

**Leadership Style in the Global Economy: A Focus on Cross-Cultural and
Transformational Leadership**

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Abstract

Leadership styles are important in determining performance, competitive advantage, sustainability, innovative culture, and profitability of business organizations. Extant literature is inundated with various leadership styles. Many businesses fail due to incompetent leadership and failure to apply the right type of leadership style, given the nature of business and employees. Against the backdrop of leadership failures, organizational and societal problems of lack of sustainable production, low income, poverty, and environmental pollution persist. In a constantly shrinking business world of multiculturalism termed globalization, there is the need to focus more on cross-cultural leadership which many leaders lack. It is also important that the virtues of transformational leadership be upheld in an era of higher education and improved skills. In this article the authors combine transformational leadership and cross-cultural leadership styles to

generate a new and more effective framework of organizational leadership. There is evidence based on scholarly research that a cross-cultural transformational leadership would be more effective in the 21st century consistent with improved skills and effective information sharing. The future of leadership and organizational structure belongs to cross-cultural transformational leadership.

Key words: *Leadership, cross-culturalism, transformational, globalization, 21st century.*

Introduction

The world has shrunk to the point that business organizations have become a melting pot of employees and shareholders from various cultures in a phenomenon best described as globalization. The dissemination and efficiency in technology, mainly communication infrastructure has brought about globalization. As such, many organizations have cross-cultural employees and provide goods and services to a multicultural customer base.

Effective leadership is dependent on the approach or style adopted. Leadership style aligns with the nature of the business, employees, and the level of multiculturalism in society and the world. Extant literature focuses on the myriad of leadership styles consistent with engendering performance in organizations. These include autocratic leadership, laissez-faire leadership, transactional leadership, democratic leadership, transformational leadership and cross-cultural leadership.

In the 21st century of multiculturalism or globalization, focusing on a leadership style consistent with the nature of cross-cultural and transformational leadership styles may be an effective business strategy. Gibson and McDaniel (2010) proposed the reconceptualization of

leadership theories to accommodate cross-culturalism as managers and organizational leaders lack cross-cultural experience needed in organizations. Globalization has brought about the need to focus on cross-cultural leadership style. Transformational leadership is just as important due to parity in skills and higher standards of education of employees. Transformational leadership with its virtues of efficiency in communication is needed to coach, mentor, and inspire subordinates of cross-cultural backgrounds to spur an innovative culture for business sustenance.

In this article, the authors focused on a new model which combines transformational leadership and cross-cultural leadership dimensions, given the nature of multiculturalism and globalization of the 21st century. The primary purpose of this article was to highlight the nature of cross-cultural and transformational leadership styles as best fits in organizations of the 21st century of parity of skills, unbridled information dissemination, and globalization.

An Overview of Leadership Styles

Autocratic or scientific and transactional leadership styles were popular in the industrial age which was characterized by manufacturing and unskilled labor. Autocratic leadership style entails a complete decision making by top management without any involvement of subordinates and requiring their full obedience (Farh & Cheng, 2000). Gill (2014) identified that subordinates are obligated to comply with every decision passed on by superiors. Transactional leadership style is synonymous with manufacturing industries where there is disparity in level of skills and education thus the need for leadership to set rules and regulations to punish and reward subordinates to spur performance (Bass, Bruce, Jung, & Berson, 2003).

Democratic leadership became popular as service industries increased in number, coupled with workers with higher level of education and skills. Leadership became more open to information sharing to improve organizational efficiency. Democratic leaders encourage information sharing and welcome feedback from employees (Gill, 2016). Democratic style of leadership is consistent with a learning organization and fosters teamwork. Democratic leadership is similar to laissez-fair style of leadership where leaders give subordinates autonomy to perform due to their high level of expertise (Ojokuku et al., 2012).

Transformational leadership involves effective communication to understand the strength and weaknesses of subordinates and to appeal to their emotional and cognitive abilities to effect positive changes in performance. Transformational leaders serve as mentors, coaches, and inspirers by developing a good rapport with subordinates (Bass & Riggio, 2005). Transformational leadership may be consist with high levels of skills and education such that subordinates may only need motivation and effective communication to perform at their best. Transformational leadership may be more effective in the 21st century where there are many tools of communication to reach subordinates as leaders seek the best out of a multi-cultural employee pool.

Cross-cultural leadership entails leading in a diverse cultural environment (Caligiuri, 2013). That is, leading a group of people with different values, customs, ethics norms, laws, and traditions as shaped by their national or societal backgrounds. Cross-cultural leaders seek to understand the various backgrounds of shareholders in order to provide leadership based on augmenting efficiency thus performance. According to Thomas (2008) managerial work and roles are influenced and shaped by cultures. This underscores the need to understand employees and customers to produce efficiently for profit maximization.

Paternalistic leadership style is practiced mostly in the non-western world such as India. Paternalistic leadership may be similar in nature to transformational leadership in regards to nurturing and coaching subordinates, except in this case, the relationship between a leader and an employee bears resemblance to the relationship between parents and children (Pellegrini, Scandura, & Jayaraman, 2010). Paternalistic leadership may thus be authoritative, whereby a parents' decision may not be challenged, and transactional wherein rewards and punishments are administered in certain cases, as parents may employ both strategies to steer a child in the right direction.

The various styles of leadership are meant to align with organizational structure which is a direct result of the type of product and skills set of employees, the current economic and social trends among others, in order to improve performance. In the 21st century of parity in educations thus skills, high rate of information dissemination due to technological advancement, and globalization, the structure of organizations are increasingly becoming horizontal. As a result, cross-cultural and transformational leadership styles are gaining relevance because their nature aligns with the concepts of a horizontal or flat organizational structure.

A Critical Analysis of Cross-cultural Transformational Leadership.

Cross-cultural leadership and transformational leadership styles may be more consistent with globalization and multiculturalism associated with the 21st century, to spur sustainable growth, against the backdrop of persistent world problems of poverty, income inequality, lack of economic opportunities, and environmental pollution. There are various characteristics associated with cross-cultural and transformational leadership styles as discussed below;

Characteristics of cross-cultural leadership

Caligiuri (2013) evaluated cross-culturalism, and the potential competitive advantages to be gained if managers are trained to become knowledgeable about other cultures. In a research interview conducted by Deng and Gibson (2009) 41 expatriates working in Australian businesses that operate in China identified that a cross-cultural leader must possess emotional intelligence, cultural intelligence, and qualities of transformational leadership. Sohn (2015) noted that a cross cultural leader should be culturally sensitive, knowledgeable, and open to learning the cultures of other people. The authors will discuss the characteristics of cross-cultural leadership based on Sohn's (2015) assessment.

Cultural Sensitivity

Being culturally sensitive entails respecting and accepting the practices of people from different national, geographical, or religious background. Condescending attitude towards other cultures does not augur well for team work and may stifle performance. Reynolds (2017) pointed out that Asian countries such as South Korea and China prefer formal name prefixes when addressing others. The use of Mr. or Miss followed by a person's last name is the proper procedure to address people. This is unlike the United States where people may be addressed by only their first names. It is necessary for a leader to be sensitive thus respectful of the culture of subordinates to create a conducive atmosphere for performance.

Knowledgeable about other cultures

To effectively lead a diverse group of people entails being knowledgeable of all the idiosyncrasies and cultural background of individuals in the group. Knowing these individuals means placing them in the best positions, assigning them to the best tasks, and pushing them the

right way to maximize their potentials for best performance. Working long hours for example, is frowned upon in Japan where family time takes precedent over work time (Reynolds, 2017). Giving Japanese employees family time may lead to the maximization of their potential on the job. Relatedly, an Indian may feel more comfortable when the leader exhibits qualities of paternalism which according to Pellegrini et al. (2010), has a positive effect on job satisfaction among India employees more than in other cultures.

Open-minded

Being flexible towards people from other cultures is important towards organizational performance. Flexibility towards other cultures may mean being open-minded, which allows one to learn new things in order to correct hitherto misconstrued beliefs and to understand the reason behind certain way of life. Open mindedness and social awareness are critical towards fostering good relationships in a foreign country, needed for the success of a business. Open-mindedness may lead to creativity and innovation needed to solve problems that customers may need or meet “new” customer demand.

Cross cultural employees

Organizational leaders prefer employees with cross-cultural experience (Zoogah & Abbey, 2010), in addition to traditional hiring criteria such as skills, education, knowledge, local experience etc. In an empirical survey conducted by Zoogah and Abbey (2010), comparing individual with and without cross-cultural experience, the authors discovered that individuals with cross cultural experience have high self-complexity, self-motivated, knowledgeable of their roles, good at relationship building, and are able to work independently thus are more likely to be hired than individuals without any cross-cultural experience. A cross-culturally endowed individual

brings to bear an ability to understand tastes and preferences of people from other cultures while observing a high degree of respect for such cultures. These qualities are needed towards the implementation of change and more importantly improving performance in organizations.

Cross cultural customers.

With the advent of technology business organizations have a wider customer base. Corporations do not have to build affiliates in other countries as customers may buy their products via internet and other social media communication platforms consistent with the 21st century of globalization. Leadership of businesses produce according to the specific taste and preferences of customers from different cultures and national origins. Parvanova (2016) identified that Starbucks adjusted to the taste and preferences of customers in Japan for their business to succeed. Businesses have to be innovative and flexible to changes, to meet demands of a cross-cultural customer base.

Qualities of Transformational leadership

A transformational leader is one who seeks to inspire subordinates to perform at their best. Transformational leaders are good communicators who communicate at the individual level, one a one-on-one basis, with employees and also at the group level to enhance the strengths in individual idiosyncrasies and their effects towards the group. Transformational leaders also appeals to the cognitive abilities of subordinates by fostering or engaging in knowledge sharing to enhance creativity and innovation in the work place (Bass & Riggio, 2005). Harms and Crede, (2010), noted that transformational leaders instill self-confidence and self-awareness in subordinates to improve performance.

Who is the cross-cultural transformational leader?

Cross-cultural and transformational leadership can be fused together into cross-cultural transformational leadership, which basically means coaching, nurturing, inspiring, and sharing knowledge with subordinates of different backgrounds and cultures to perform at their best. Understanding the uniqueness or idiosyncrasies of people from different cultures and empowering or inspiring them in ways that brings out the best in them is the epitome of a cross-cultural transformational leader. Transformational leadership virtues of inspiration and coaching to unearth potential is universal, however understanding and accepting the culture of others is unique. Making that transformational change to adapt to the uniqueness of other cultures and inspiring subordinates to grow and perform at their best is the essence of cross-cultural transformational leadership.

Nature of cross-cultural transformational leadership

A cross-cultural transformational leader takes into consideration individual idiosyncrasies, values, and experience as shaped by their cultures. In the 21st century whereby employees and customer bases of organization maybe be multicultural, Zoogah and Abbey (2010) noted that employers favored employees with cross-cultural experience. The reason for their choice is obvious as cross-cultural employees add to a broader skill set and understanding required to enhance an innovative culture for business sustainability. Japanese coffee drinkers for example have different taste preference from their American counterparts and are also introverted in public as cultural norms require (Parvanova, 2016).

Assigning the right people to a task

A cross-cultural transformational leader recognizes and inspires the right candidate for different responsibilities that aligns with a subordinate's cultural idiosyncrasy. In Japanese culture, a customer is regarded as God (Miller, 2013). It may thus be strategic to assign a Japanese to customer relations as they may figuratively worship the customer. A cross-cultural transformational leadership must be able to identify individual responsibilities within a group in the U.S. whereas in Japan although individual responsibility towards a group is required, group performance supersedes individual responsibility (Hashimoto, 2010). That is, there is more focus on the group than individuals in a group.

Decision-making

In cross-cultural transformational leadership there is the tendency to not be risk averse by having confidence in subordinates to help in the decision making process and affording them the opportunity to be autonomous. Japanese are more careful risk takers and have to be 100% convinced before taking any action. American on the other hand are bold risk takers who are most likely consider 51% chance of success as worthy (Hashimoto, 2010). Being risk averse to delegate responsibilities or trust cross-cultural employees may not be consistent with cross-cultural transformational leadership. In a fast-paced innovative cultures of risk taking to venture into new areas, American employees may be a better fit than Japanese who may want 100% assurance and thus give no room for the failures of experiments.

Communication

Cross-cultural transformational leadership requires effective but variable forms of communication. It is important to know the preferred mode of communication of persons from

different cultures to spur effective communication which leads to understanding of task and improves performance. According to Hashimoto, (2010) Japanese prefer face-to-face communication. Also working from home is not accepted. In America, however virtual communication by email, text messages and skype are encouraged but not replaced by the confidentiality of face-to-face communication (Kupritz & Cowell, 2011). Hashimoto (2010) reported that Japanese prioritize their jobs over their families while Americans prioritize their families over their jobs. It is thus important to know how leadership relates to a Japanese worker and an American worker with regards to family time. A competent cross-cultural transformational leader could relate better to an American worker by virtue of having discussions about his/her family.

Integrity

The character of a transformational leader is consistent with high moral and ethical standards and also intellectual and cognitive abilities worthy of emulation. Empathy, confidence, pride and a forgiving virtue are leadership qualities that permeates through every culture, thus important in cross-cultural transformational leadership. Harms and Crede (2010) identified in their article that core virtues of a transformational leader such as empathy and the promotion of self-confidence and self-awareness (bringing out the best in a person) are the hallmark of good leadership universally.

Spurring Organizational Creativity in a Cross-cultural Environment

Gibson and McDaniel (2010) proposed the reconceptualization of leadership theories to accommodate cross-cultural leadership which many corporate leaders may lack. Corporate leaders though have embraced cross-culturalism as they look to be innovative and make changes

to appeal to a global customer base. It is important to underscore again that Zoogah and Abbey (2010) noted that employers seek employees with cross-cultural experience because they have high self-confidence, high motivation, and ability to perform tasks autonomously.

Pisano, (2019) described innovation as venturing into new and unpredictable territory. Business is a risky venture and innovation is continuously stretching the limits of risk or uncertainty to improve market capitalization, revenue, and sustainability of an organization. Being a global organization requires mainly the discovering of new customers, and creating new products. The acceptance of cross-cultural employees by corporate leaders may be strategic towards discovering new markets and creating new products, in that, cross-cultural employees may bring awareness to customers of their cultures and may also spur innovative changes in production to meet certain and new tastes and preferences as determined by their cultures. Different backgrounds may present learning opportunities in the organization as individuals with varied skills, creativity, and innovative acumen collaborate. A transformational leader may inspire the best out of these individuals to boost innovation thus development and sustainability of the organization.

Discussion

There has been a paradigm shift of leadership from one-cultural to a multicultural phenomenon in the 21st century to align with globalization, which has led to the opening of national borders and increased customer and employee bases. Corporate leaders are thus forced to make changes to their leadership styles to align with employees, customers, and shareholders with different values, languages, laws, and attitudes. A cross-cultural talent pool of employees as Abbey and Zoogah (2010) assessed, adds to the skills and understanding required to improve an innovative culture, wherein businesses venture into the realm of the unknown and uncertain. The

experimental component associated with innovation may be reduced as a result of knowledge inherent in a cross-cultural employee about that new customer base or mode of operation.

The definition of leadership is making others better (Welch, 2005). Optimizing the skills of employees by assigning the right task to the right employees is the essence of management (Welch, 2005). Developing the skills of employees through training, coaching, and inspiring is the epitome of effective transformational leadership. Understanding the cultural values preferences and tastes of your employees and diverse customer base is essential to profitability as it may cut down on the cost of research and development. It starts with communication, then becoming sensitive, and open-minded to understanding of the cultures of other people. As a leader, training and motivating employees on culture specific issues and coaching them to learn the culture of other countries where business is done is strategic to business growth and development as it underscores an innovative culture within organizations.

Conclusion

Embracing cross-cultural transformational leadership is strategic to business growth in an era of globalization, efficiency in technology and information dissemination, and parity of education and skills. Sustainable business growth and profitability is undergirded by innovation, a venture into the realm of the unknown and uncertain. Leading an employee base of equal skills and diverse cultures that are inherently self-confident, self-motivated, knowledgeable, and capable of performing tasks in autonomy, may reduce the risk associated with the uncertainties of an innovative culture. As the hallmark of leadership entails making others better, assigning the right people of certain cultural background to the right task may maximize their potential, reduce cost of training, and improve innovation and efficiency within organizations.

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