Developing global transformational leaders

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ABSTRACT

Despite significant increases in training and development of global managers, little is known about the precursors of transformational leadership in Multilatinas. While prior cross-cultural literature suggests that being an autocratic leader is ideal in Multilatinas, using transformational leadership theory, we argue that global leaders of Multilatinas embrace a more humanistic approach to leadership because of the importance of relationships between leaders and their followers. Additionally, we argue that global leaders with high levels of cultural intelligence will have high levels of transformational leadership because they are better able to understand the differences of other cultures, and appropriately adjust their behavior.

1. Introduction

Transformational leadership is one of the most researched leadership concepts to date because of its importance to the organizational sciences field (Gardner, Lowe, Moss, Mahoney, & Cogliser, 2010; Lowe & Gardner, 2001; Schwepker & Good, 2010; Ussahawanitchakit, 2011). Bass (1985, p. 25) defined the transformational leader "as someone who raised their awareness about issues of consequence, shifted them to higher-level needs, influenced them to transcend their own self-interests for the good of the group or organization, and to work harder than they originally had expected they would". Behaviors associated with transformational leadership have been shown to positively impact a wide range of individual and organizational outcomes in a variety of contexts including military (Hardy et al., 2010), sports (Charbonneau, Barling, & Kelloway, 2001), business (Howell & Avolio, 1993), the public sector (Rafferty & Griffin, 2004), and education (Koh, Steers, & Terborg, 1995). Meta-analytic reviews have verified positive relationships between transformational

leadership of superiors and the performance of their subordinates (Lowe & Kroeck, 1996). Yet while leadership researchers have made significant strides in domestic and international contexts, they still recognize that the challenge for global leaders is how to adapt their leadership style to fit local circumstances (Steers, Sanchez-Runde, & Nardon, 2012). We suggest there is more to learn about leadership from the lesser known, large Latin American companies (or Multilatinas), and the unique circumstances in which they operate (Sirkin, 2010).

With the wide-spread internationalization of Multilatinas (Cuervo-Cazurra, 2008) and the globalization of their workforces, having globally competent transformational leaders has become increasingly pertinent for businesses (Adler & Bartholomew, 1992). The focus of this study is on the employees of Multilatinas because we did not want to assume that working for firms from developing nations is the same as those from developed nations (Cuervo-Cazurra, 2008). For instance, a Latin American vice-president of a Multilatina disclosed during an interview that "I can only imagine how difficult it must be for a foreigner to understand how important family and personal relationships are and how they are entrenched within our institutions."

The history of the environment in which Multilatinas emerged has affected their leadership style for three primary reasons. First, Latin America has had notoriously weak public institutions (Coatsworth, 2005). This caused a reliance on social relationships

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as a source of protection due to the lack of access to institutions (Vassolo, Castro, & Gomez-Mejia, 2011). Second, these social relationships have evolved into leaders placing value on positive and social interactions (Lenartowicz & Johnson, 2002). Finally, the interactions among leaders and their followers tend to be humanistic and paternalistic in nature (Davila & Elvira, 2012). These unique aspects of leadership style among Multilatinas makes their development worthwhile of a more in depth introspection.

The development of global leaders has been identified as a key aspect of personnel management for multinational corporations (Stroh & Caligiuri, 1998). Global leaders who are capable of understanding, functioning, and managing within global settings are valuable, rare, inimitable, and organizationally embedded resources that can help firms create a competitive advantage (Ang & Inkpen, 2008; Barney, 1991). As such, researchers are calling for more culturally intelligent global leaders (Elenkov & Manev, 2009; Manning, 2003). Cultural intelligence (CQ) is defined as one's ability to successfully adapt to new cultural contexts and function within a cross-cultural environment (Earley & Ang, 2003). It has become a recognizably important competence in promoting effective cross-border exchanges and relationships (Earley, 2002; Ng, Tan, & Ang, 2011).

Despite the recent attempt to assess the impact of global forces on transformational leadership, the mechanisms through which this process affects individual skills remains an underdeveloped area in the literature. The purpose of the present study is to extend transformational leadership theory (Burns, 1978) by examining the influence of CQ on transformational leadership for global leaders working for Multilatinas. We attempt to advance the literature in both fields by building on Rockstuhl, Seiler, Ang, Van Dyne, and Annen (2011) by unpacking their CQ research to provide a more nuanced understanding of CQ and transformational leadership. CQ is a set of knowledge, skills, and abilities (KSAs) that are essential for the development of transformational leaders in Multilatinas. Furthermore, we will discuss why international experience alters the strength of this relationship.

This paper is organized as follows. First, we provide a review of the transformational leadership and CQ literatures. During the review, we will argue why leaders working for Multilatinas have higher levels of transformational leadership and cultural intelligence. Next, we develop the hypothesis linking CQ to transformational leadership, and then the subsequent hypothesis for the moderator. The hypotheses are followed by sections on research design and results. Finally, we discuss our findings and provide implications for theory and practice, as well as directions for future research.

2. Literature review and hypotheses development

2.1. Transformational leadership

Early studies of leadership identified authority deriving from the respect and confidence subordinates have in the abilities of the individual seen as the leader (Barnard, 1938). Likewise, effective leaders are able to identify a zone of indifference where the leader is best able to influence the followers, building trust in the leader's ability, and bonding with the subordinates (Barnard, 1938). The concept of transformational leadership was introduced by Burns (1978), and later more fully investigated by Bass (1985). The theory of transformational leadership builds upon these concepts such that transformational leaders are not only able to recognize the need for change, but also create of vision of what should take place and focus the exchanges of subordinates to achieve said vision (Burns, 1978). Additionally, transformational leaders are able to inspire and motivate followers by acting as a role model and building morale

so that teams are able to complete goals (Howell & Avolio, 1993; Vizeu, 2011). Transformational leadership proposes self-development and intellectual encouragement to transcend individual interests on behalf of group objectives set forth by the leader.

Transformational leadership has six principal elements (Podsakoff, MacKenzie, Moorman, & Fetter, 1990): 1) *Identifying and articulating a vision*; 2) *Providing an appropriate model*; 3) *Fostering acceptance of group goals*; 4) *High performance expectations*; 5) *Providing individualized support*; and 6) *Intellectual stimulation*. The six components are based on Bass' original four (Avolio, 1999; Avolio, Bass, & Jung, 1995; Bass, 1985; Podsakoff, MacKenzie, & Bommer, 1996), yet provide distinctiveness and allow for a better understanding of the different components. The newer model includes *mutual influence*, which generates a stronger and more stable relationship. The leader's authority is legitimized by his or her ability to interact, rather than by formal power. Thus, leaders achieve success by influencing followers, as well as by accepting their opinions. As a consequence, these leaders attain higher levels of personal effectiveness, team performance, satisfaction, commitment, and positive changes in groups and organizations (Gomes & Cruz, 2007; Podsakoff et al., 1996).

While the majority of the transformational leadership literature focuses on its effects on individual and organizational performance, relatively few (see Trépanier, Fernet, & Austin, 2012; Ussahawanitchakit, 2011 as notable exceptions) have empirically investigated the antecedents of transformational leadership behaviors (Cavazotte, Moreno, & Hickmann, 2012; Lim & Ployhart, 2004; Scott & Bozeman, 2003). Because transformational leadership has been associated with such important individual, team, and organizational outcomes, it is important to understand which KSAs cause leaders to engage in transformational leadership behaviors within Multilatinas (DeRue, Nahrgang, Wellman, & Humphrey, 2011). For example, Latin American leaders tend to be described as "an *integrator, good administrator*, *group-oriented*, and *collaborative*" (Castaño et al., 2015; p. 594). One "high potential" Latin American manager was denied promotion to director due to his "aloof, tough style that discounted the need to connect at an interpersonal level" (Stawiski, Gentry, Santana, & Dinwoodie, 2015, p. 1).

As aforementioned in the introduction, the history of the environment in which Multilatinas emerged has affected their leadership style. In an attempt to extend the recent and extensive review of leadership behaviors in Latin America by Castaño et al. (2015), we will recount a few of their perspectives and then make one key departure. The leader of Multilatinas is a paternalistic figure that engenders care and loyalty, as well as protects working relationships using a humanistic approach (Davila & Elvira, 2012). The Latin American context emphasizes a relationship orientation that respects power and authority (Castaño et al., 2015). Yet the authors often refer to the leaders of Multilatinas as "charismatic", which is a term with a long history in the leadership literature. We propose to label the leaders of Multilatinas as "transformational" based on the mechanism of articulating a vision. A charismatic leader is the "head of the show", ultimately responsible to not only articulate his/her vision, but also gain agreement and commitment to that specific vision. To the contrary, the transformational leader is open to follower input of the vision, which involves power sharing, participation, and follower development (Dvir, Eden, Avolio, & Shamir, 2002). To be larger than life is charismatic leadership, not transformational. The ability to listen, share power, and encourage participation is particularly salient to leaders of Multilatinas. Therefore, we hypothesize:

Hypothesis 1a. Leaders working in Multilatinas will be higher on transformational leadership than those who do not.