

## Does Global Leadership Development Boost Multinational Corporations (MNCs) Performance?

Duangkamol Chongcharoen<sup>1</sup>, Muhammad Shahid Khan<sup>2,\*</sup>, Premkamon Jankaweekun<sup>3</sup>

<sup>1</sup>Ph.D. Scholar, Keele University, England

<sup>2</sup>DHA Suffa University, Pakistan

<sup>3</sup>College of Innovation and Management, Suan Sunandha Rajabhat University, Thailand

*Received: 28 June 2019*

*Revised: 15 July 2019*

*Accepted: 1 August 2019*

---

### ABSTRACT

As organisations continue to expand globally, the limelight is more and more concentrated on how to lead and develop a diverse multinational group of people as well as understand the cultural idiosyncrasies of each new market. A survey reported in the Society for Management concluded that “42% of leaders failed when sent abroad on a leadership assignment, the main reasons reported were a lack of language and cultural awareness skills, and a lack of a global mindset” (Buckby, 2015). To overcome global challenges such as; global economic crises, cultural barriers, knowledge, and skills shortage, a leader’s development is the only solution to avoid global failure. This article reveals that a leadership development program can enhance the Multinational Corporation (MNC) performance. This article discusses the importance of leadership development and its association with organisational development. As a leader of MNC operates in different countries, where, he/she suffers from different challenges.

**Keywords :** Global Leadership Development, MNC performance, global challenges

---

\*Corresponding Author; Email: shahid8762@gmail.com

## Introduction

Due to rapid technological advancement, global business context is creating more challenges for global leaders. Research found that multicultural learning experiences and communication skills, deep self-awareness, multiple intelligences and sensitivity to cultural diversity, humility, cautious honesty, global strategic thinking, and excellent negotiating skills are necessary for the 21st century (Olusegun Atiku and Fields, 2019), therefore, to cope with such kind of challenges leadership development is the only solution to avoid failure while performing global tasks. Different organisations have accepted the inadequacies of leadership and as a result, they are strongly committed to educate and train them to deepen the skills, knowledge and abilities, perspective and competencies of their leader (Conger and Benjamin, 1999). It is identified worldwide that leadership development is a critical factor for the future success of Multinational companies (Caligiuri and Di Santo, 2001; Connor, 2000; Suutari, 2002; Oddou et al., 2000).

Multinational Corporations (MNC) operate in different countries that have a diverse culture and a different environment as compare to Host Country Nation (HCN). MNC can face different problems while handling the local employees; for this, there is a need to develop a leader who can operate in different countries with diverse cultures. It is the critical factor for chief executives in MNC to develop leadership (Evans et al. 2002; Harris and Dickman 2005). Due to globalisation and fast changes in information technology, (Colvin, 2006) There is a shortage of global leaders to implement global strategies. To overcome this issue this article arising the importance of leadership development, that a leadership development process enhances the MNC performance.

Leadership development builds human capability and gives a competitive advantage to the company (Abbas. Q and Yaqoob. S 2009). This article reveals the importance of leadership development by well structure training programs; definitely, this development will enhance the performance of leaders, employees and finally it will give fruitful results to the organisation, and indeed it will improve the performance of an organisation. The different researchers define global leadership according to them, the process of influencing the behaviour, thinking and attitude of global society who work together having a global vision and some common goals (Adler, 2001; Osland et al., 2006). Organisations believe that improving the employee's performance lead to improve performance of the organisation, for this, it is imperative to improve knowledge, skills, and abilities of individual because it automatically enhances the performance of the organisation (Moxnes and Eilertsen, 1991). Many organisations have accepted that there is a need to improve the knowledge, skills and abilities of leaders to get work done through especially the in case of MNC, where leader operates in a diverse culture. For this, organisations have to deepen the strength of a leader and proper training and development is required for this (Conger and Benjamin, 1999). In order to compete globally, organisations have recognised the shortage of talent of leaders to

operate globally will rise after one decade (Gibler, Carter, and Goldsmith (2000). So it is the time to develop the leader for global challenges and to meet the organisation's expectations which it has from a leader.

Researchers say that when an organisation seeks an efficient way, then it must focus on effective leadership (Mehra *et al.* (2006). This is because a team leader plays a vital role to shape coordinating collective action, collective norms and behaviour of subordinates and help the team member how to cope with the environment. As we know the leader of MNC work in different countries and every country has different culture, language, employees working attitude etc. For an expatriate leader, the company must develop him/her before assigning the task abroad. Because formal education and training can teach the leader how to work with employees, having different working styles and attitudes towards work.

## Literature Review

### Global Leaders

In the World Economic Forum (2019), concerning their Global Leadership Fellowship program, describes global leaders as follows, also linking it with systems leadership: “dynamic, engaged and driven individuals who possess a high degree of intellectual curiosity and service-oriented humility; an entrepreneur in the global public interest with a profound sense of purpose regardless of the scale and scope of the challenge. Systems leadership is about cultivating a shared vision for change working together with all stakeholders of a global society. It is about empowering widespread innovation and action based on mutual accountability and collaboration” (Jordans, Ng’weno and Spencer-Oatey, 2019). Caligiuri (2006) in Jordans, Ng’weno and Spencer-Oatey, (2019) identifies ten tasks that she found to be common among or unique to people in global leadership positions:

- (1) Global leaders work with colleagues from other countries.
- (2) Global leaders interact with external clients from other countries.
- (3) Global leaders interact with internal clients from other countries.
- (4) Global leaders may need to speak in a language other than their mother tongue at work.
- (5) Global leaders supervise employees who are of different nationalities.
- (6) Global leaders develop a strategic business plan on a worldwide basis for their unit.
- (7) Global leaders manage a budget on a worldwide basis for their unit.
- (8) Global leaders negotiate in other countries or with people from other countries.
- (9) Global leaders manage foreign suppliers or vendors.

Researchers Cumberland, Herd, Alagaraja and Kerrick, (2016) identified some common personality traits for global leaders who are mentioned in table 1.

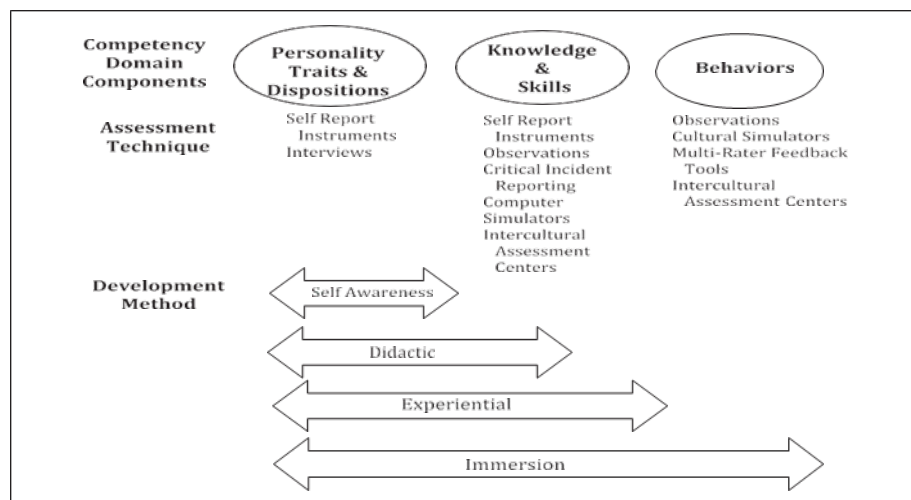
**Table 1** Global Personality Traits and Dispositions.

<b>Adaptability; flexibility</b> (Ananthram and Chan, 2013; Rosenbusch, 2013)
<b>Agreeableness</b> (Bird et al., 2010; Mol et al., 2005)
<b>Conscientiousness</b> (Bird et al., 2010; Mol et al., 2005)
<b>Cultural sensitivity</b> (Ananthram and Chan, 2013; Bird et al., 2010; Jokinen, 2005)
<b>Emotional intelligence</b> (EQ; Bird et al., 2010; Osland et al., 2006)
<b>Extroversion; sociability</b> (Bird et al., 2010; Caligiuri and Tarique, 2012; Jokinen, 2005; Mol et al., 2005; Osland et al., 2006)
<b>Inquisitiveness; curiosity</b> (Bird et al., 2010; Jokinen, 2005; Osland et al., 2006)
<b>Open-mindedness; non-judgmental ness; low ethnocentric attitudes</b> (Ananthram and Chan, 2013; Bird et al., 2010; Jokinen, 2005; Mol et al., 2005; Osland et al., 2006)
<b>Openness to experience</b> (Ananthram and Chan, 2013; Caligiuri and Tarique, 2012; Jokinen, 2005; Terrell and Rosenbusch, 2013)
<b>Optimism</b> (Bird et al., 2010; Jokinen, 2005; Osland et al., 2006)
<b>Resilience</b> (Bird et al., 2010; Osland et al., 2006)
<b>Self-awareness</b> (Bird et al., 2010; Jokinen, 2005; Osland et al., 2006)
<b>Self-efficacy; self-confidence</b> (Bird et al., 2010; Jokinen, 2005)
<b>Stability; stress tolerance; low neuroticism</b>
<b>Tolerance for ambiguity</b> (Bird et al., 2010; Caligiuri and Tarique, 2012; Jokinen, 2005; Mol et al., 2005)
<b>Tenacity</b> (Osland et al., 2006)
<b>Values; integrity; character</b> (Bird et al., 2010; Osland et al., 2006)

Source: Cumberland, Herd, Alagaraja and Kerrick, (2016)

## Leader development and MNC, s Performance:

Researchers defined that leadership is a process where individuals influence subordinates and direct their attention to achieve a shared or organisational goal (Northouse, 1997). The term MNC means a business that operates in two or more countries, having the aim to maximise profit. Business found that its worthwhile to extend business around the world, examples of well known MNC are, IBM, British Petroleum etc. (Wikipedia). The term organisational performance comprises the actual output or results of an organisation as measured against its intended outputs, and performance is the actual outcomes created by the mutual organizational efforts (Holton, 1999). Leadership developments add transformational learning and experiential learning to a leader's performance (Popper, 2005). It also provides knowledge skills and abilities. Research also suggests that for human capital development there is not the only requirement of traditional education, but in today's advanced technological world, there is need of knowledge management strategies, leadership, organisational learning culture, training and development, online learning courses, and webinar are different latest techniques to develop the employee's skills (Khan, Bilal, Mateen and Haq, 2017 and Khan, Sentosa and, Salman, 2018).



**Figure 1** Learning requirement for a global leader

Source: Cumberland, Herd, Alagaraja and Kerrick, (2016)

Leadership development is essential because scholars say that today's organisations are working in complex situations, innovation-based competition is there, pitfall on return on investment is due to competition with rivalries (Santora *et al.*, 1999; Venkataraman, 1997). Therefore, leadership development is the focal point for MNC to survive in the international market; scholars suggest that leadership can facilitate the organisation's performance when they cope with new challenges in the

market (McGrath and MacMillan, 2000; Teece, Pisano and Shuen, 1997). Some visionary leader strategic vision for future, try their best to communicate the vision by acting consistently and build commitment towards the desired vision (Avolio, 1999; now to achieve this vision there is need of help from organisation to accomplish an environment which enhances the capacity of leader to achieve the goal efficiently, for this a well-established and well-structured training and development programs are required. A Case study about the expatriate managers and local employees reveal that the company from Japan which was operating in China was in lost as an expatriate manager did not know the culture, attitude and behaviour of local employees (Aki Nakamura 2001). MNC which works in a different culture can suffer from such kind of problems for this they have to develop their leadership.

There are different methods to develop the skills of global leaders. Coaching helps employees to improve performance (Starr, 2004). Coaching is processing for training and development program it is conducted on the job, this process identifies the deficiency of employee's performance and removes this deficiency by coaching, and coach provides the latest skills and knowledge. Champathes (2006) describes that coaching is a productive technique to improve employees' performance. If there is any deviation between employee's actual performance and required performance, then we must fill this gap (Sahinidis and Bouris, 2008), and for bridging this gap, there is a need for well-structured training and development program. Empowerment and power delegation to leader is essential to factor; Bartram and Casimir (2007) reveal in their article that empowerment has a positive relationship with employee's performance and satisfaction. Researchers argue that employee's participation is a useful tactic to utilise their skills and knowledge in any problem. This will give more exploration and from more experience, they will learn enough.

MNC assign an international assignment to their leader, for leaders, development is a significant factor to perform well in foreign countries. Before and during large assignments training about cultural values of local country, knowledge of foreign countries, language training, orientation trips, and behavioural training is fruitful. More and more abroad assignment can develop leaders globally (Vloeberghs, 2007). During the assignments support to leader play a vital role to make assignment successful this support should be in shape of mentoring and coaching. (Mendenhall and Stahl, 2000; Kühlmann, 2001; McCall, 2004), Daniel Vloeberghs 2007 argue that it is essential to manage the repatriation after completion of the task. Repatriation is a process when a leader completes the task abroad and back to the home country, at this stage leader can face different problems. Therefore the management should implement a proper repatriation process to give psychological support to leaders.

Researchers say that when an organisation tries to seek an efficient way, then, it must focus on effective leadership (Mehra *et al.*,2006). This is because a team leader plays a vital role to shape

coordinating collective action, collective norms and behaviour of subordinates and help the team member how to cope with the environment. Guzzo and Dickson (1996) argue that this perspective links the relationship between leadership development and organisational performance. Fiedler (1996) reveals, managerial leadership development contributes to organizational performance. Well improve the knowledge and skills of a leader can improve the productivity of workgroup and it will improve the performance in order to meet organisational goals and objectives (McCauley et al., 1998). Another researcher argues that leadership development can affect the individual, group, and organisational performance (Rummler and Brache, 1995). So literature providing a clear image that a leadership development program can enhance the MNC performance.

## Conclusion and Discussion

There is more pressure today on Human Resource Development (HRD) to produce results from investment in human resources. Researcher reveals that an organisation which has a well-structured learning environment provide greater effectiveness to the organisation (Tannenbaum, 1997). This study concludes that an organisation which operates in different countries, they can face different problems regarding local employees. To overcome uncertainty and problems from the local employees, they are required to adopt a proactive strategy to develop the leaders. Such kind of developmental plan which is discussed in the literature review will be fruitful for the organisation and it will provide effectiveness to MNC. Literature review of this study suggests empirical evidence about leadership development effectiveness, though different researchers argue that training and development program is an extra cost. On the other hand, this developmental exercise gives effectiveness to an organisation that operates in a diverse culture.

In today's tough competitive environment, it is challenging to compete with rivals. Multinational Companies (MNC) operate in different countries that have a diverse culture and a different environment as compare to Host Country Nation (HCN). MNC can face different problems while handling the local employees; for this, there is a need to develop a leader who can operate in different countries with diverse cultures. It is the crucial factor for chief executives in MNC to develop leadership (Evans et al. 2002; Harris and Dickman 2005). Due to globalisation and fast changes in information technology (Colvin, 2006). To overcome this issue this article arising the importance of leadership development.

## Recommendation

On the foundation of past empirical studies, this study recommends to all MNC, s that they should adopt a proactive strategy for their expatriate leader. Well structured and systematic training and the developmental program will enhance the leader and MNC, s performance. MNC, s can

overcome global challenges in diverse cultures by the proper developmental programs. The main problems which expatriate leader face in HCN are language problem, culture adjustment, and employee's attitude and behaviour, and competitor threats. MNC, s can solve these problems by developmental leadership program. This study is based on past literature, in future researchers can test empirically the relationship between leadership development and MNC, s performance.

## Reference

- Adler, N. (2001). Global leadership: women leaders.in M. Mendenhall, T.M Kühlmann, and Bartram, T. and G. Casimir (2007), *The relationship between leadership and follower in-role performance and satisfaction with the leader*.
- Buckby, E. (2015). *National leaders – international failures? why is leading internationally so challenging?*. Retrieved 4 February 2020, from: <https://www.communicaid.com/cross-cultural-training/blog/national-leaders-international-failures-leading-internationally-challenging>.
- Caligiuri, P. and Di Santo, V. (2001). Global Competence: what is it and can it be developed through global assignments?. *Human Resource Planning Journal*, 24(3), 27-38.
- Champathes, M. R. (2006), Coaching for performance improvement: The coaching model. *Development and Learning in Organizations*, 20(2), 17-18.
- Colvin, G. (2006). Catch of Rising Star. *Fortune*, 153(2), Feb 6th, 2006.[Online]. Retrived from: <http://money.cnn.com>
- Conger, J. A., and Benjamin, B. (1999). *Building leaders*. San Francisco: Jossey-Bass Publishers.
- Conner, J. (2000). Developing the global leaders of tomorrow. *Human Resource Management*, 39(2-3), 147-157.
- Cumberland, D., Herd, A., Alagaraja, M., and Kerrick, S. (2016). Assessment and Development of Global Leadership Competencies in the Workplace. *Advances in Developing Human Resources*, 18(3), 301-317. DOI: 10.1177/1523422316645883.
- Evans, P., Pucik V. and Barsoux, J-L. (2002): *The Global Challenge: Frameworks for International Human Resource Management*. Boston, MA: McGraw-Hill Irwin.
- Fiedler, F. E. (1996). Research on leadership selection and training: One view of the future. *Administrative Science Quarterly*, 41, 241-250.
- Gibler, D., Carter, L., and Goldsmith, M. (2000). *Best practices in leadership development handbook*. San Francisco: Jossey-Bass.
- Harris, H, and Dickmann, M. (2005). *International Management Development (guide)*. London: CIPD.
- Jordans, E., Ng'weno, B., and Spencer-Oatey, H. (2019). *Developing Global Leaders: Insights from African Case Studies*. 2nd ed.. Palgrave Studies in African Leadership.



- Khan, M., Bilal, H., Mateen, A., and Haq, Z. (2017). The Mediating Effect of Knowledge Management System and Learning Culture on Human Capital Development. *International Journal Of Management And Applied Science*, 4(5), 14-17.
- Khan, M., Sentosa, I., and Salman, F. (2018). Exploring the role of transformational leadership in human capital effectiveness. *World Journal Of Entrepreneurship, Management, And Sustainable Development*, 14(2), 191-204. DOI: 10.1108/wjemdsd-10-2017-0075.
- Kühlmann, T.M. (2001). The German approach to developing global leaders via expatriation leadership development. *Human Resource Management*, 39 (2-3), 159-172.
- McCall, M.W. (2004). Leadership development through experience. *Academy of Management Executive*, 18(3), 127-130.
- McCauley, C. D., and Brutus, S. (1998). *Management development through job experiences*. Greensboro, NC: Center for Creative Leadership.
- Mendenhall, M E., and Stahl, G.K. (2000). Expatriate training and development: where do we from here?. *Human Resource Management*, 39(2-3), 251-265.
- Moxnes, P., and Eilertsen, D. (1991). The influence of management training upon organizational climate: An exploratory study. *Journal of Organizational Behavior*, 12, 399-411.
- Oddou, G., Mendenhall, M.E. and Ritchie, J.B. (2000). Leveraging travel as a tool for global leadership development. *Human Resource Management*, 39(2-3), 159-172.
- Olusegun Atiku, S., and Fields, Z. (2020). Multicultural Orientations for 21st Century Global Leadership. In Neeta Baporikar, Editors. *Management Education for Global Leadership, Edition: Advances in Human Resources and organisational Development*, Publisher: IGI Global, pp. 28-51. DOI: 10.4018/978-1-5225-9279-2.ch001.
- Osland, J.S. (2001). The quest for transformation. In M.E. Mendenhall, T.M Kühlmann, and Planning Society. *Policies, Processes, and Innovations*. London: Quorum.
- Popper, M. (2005). Main principles and practices in leader development. *Leadership and Organization Development Journal*, 26(1), 62-75.
- Rummler, G. A., and Brache, A. P. (1995). *Improving performance: How to manage the white space on the organizational chart*. San Francisco: Jossey-Bass.
- Sahinidis, A. G. and Bouris, J. (2008). Employee perceived training effectiveness relationship to employee attitudes. *Journal of European Industrial Training*, 32(1), 63-76.
- Starr, J. (2004). The manager's role in coaching overcoming barriers to success. *Development and Learning in Organizations*, 18(2), 9-12.
- Suutari, V. (2002). Global leader development: an emerging research agenda. *Career Development International*, 7(4), 218-233.
- Tannenbaum, S. I. (1997). Enhancing continuous learning: Diagnostic findings from multiple companies. *Human Resource Management*, 36, 437-452.