virtually every European CEO experiences as he attempts to navigate cross-border alliances. The big fear? That “workers in countries other than their own tend to be ‘time-warped proletarians.’”

The solution, then, is to create a transitional space in which a wholly European organization can take shape and from which leadership can emerge. This would allow workers to set aside often-conflicting loyalties to individual countries or cultures and instead focus on cultivating a successful business space. The authors note that acknowledging and diffusing the “fear and loathing” of other countries is the “optimal result of Europeanization and should be considered as an essential first step in the globalization process.” These remarks set the stage for the question that dominates the rest of the article: what does it take to be a European business leader in this view of European businesses?

The first task to be managed by such a leader is how to integrate yet respect the various identities of people in the organization. Because “organizational systems arise from implicit cultural assumptions..., as long as people are unaware of these assumptions, they

risk underestimating the validity and tenacity of the correlated systems.” In other words, cultural differences cannot be managed by simply being ignored or considered irrelevant. The authors then explore the various issues of diversity that are unique to building a successful cross-border company within the European Union. In addition to the traditional areas of discipline faced by companies in the United States—gender, age, ability, sexual orientation, race, religion—the European Union faces special difficulties with the addition of diversities of conceptions of time, individualism vs. collectivism, power distance, tolerance of uncertainty, emotional expressiveness, and gender role differentiation. Religion as a source of diversity is also severely magnified between European countries than between states in America. Finally, language differences and differences in educational and political systems all lead to very different perspectives and beliefs in the work place. It is the job of the successful European leader to manage all of this.

The article then explores a section titled “The Challenge of Internal and External Competition,” which covers the complications that arise from the fact that European organizations not only compete in an external, global market with powerhouses like the United States and China, but also on in internal European market with similar companies from other EU member countries. These issues, the authors note, “raise the question of whether Europe can and should be treated as a uniform entity.” In other words, “is a single model of European leadership real or illusory?” The authors argue that a middle path, a non-universal yet non-country-specific path is needed to find and gauge European leaders’ efficacy. Too many leaders, the article notes, adopt modes of leadership that either isolate a company from the outside world (the “bubble” approach) or they totally immerse themselves in popular nationalism (the “chameleon” approach). Between these two modes of operation is the crucial middle ground.

The authors also consider a problem they refer to as “the anxiety of the new” and discuss this problem in relationship to organizational development and leadership. Resistance to change within an organization can cause the kind of stagnation that removes companies from being viable competitors in a European or global market. Instead, Kets de Vries and Korotov argue, the leaders need to facilitate transitional spaces between cultures, between constant change and stagnation, and between internal and external markets. If the leader makes room for a transitional space, their employees “will be better prepared to survive in a world of global competition, have the ability to deal with a high level of diversity, and be ready for future challenges.” Leaders must first, however, recognize themselves and their own personal developmental paths in order to be effective leaders. Self-awareness for these leaders is key. The authors then cover some fundamental and universal elements for effective leadership, including listening to subordinates, being ready to help, setting a good example and clear vision, supporting personal growth and development in others, keeping everyone informed, and making work meaningful and respectful of the individual.

The article argues for European leaders to begin to navigate the boundaries between individual countries, cultures, and identities and the merging European and global markets and economic systems. A dynamic leader will do this by maintaining a

transitional space in which these systems can come into both play and conflict without overturning the success of the organization or the leader.