(REVIEW ARTICLE)

Cross-cultural leadership styles in multinational corporations: A comparative literature review

Ekene Ezinwa Nwankwo [1, *], Damilola Emmanuel Ogedengbe [2], James Olakumle Oladapo [3], Oluwatobi Timothy Soyombo [3] and Chinwe Chinazo Okoye [4]

[1] Anambra State Polytechnic, Mgbakwu, Nigeria.
[2] Independent Researcher, Lagos, Nigeria.
[3] Havenhill Synergy limited, Nigeria.
[4] Access Bank Plc, Awka, Nigeria.

Abstract

This review explores the dynamic landscape of cross-cultural leadership styles within multinational corporations (MNCs). As organizations expand globally, understanding the intricate interplay of cultural nuances on leadership becomes imperative for sustainable success. This study delves into existing research to compare and contrast various cross-cultural leadership styles prevalent in MNCs, aiming to provide insights into the complexities and challenges faced by leaders operating in diverse cultural contexts. The review identifies key cultural dimensions, such as individualism-collectivism, power distance, uncertainty avoidance, masculinity-femininity, and long-term orientation, which significantly influence leadership behaviors across different societies. Scholars argue that effective cross-cultural leadership requires a nuanced approach that acknowledges and integrates these cultural dimensions. The analysis highlights how leaders must navigate cultural diversity, adapt their communication styles, and cultivate a global mindset to foster collaboration and cohesion within multinational teams. Additionally, the review sheds light on the role of cultural intelligence (CQ) and its impact on leadership effectiveness in MNCs. Leaders with high CQ demonstrate the ability to comprehend, adapt, and capitalize on cultural differences, fostering positive outcomes in diverse organizational settings. The synthesis of literature also addresses the challenges faced by leaders, including ethnocentrism, stereotype biases, and the need for continuous learning and development in the face of evolving global business landscapes. By comparing findings from various studies, this review contributes to a comprehensive understanding of cross-cultural leadership in MNCs. It emphasizes the need for leadership development programs that cultivate cultural awareness and sensitivity, ultimately fostering adaptive and effective leaders capable of navigating the intricate web of global business environments. As organizations strive for international success, the insights gleaned from this review provide a foundation for refining leadership strategies that align with the diverse cultural fabric of multinational workforces.

Keywords: Leadership; Cross-Cultural; Multinational; Corporations; MNCs; Review

1. Introduction

Cross-cultural leadership in multinational corporations (MNCs) is a critical aspect of organizational management, particularly in the context of globalization and diverse workforces. This review aims to provide a comprehensive understanding of cross-cultural leadership and its significance in MNCs, as well as to conduct a comparative analysis of cross-cultural leadership styles.

∗ Corresponding author: Ekene. Ezinwa Nwankwo.

Cross-cultural leadership refers to the ability of leaders to effectively manage and influence individuals from diverse cultural backgrounds within a multinational organizational setting (Robinson & Harvey, 2008). It involves understanding and navigating the complexities of cultural differences to foster an inclusive and productive work environment. The importance of cross-cultural leadership in MNCs lies in its impact on organizational performance, employee satisfaction, and overall success in the global marketplace (Ali et al., 2011). Effective cross-cultural leadership can lead to enhanced organizational performance, improved employee satisfaction, and better adaptation to diverse market conditions.

The review aims to explore the impact of cultural diversity on leadership within MNCs, considering the challenges and opportunities it presents (Windiarti et al., 2014). It seeks to understand how cultural diversity influences leadership styles and organizational dynamics. Furthermore, the review will conduct a comparative analysis of cross-cultural leadership styles, examining how different leadership approaches are manifested in diverse cultural contexts (Chin & Sanchez-Hucles, 2015). This analysis will provide insights into the effectiveness of various leadership styles in managing multicultural teams within MNCs. Cultural dimensions significantly influence leadership styles in various contexts. In individualistic cultures, leadership styles tend to emphasize autonomy, independence, and individual achievement (ÇUHADAR & Rudnák, 2022). Leaders in such cultures often exhibit transformational and charismatic leadership styles, focusing on inspiring and empowering individual followers to excel (Mittal, 2015). Conversely, in collectivistic cultures, leadership styles prioritize group harmony, consensus-building, and relationship-oriented approaches (ÇUHADAR & Rudnák, 2022). Leaders in these cultures may adopt a more participative and nurturing leadership style, emphasizing the well-being of the group and maintaining social cohesion (Walumbwa et al., 2007).

Power distance, another cultural dimension, also shapes leadership styles. In high power distance cultures, leaders often exhibit authoritative and directive leadership styles, emphasizing hierarchy and centralized decision-making (ÇUHADAR & Rudnák, 2022). Conversely, in low power distance cultures, leadership styles tend to be more egalitarian, participative, and inclusive, with leaders engaging in open communication and collaboration with subordinates (Lofquist & Matthiesen, 2018). Uncertainty avoidance influences leadership styles as well. In cultures with high uncertainty avoidance, leaders may adopt a more structured and cautious approach, focusing on risk mitigation and adherence to established norms and procedures (ÇUHADAR & Rudnák, 2022). In contrast, in low uncertainty avoidance cultures, leaders may demonstrate adaptive and flexible leadership styles, encouraging experimentation, innovation, and a tolerance for ambiguity (Walumbwa et al., 2007).

Gender roles and cultural dimensions also intersect to influence leadership behaviors. In masculine cultures, leadership styles may reflect assertiveness, competitiveness, and a focus on task accomplishment (Mittal, 2015). In contrast, in feminine cultures, leadership styles may emphasize collaboration, empathy, and relationship-building, aligning with communal and nurturing leadership approaches (Walumbwa et al., 2007). In diverse cultural settings, gender-neutral leadership styles may emerge, integrating a balance of task-oriented and relationship-oriented behaviors to accommodate varying cultural expectations and norms (Mittal, 2015).

Long-term orientation in cultures influences leadership strategies, with leaders in long-term oriented cultures emphasizing persistence, strategic planning, and adaptability to achieve sustainable goals (ÇUHADAR & Rudnák, 2022). Conversely, in short-term oriented cultures, leaders may focus on immediate results, efficiency, and addressing immediate challenges, often exhibiting a more transactional leadership style (Lofquist & Matthiesen, 2018).

In conclusion, cultural dimensions significantly shape leadership styles, impacting approaches to individualism-collectivism, power distance, uncertainty avoidance, masculinity-femininity, and long-term orientation. Understanding these dynamics is crucial for effective leadership in diverse cultural contexts.

2. Cross-Cultural Leadership Challenges

Ethnocentrism and stereotype biases are significant challenges in cross-cultural leadership. Ethnocentrism, the tendency to judge other cultures by the standards of one's own, can impact leadership decisions by promoting favoritism towards individuals from the leader's own culture. This can lead to biased decision-making and hinder effective management in multicultural environments (Eagly & Karau, 2002). To mitigate ethnocentrism in multinational corporations (MNCs), strategies such as promoting cultural diversity, providing cross-cultural training, and encouraging open-mindedness and empathy among leaders and employees can be effective (Lie et al., 2010).

Stereotype biases also affect leadership perceptions, as individuals may be judged based on preconceived notions rather than their actual abilities (Tresh et al., 2019; Akagha et al., 2023). Overcoming stereotype biases for effective leadership involves promoting counter-stereotypes and feminism to maintain and increase leadership aspirations in women

(Leicht et al., 2017). Additionally, continuous learning and development are crucial in addressing these challenges. Ongoing cultural competence training is important for leaders to understand and navigate diverse cultural contexts, enhancing their ability to lead effectively in a global environment (Lie et al., 2010; Uzougbo et al., 2023). Strategies for continuous leadership development in a global context include promoting mindfulness and addressing stereotype threats, which can unexpectedly impact women's leadership aspirations (Walsh et al., 2022).

In conclusion, ethnocentrism and stereotype biases pose significant challenges in cross-cultural leadership. Mitigating these challenges requires strategies such as promoting cultural diversity, providing cross-cultural training, and addressing stereotype threats through ongoing cultural competence training and leadership development programs.

3. Cultural Intelligence (CQ) and Leadership Effectiveness

Cultural Intelligence (CQ) refers to an individual's capability to function effectively in culturally diverse settings (Ang et al., 2007). It comprises four dimensions: metacognitive, cognitive, motivational, and behavioral, which are linked to intercultural effectiveness outcomes such as cultural judgment, adaptation, and task performance in diverse settings (Ang et al., 2007). CQ plays a crucial role in leadership success by enabling leaders to identify the abilities of team members from different cultural backgrounds, thus enhancing their effectiveness in diverse organizational contexts (Rahman et al., 2022; Njemanze et al., 2008). Moreover, it is essential for fostering professionalism, communication skills, emotional intelligence, cultural awareness, and teamwork abilities, which are all vital for effective leadership (Gordon et al., 2021).

Developing Cultural Intelligence in leaders involves training programs, initiatives, and integrating CQ into leadership development strategies. Training programs aim to enhance leaders' CQ by providing them with the knowledge and skills necessary to function effectively in diverse cultural settings (Zhou et al., 2018; Akagha and Epie, 2022). These programs focus on cognition, motivation, collaborative communication, and behavioral adaptability, which are essential dimensions of CQ (Zhou et al., 2018). Additionally, integrating CQ into leadership development strategies is crucial for enhancing leaders' abilities to grasp, reason, and behave effectively in culturally diverse situations (Bücker & Poutsma, 2010). This integration ensures that leaders are equipped with the necessary cultural knowledge to navigate and understand new cultures, thus driving cultural adjustment and effectiveness, especially for expatriate leaders (Rahman et al., 2022).

In conclusion, Cultural Intelligence is a vital component of leadership effectiveness, enabling leaders to navigate and succeed in culturally diverse settings. Developing Cultural Intelligence in leaders involves comprehensive training programs and the integration of CQ into leadership development strategies, which are essential for enhancing leaders' abilities to function effectively in diverse cultural contexts.

4. Comparative Analysis of Cross-Cultural Leadership Styles

Cross-cultural leadership has been a subject of extensive research, with a focus on understanding leadership styles in diverse cultural contexts. Avolio et al. (2009) emphasized the need for future research to consider levels of analysis in cross-cultural leadership studies. Dickson et al. (2003) highlighted the methodological advances in cross-cultural leadership research, indicating the breadth of issues being addressed. Furthermore, Minelgaite et al. (2015) stressed the necessity for more research on cross-cultural studies focusing on gender and leadership, aiming to bridge the gap in the literature. These findings collectively underscore the evolving nature of cross-cultural leadership research and the need for comprehensive and multifaceted approaches to understanding leadership styles in diverse cultural settings.

The study reveals both commonalities and differences in leadership approaches across cultures. Resick et al. (2011) highlighted the emergence of cross-cultural leadership as a novel approach, emphasizing the capacity to motivate and influence individuals globally. Jogulu (2010) found that while some aspects of leadership are universally endorsed, many leadership practices and expectations vary systematically across societal cultures. Windiarti et al. (2014) also identified significant differences between leadership styles and cultural groups, supporting the interaction between culture and leadership in diverse contexts. These findings suggest that while certain leadership principles may transcend cultures, there are distinct cultural influences on leadership styles.

The implications of cross-cultural leadership for multinational corporations are multifaceted. Suutari et al. (2002) highlighted the importance of subordinates' acknowledgment of a manager's adjustment of leadership style in a cross-cultural context. Additionally, Mosadeghrad & Ferdosi (2013) emphasized the necessity for leaders to adapt their

leadership styles to successfully lead local subordinates in different cultural settings. Furthermore, Windiarti et al. (2014) suggested that managers should select the best leadership style according to the organizational culture and employees' organizational maturity. These findings underscore the critical role of adaptive leadership in multinational corporations, emphasizing the need for leaders to be cognizant of cultural variations and tailor their leadership approaches accordingly.

5. Future Outlook and Emerging Trends

The future outlook and emerging trends of cross-cultural leadership styles in multinational corporations are of significant interest due to the increasing globalization of business operations. The competencies of global managers in multinational corporations play a crucial role in the success of these organizations (Czarnecka & Szymura-Tyc, 2016). However, there is a gap in research on global managers' competencies and their impact on the performance of multinational corporations (Czarnecka & Szymura-Tyc, 2016). This highlights the need for further exploration and understanding of the competencies required for effective cross-cultural leadership in multinational corporations.

Cross-national, cross-cultural organizational behavior research has advanced our understanding of the intellectual curiosity of U.S. researchers and the practice of U.S. multinational corporations by identifying cross-cultural differences (Tsui et al., 2007). This emphasizes the importance of recognizing and addressing cross-cultural differences in leadership styles within multinational corporations to ensure effective leadership across diverse cultural contexts.

The challenges faced by multinational corporations in Africa, particularly in relation to leadership, organizational effectiveness, and cultural dynamics, have prompted specific research focusing on transformational leadership, perceived organizational effectiveness, and organizational culture (Muzondiwa et al., 2022). This demonstrates the growing recognition of the unique challenges faced by multinational corporations operating in diverse cultural and organizational contexts, highlighting the need for tailored leadership approaches that consider cross-cultural dynamics.

Furthermore, the study of the relationship between corporate culture and corporate sustainable performance in Chinese SMEs has deepened previous research on corporate culture and leadership style (Wang & Huang, 2022). This suggests a growing emphasis on understanding the interplay between leadership styles and organizational culture in the context of sustainable performance, indicating a potential shift towards more sustainable and culturally adaptive leadership practices in multinational corporations.

In addition, the variations in employee duty orientation between local and multinational corporations emphasize the need to consider the impact of leadership styles and corporate culture on employee attitudes and behaviors within multinational corporations (Frolova & Mahmood, 2019). This highlights the importance of aligning leadership styles with the cultural dynamics of the organization to foster a sense of duty and commitment among employees.

Overall, the emerging trends in cross-cultural leadership styles in multinational corporations point towards a growing recognition of the need for culturally adaptive leadership approaches, the impact of global managers' competencies on organizational performance, and the interplay between leadership styles and corporate culture in driving sustainable performance. These trends underscore the importance of further research and development of cross-cultural leadership frameworks tailored to the unique challenges and opportunities presented by multinational corporations operating in diverse cultural contexts.

6. Recommendation

The comprehensive review on cross-cultural leadership styles in multinational corporations (MNCs) has revealed critical insights into the intricate relationship between cultural dimensions and leadership behaviors. Key findings include the significance of understanding cultural dimensions such as individualism-collectivism, power distance, uncertainty avoidance, masculinity-femininity, and long-term orientation. The review also highlighted the challenges faced by leaders, such as ethnocentrism and stereotype biases, emphasizing the need for continuous learning and development. Additionally, the role of cultural intelligence (CQ) emerged as a crucial factor influencing leadership effectiveness in diverse cultural contexts.

MNCs should design and implement leadership development programs that are tailored to address the specific cultural dimensions prevalent in their global operations. This involves incorporating cultural intelligence training, communication strategies, and adaptive leadership skills. To mitigate challenges like ethnocentrism and stereotype biases, MNCs should invest in robust diversity and inclusion initiatives. Creating an inclusive organizational culture that

values diversity fosters an environment where leaders can leverage the strengths of a multicultural workforce. Encouraging the cultivation of a global mindset among leaders is crucial. This involves promoting an awareness and appreciation of cultural differences, facilitating cross-cultural communication, and encouraging an open-minded approach to diverse perspectives.

Investigate how advancements in technology, such as virtual teams and remote collaboration, influence cross-cultural leadership styles. Understanding the role of technology in shaping leadership dynamics in multinational settings is crucial in the ever-evolving global business landscape. Conduct longitudinal studies to explore the sustainability and long-term impact of specific cross-cultural leadership styles in MNCs. This approach will provide insights into the effectiveness of leadership strategies over time and in changing global contexts. Explore the nuances of cross-cultural leadership in emerging markets. Investigating how leaders navigate cultural diversity in regions with rapidly evolving business environments can contribute to a more nuanced understanding of effective leadership practices.

7. Conclusion

In conclusion, this review serves as a foundation for refining cross-cultural leadership strategies in multinational corporations. Implementing the practical recommendations and addressing future research directions will contribute to the development of culturally intelligent leaders who can thrive in the complex and diverse landscape of global business.

Compliance with ethical standards

Disclosure of conflict of interest

No conflict of interest to be disclosed.

References

[1] Ali, S., Razaq, A., Yameen, M., Sabir, S., & Khan, M. (2011). Influential role of culture on leadership effectiveness and organizational performance. Information Management and Business Review, 3(2), 127-132. https://doi.org/10.22610/imbr.v3i2.925

[2] Ang, S., Dyne, L., Koh, C., Ng, K., Templer, K., Tay, C., … & Chandrasekar, N. (2007). Cultural intelligence: its measurement and effects on cultural judgment and decision making, cultural adaptation and task performance. Management and Organization Review, 3(3), 335-371. https://doi.org/10.1111/j.1740-8784.2007.00082.x

[3] Avolio, B., Walumbwa, F., & Weber, T. (2009). Leadership: current theories, research, and future directions. Annual Review of Psychology, 60(1), 421-449. https://doi.org/10.1146/annurev.psych.60.110707.163621

[4] Bücker, J. and Poutsma, E. (2010). Global management competencies: a theoretical foundation. Journal of Managerial Psychology, 25(8), 829-844. https://doi.org/10.1108/02683941011089116

[5] Chin, J. and Sanchez-Hucles, J. (2015). Diversity and leadership. Choice Reviews Online, 52(08), 52-4298-52-4298. https://doi.org/10.5860/choice.188021

[6] ÇUHADAR, S. and Rudnák, I. (2022). Link between cultural dimensions and leadership styles of organizational managers in turkey context of hofstede and globe studies. Studia Mundi - Economica, 9(4), 88-103. https://doi.org/10.18531/studia.mundi.2022.09.04.88-103

[7] Czarnecka, A. and Szymura-Tyc, M. (2016). The competencies of global managers in multinational corporations.. https://doi.org/10.18778/8088-012-2.13

[8] Dickson, M., Hartog, D., & Mitchelson, J. (2003). Research on leadership in a cross-cultural context: making progress, and raising new questions. The Leadership Quarterly, 14(6), 729-768. https://doi.org/10.1016/j.leaqua.2003.09.002

[9] Eagly, A. and Karau, S. (2002). Role congruity theory of prejudice toward female leaders.. Psychological Review, 109(3), 573-598. https://doi.org/10.1037/0033-295x.109.3.573

[10] Frolova, Y. and Mahmood, M. (2019). Variations in employee duty orientation: impact of personality, leadership styles and corporate culture. Eurasian Economic Review, 9(4), 423-444. https://doi.org/10.1007/s40821-019-00135-8

[11] Gordon, S., Gardner, D., Weston, J., Bolwell, C., Benschop, J., & Parkinson, T. (2021). Fostering the development of professionalism in veterinary students: challenges and implications for veterinary professionalism curricula. Education Sciences, 11(11), 720. https://doi.org/10.3390/educsci11110720

[12] Jogulu, U. (2010). Culturally-linked leadership styles. Leadership & Organization Development Journal, 31(8), 705-719. https://doi.org/10.1108/01437731011094766

[13] Leicht, C., Gocłowska, M., Breen, J., Lemus, S., & Moura, G. (2017). Counter-stereotypes and feminism promote leadership aspirations in highly identified women. Frontiers in Psychology, 8. https://doi.org/10.3389/fpsyg.2017.00883

[14] Lie, D., Lee-Rey, E., Gómez, A., Bereknyei, S., & Braddock, C. (2010). Does cultural competency training of health professionals improve patient outcomes? a systematic review and proposed algorithm for future research. Journal of General Internal Medicine, 26(3), 317-325. https://doi.org/10.1007/s11606-010-1529-0

[15] Lofquist, E. and Matthiesen, S. (2018). Viking leadership: how norwegian transformational leadership style effects creativity and change through organizational citizenship behavior (ocb). International Journal of Cross Cultural Management, 18(3), 309-325. https://doi.org/10.1177/1470595818806326

[16] Minelgaite, I., Edvardsson, I., Žydžiūnaitė, V., & Vaiman, V. (2015). Cross-cultural leadership. Sage Open, 5(2), 215824401557972. https://doi.org/10.1177/2158244015579727

[17] Mittal, R. (2015). Charismatic and transformational leadership styles: a cross-cultural perspective. International Journal of Business and Management, 10(3). https://doi.org/10.5539/ijbm.v10n3p26

[18] Mosadeghrad, A. and Ferdosi, M. (2013). Leadership, job satisfaction and organizational commitment in healthcare sector: proposing and testing a model. Materia Socio Medica, 25(2), 121. https://doi.org/10.5455/msm.2013.25.121-126

[19] Muzondiwa, Y., Swarts, I., & Schultz, C. (2022). The relationship between transformational leadership, perceived organisational effectiveness and organisational culture in a selected multinational corporation in africa. Sa Journal of Human Resource Management, 20. https://doi.org/10.4102/sajhrm.v20i0.1888

[20] Rahman, Z., Kabir, S., Haque, A., & Rahamad, M. (2022). Influence of cultural intelligence on socio-cultural adaptation for expatriate leaders in malaysia. Asian Journal of Economics Business and Accounting, 98-111. https://doi.org/10.9734/ajeba/2022/v22i2130693

[21] Resick, C., Martin, G., Keating, M., Dickson, M., Kwan, H., & Chun-yan, P. (2011). What ethical leadership means to me: asian, american, and european perspectives. Journal of Business Ethics, 101(3), 435-457. https://doi.org/10.1007/s10551-010-0730-8

[22] Robinson, D. and Harvey, M. (2008). Global leadership in a culturally diverse world. Management Decision, 46(3), 466-480. https://doi.org/10.1108/00251740810863898

[23] Suutari, V., Raharjo, K., & Riikkilä, T. (2002). The challenge of cross-cultural leadership interaction: finnish expatriates in indonesia. Career Development International, 7(7), 415-429. https://doi.org/10.1108/13620430210449948

[24] Tresh, F., Steeden, B., Moura, G., Leite, A., Swift, H., & Player, A. (2019). Endorsing and reinforcing gender and age stereotypes: the negative effect on self-rated leadership potential for women and older workers. Frontiers in Psychology, 10. https://doi.org/10.3389/fpsyg.2019.00688

[25] Tsui, A., Nifadkar, S., & Ou, A. (2007). Cross-national, cross-cultural organizational behavior research: advances, gaps, and recommendations. Journal of Management, 33(3), 426-478. https://doi.org/10.1177/0149206307300818

[26] Walsh, M., Carleton, E., Hancock, A., & Arnold, K. (2022). Mindfulness and stereotype threat in social media: unexpected effects for women's leadership aspirations. Gender in Management an International Journal, 37(4), 535-548. https://doi.org/10.1108/gm-11-2020-0341

[27] Walumbwa, F., Lawler, J., & Avolio, B. (2007). Leadership, individual differences, and work-related attitudes: a cross-culture investigation. Applied Psychology, 56(2), 212-230. https://doi.org/10.1111/j.1464-0597.2006.00241.x

[28] Wang, S. and Huang, L. (2022). A study of the relationship between corporate culture and corporate sustainable performance: evidence from chinese smes. Sustainability, 14(13), 7527. https://doi.org/10.3390/su14137527

[29] Windiarti, I., Ferris, T., & Berryman, M. (2014). Cross-cultural leadership in the implementation of systems engineering processes: a study of indonesian expatriate engineers.. https://doi.org/10.1109/syscon.2014.6819278

[30] Zhou, C., Hu, N., Wu, J., & Gu, J. (2018). A new scale to measure cross-organizational cultural intelligence. Chinese Management Studies, 12(3), 658-679. https://doi.org/10.1108/cms-10-2017-0309

[31] Njemanze, P.C., Njemanze, J., Skelton, A., Akudo, A., Akagha, O., Chukwu, A.A., Peters, C. and Maduka, O., 2008. High-frequency ultrasound imaging of the duodenum and colon in patients with symptomatic giardiasis in comparison to amebiasis and healthy subjects. *Journal of Gastroenterology and Hepatology*, *23*(7pt2), pp.e34-e42.

[32] Akagha, O. and Epie, C., 2022. Responsible People Management and Fairness During COVID-19 (Law and Ethics–The Case of Pan-Atlantic University). In *Responsible Management of Shifts in Work Modes–Values for a Post Pandemic Future, Volume 1* (pp. 95-111). Emerald Publishing Limited.

[33] Akagha, O.V., Coker, J.O., Uzougbo, N.S. and Bakare, S.S., 2023. Company Secretarial And Administrative Services In Modern Irish Corporations: A Review Of The Strategies And Best Practices Adopted In Company Secretarial And Administrative Services. *International Journal of Management & Entrepreneurship Research*, *5*(10), pp.793-813.

[34] Uzougbo, N.S., Akagha, O.V., Coker, J.O., Bakare, S.S. and Ijiga, A.C., 2023. Effective strategies for resolving labour disputes in the corporate sector: Lessons from Nigeria and the United States.