

# Effective Leadership within a Multinational Environment

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With so many organizations operating in a multinational environment today, it is easy to assume that the increasing connection among countries, and the globalization of corporations, would result in cultural differences disappearing or diminishing. Yet, on the contrary, as economic borders come down, cultural barriers often go up, thus presenting new challenges and opportunities in business.

There are some universal leadership principles that have been identified as being very effective when employed specifically in a multinational environment. Interestingly enough, these are biblical principles that global businesses inadvertently use to achieve success. Based on Goleman's (2000) research, effective leadership in a multinational environment can be achieved by employing three primary leadership styles stated as:

- Vision, mobilizing people toward change;
- Serving, by building emotional bonds;
- Leading others to greatness, by developing people for future responsibility.

These principles have been described as “climate drivers that have the most positive impact on an organization” (p. 81).

Leaders in a multinational environment must in addition recognize the “limitations of one's own cultural norms” (Fernandez and Underwood, 2006, p.10). Leaders will have their most positive influence if they have a “willingness to recognize the limitations of their own cultural norms and accept and adapt to the culture of the host country” (Fernandez et al. 2006).

This article explores the universal leadership principles and how they can be utilized to overcome one's own national culture when working in a multinational environment.

## Universal Principles of Effective Leadership

Leadership, and its pursuit, is noble as stated in 1 Timothy 3:1: “Here is a trustworthy saying, if anyone sets his heart on being an overseer, he desires a noble task.” The majority of leadership resources work to define a leader by using western and non-western world systems as models for business acumen. The successes obtained, using this comparison, inadvertently engage biblical principals that lead to practical results.

A leader motivates the organization by creating a “unique climate through selective leadership styles” (Goleman, 2000), which I summarize as the universal principles of effective leadership.

**Principle One: A leader needs to impart a vision providing focus to the organization**

In his publication, *What Leaders Really Do*, Kotter describes this accidental engagement of biblical principles stating: “A company without direction, even short-term planning can become a black hole capable of absorbing an infinite amount of time and energy. With no vision and strategy to provide constraints around the planning process or to guide it, every eventuality deserves a plan” (p. 7). The biblical parallel for this observed reality is based on the first part of Proverbs 29:18, which states: “Where there is no vision, the people are unrestrained.” The application is apparent as a leader will be called upon to impart vision and direction, providing a unique focus to the organization.

The leader is responsible for creating the vision and setting the direction for the future prosperity of the organization. Absence of a leader’s vision is best described by Lewis Carroll, “If you don’t know where you are going, any road will take you there.” The corporate inspiration comes with “the alignment of people consistent with the leader’s vision, setting the direction for change” (Kotter, 1990). This authoritative “come with me” leadership style, as provided by Goleman, creates a climate that “motivates people by making clear to them how their work fits into a larger vision for the organization” (Goleman, 2000, p. 83).

**Principle Two: A successful leader is a servant of the people**

Servant leaders have a positive impact on their organizations by adopting an affiliative style of leadership: building emotional bonds with the focus that people come first (Goleman, 2000). The biblical truth of Goleman’s affiliative style has its origin in Matthew 20: 25-27: “But Jesus called them to Himself and said, ‘You know that the rulers of the Gentiles lord it over them, and *their* great men exercise authority over them. It is not this way among you, but whoever wishes to become great among you shall be your servant, and whoever wishes to be first among you shall be your slave’.”

The affiliative leadership approach, based on Matthew 20:26, is the essence of servant leadership as the “style revolves around people - its proponents value individuals and their emotions more than tasks and goals” (Goleman, 2000, p. 84). This is in contrast to leadership styles that provide the greatest negative impact, such as pacesetter and coercive leadership where authority is exercised over people (see Exhibit A).

In my experience, the combination of a stated vision coupled with an affiliative leadership approach produces excellent results. As stated by Goleman and Kotter “a leader may need to embody more than one trait or leadership style to be successful” (Goleman et al. 2000). In 2001, I was tasked to significantly grow the distribution sales of the company I was working for, using the existing corporate and distribution channel resources. At that time I was given one distributor with twelve distribution channel personnel and sales of approximately \$90K. My approach was to engage these twelve people with the vision of significantly increasing their sales commissions. I asked each person how I could best serve them in promoting the product. The result was increased sales to \$1.2M by 2006. I had a cohesive team of people working to promote my product, all of them knowing that I had their best interest at heart while working to gain the needed sales volume for the company at reasonable profit margins.

**Principle Three: You cannot manage people into greatness, they must be led**

An effective leader is one who takes responsibility for the future of the corporation by preparing the organization to change from an average company to a great corporation. Sir Winston Churchill said: “The price of greatness is responsibility” (Churchill Centre, 2007), clearly indicating that to be a great leader one must take responsible actions to achieve success. The biblical truth of Churchill’s

statement is exemplified by the leadership requirement outlined in Matthew 20:26: “It is not this way among you, but whoever wishes to become great among you shall be your servant.”

The leader that intends to create a great company must “get the right people on the bus, and the wrong people off” and then decide the direction of the corporation (Collins, 2001). A robust process to identify the right people provides a framework to “determine the organization’s talent needs over time” (Bossidy & Charan, 2002). Collins agrees with Bossidy and Charan that an essential component of a great corporation is to staff the leadership positions with the right talent. It is in this process that a servant leader must seek out talented people that are humble and willing to serve to ensure and establish a corporate culture that understands the meaning of “customer service.” The culminating accomplishment and trait of a successful leader is to achieve the goals and develop future leaders (Kotter, 1990).

### **Multinational Environment, National Culture and Leadership**

As mentioned earlier, the increasing connection among countries and the globalization of corporations, have not resulted in cultural differences disappearing. Cultural barriers often go up, presenting organizations with new challenges (House, Hanges, Javidan, Dorfman and Gupta, 2004).

The distinction between a person’s own national culture and a multinational environment are explained as the former being “focused on exalting itself above all other cultures,” and the latter working “to embrace and adapt to diverse cultures” (Wikipedia, 2007). The person selected for multinational leadership must work to adjust his or her strong sense of national culture norms by adopting, as provided by Fernandez and Underwood, a multicultural mindset. This mindset must have “a willingness to recognize the limitations of one’s own cultural norms and to accept and adapt to the culture of the host country” (Fernandez and Underwood, 2006, p. 10).

The process of adjusting a strong sense of national culture and acquiring a multicultural mindset is based on the engagement of the universal principles of effective leadership. The leader will be successful if he or she works to adapt their national culture norms to the target culture.

#### **Step One: Serve the organization by adapting to the host culture**

There are some good examples of U.S. based corporations adapting their national culture to serve foreign business cultures.

Charles Brown, president of Du Pont China, talks about what worked for them:

“You have to listen. Don’t come with preconceived ideas about the best way to approach the market, the best way to approach the customers, how to do business. The first thing you have to do is listen and try to understand your customers and employees. Once you have that, you can begin to develop your strategies and plans” (Fernandez and Underwood, 2006).

The ability to listen and adapt is reinforced by Paul Etchells, president of Coca-Cola China:

“The most important thing is that you actually like being here and like working with the Chinese and that you are able to make the cultural adjustments necessary. If you are having trouble dealing with China and with the Chinese, then your business is unlikely to be successful” (Fernandez and Underwood, 2006, p. 10).

The successful leader will be the one who blends the universal principles of effective leadership with a multicultural mindset. The result will have a positive impact upon the organization as the leader would be viewed as an integral part of the process, in contrast to a dictatorial leadership model. All experts in international business agree that to succeed in global business, managers need the flexibility to respond positively and effectively to practices and values that may be drastically different from what they are accustomed to. This requires the ability to be open to the ideas and opinions of others (House et al., 2004).

The ability of the leader to be open to the ideas and opinions of the people within the multinational organization is essential, as emphasized by Du Pont's Charles Brown:

"You should try to understand the foreign culture and the language. It is your understanding of the customers and employees that really matters. Don't ignore that" (Fernandez and Underwood, 2006, p.13).

### **Step Two: Establish a corporate vision but do not abandon your national culture**

In working to adapt to the host culture, a leader must understand that the goal is not to lose well-known business practices in favor of cultural compliance.

Ekkehard Rathgeber, president of Bertelsmann Direct Group Asia, made this point:

"If you simply adapt yourself to the local habits, then you lose a lot of advantages. First choose your battles, insisting on only truly necessary changes and second, work patiently" (Fernandez and Underwood, 2006, p. 17).

This view point is reinforced by Helen Tantau, senior client partner for Korn/Ferry in China:

"You shouldn't manage your business in a completely different way just because this is China. The ultimate goal is to combine aspects of Chinese business culture with home-country practices" (Fernandez and Underwood, 2006).

### **Step Three: Lead people to greatness with humility and patience**

Leaders need to exhibit humility when dealing with people in a multinational environment by working to show sincerity in learning the culture. Fernandez and Underwood said that, "The basic message to newcomers is that aggressive leadership styles built on arrogance or patronizing attitudes can (and do) cause failure" (Fernandez and Underwood, 2006).

One way of approaching others with humility is to establish yourself as a credible team member, as president of Microsoft China, Jun Tang, explains:

"If I were perceived as an outsider, every decision made would be analyzed by the employees, but if I am a part of them I am sure every decision I made could be accepted by most of the people" (Fernandez and Underwood, 2006).

Humility, when coupled with patience, will position the leader to advance the corporate vision and develop new leaders at a safe pace. This is confirmed by Guy McLeod, president of Airbus China:

“When people have arrived, they want to change things. But making quick moves in the wrong way isn’t the right thing to do. You need to have patience, patience, patience. You need to make a long-term strategy and stick to it” (Fernandez and Underwood, 2006).

The humility and patience of its leaders, will lead an organization to greatness as this organization will be positioned to serve. The ability to serve well will be achieved by employing the universal leadership principles to establish a multicultural mindset, providing a balance between the required cultural compliance and one’s own national culture.

### Summary

In order to be effective in a multinational environment, a leader should acquire a multicultural mindset. Such a mindset can be cultivated by employing the universal principles of effective leadership, including:

- Vision, mobilizing people toward change;
- Serving, by building emotional bonds;
- Leading others to greatness, by developing people for future responsibility.

The steps to achieving effective leadership in a multinational environment requires:

- Serving the organization by adapting to the host culture;
- Establishing a corporate vision, but not abandoning your national culture;
- Leading people to greatness, with humility and patience.

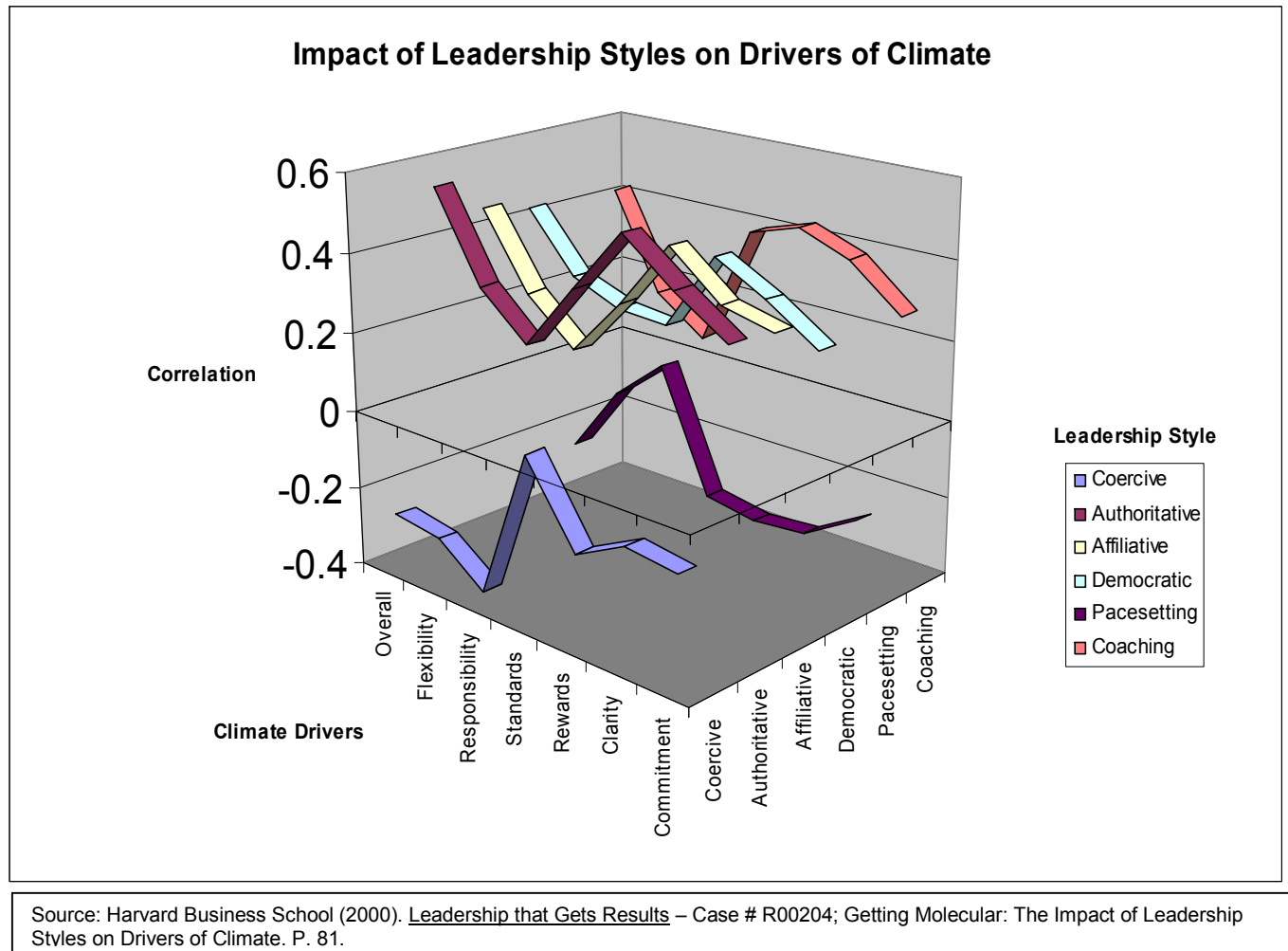
If leaders who work within a multinational environment view these principles as an integral part of the process, they will no doubt have a positive impact upon the organization.

### About the author

Tim Rentfrow works for ABB, Inc. as an account development manager working to expand key OEM accounts that require low voltage drives and controls. He is presently working to complete his MBA from Regent University, specializing in marketing and international business.

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Exhibit A:



## Appendix A: Summary of Key Leadership Concepts

### John P. Kotter

The leader must focus on the required change in the organization while the manager must cope with the complexity of the change created by the leaders' vision. The successful manager works to bring order and consistency into the vision and strategy created by the leader. Working within the new vision the manager becomes the controlling force to plan, organize and equip personnel in the strategy to produce success.

### Daniel Goleman

Goleman's research revealed six distinct leadership styles: authoritative, affiliative, democratic, coaching, coercive, and pacesetting that illustrate a way to achieve results. The best leaders do not rely on only one leadership style; they use past experience and the desired results to dictate the selection of the best style to accomplish the goal (Goleman, 2000). The styles with the lowest correlation to success: coercive, and pacesetting creates an inflexible environment poor in rewards with little clarity of purpose. The styles with the highest correlation to success: authoritative,

affiliative, democratic, and coaching create a climate rich in clarity with standards for rewards while creating emotional bonds that build consensus toward a goal (see Exhibit A for Impact of Leadership Styles).

### **Jim Collins**

One of the primary responsibilities of a leader is to create, and take decisive action on what Jim Collins calls a “Hedgehog Concept,” a concept that focuses a corporation on “what can you be best at” (Collins, 2001). The leader who intends to make a great company “infuses the entire process with the brutal facts of reality” (Collins, 2001) while leading with extreme personal humility and intense professional will to achieve corporate success.

### **Larry Bossidy & Ram Charan**

A primary responsibility of a leader is to create a mechanism that measure intended results by consistent follow through of the details. The leader, in setting the tone of the dialogue and the creation of the work environment must realize that “you get what you measure” (Bossidy & Charan, 2002). The leader, to implement the vision, must get “the people process right” (Bossidy & Charan, 2002). An effective people process will produce accurate assessment of the individual, provides the framework to develop and identify future leaders, and creates a talent pool to fill future positions.

**Author’s Note:** The difference for Collins in contrast to Bossidy & Charan is the leadership selected by Collins, one with extreme personal humility, is not shared by Bossidy & Charan who actually select leaders by the numbers. The contradiction of leadership, by Bossidy & Charan, begins with statement that “it’s not useful to beat people up” over mistakes, yet Bossidy & Charan make use of GE’s session C that is built as a systematic, one-size fits all approach for review of leadership selection. The personal humility is absent from the Bossidy & Charan leaders as the “non-performers” are always some other person not in leadership.

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