

CORNELL HR REVIEW

NAVIGATING LEADERSHIP IN U.S.-BASED MULTINATIONALS

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U.S.-based organizations once found a competitive advantage in going multinational and leveraging resources and markets their competition could not access. But in today's market, simply going global is no longer enough to provide that advantage. Organizations must now adapt to create more global connectivity and an integrated workforce. This is the new way to achieve a competitive advantage, but it does not occur without first hurdling several obstacles.

What happens when a U.S.-based organization launches internationally? Do the U.S. leaders pioneer and establish the new business? They cannot talk the talk (literally) or walk the walk (figuratively). When U.S. leaders do not understand how to connect with diverse employees, clients, cultures, or norms, how successful can they be? Organization culture versus region culture, which wins? With the Pyramid of Multinational Leadership in place, any organization can take on the worldwide frontier. Everyone wins.

The Pyramid of Multinational Leadership is built on four factors: the organization vision, organization culture, region culture, and leadership awareness.

- **Organization vision:** the core ideology and envisioned future that drive strategic decisions.¹
- **Organization culture:** a set of shared mental assumptions that guide interpretation and action in organizations by defining appropriate behavior for various situations.²
- **Region culture:** the symbols, language, values beliefs and norms that make up a society.³
- **Leadership awareness:** understanding of how to adjust leadership styles according to situation context.

Building a Stable Foundation – the company vision

As Collins explains¹, vision includes the organization's core ideology and envisioned future. Core ideology breaks down into the core values and purpose of the organization; a consistent identity that transcends product or market life cycles, technological breakthroughs, management fads, and individual leaders. While markets, labor pools, and technology change, expand, and challenge the organization, the core values remain static. These are intrinsic to the organization and guide it into the future, intending to preserve the reason for its existence.

The envisioned future is what Collins coins as an organization's big, hairy, audacious goals (BHAG). This is a 25 year vision that is specific, intense, passionate, tangible, and

linked directly to the core ideology. Similar to the core ideology, the envisioned future is the driving engine intended to stimulate ongoing progress in the correct direction. Since the organization vision is static and the core of all objectives and strategies, this is the foundation of the hierarchy. Without the organization vision clearly drawn out and shared across the entire organization, the chances of having a strong global company immediately decrease. The organization and region cultures are not necessarily static, and this is why it is important to be grounded to the vision. To build a strong foundation of leadership from the top down there needs to be consistent and constant communication of the vision and strategy across the entire organization. This can happen during orientations, town halls, informal meetings, formal feedback conversations, training and development programs and more. It is just important that it happens with conviction and it happens often.

Adding Levels – culture versus culture

Assimilating organization culture into region culture is one of the obstacles an organization needs to hurdle to be successful. Organization culture typically shares commonalities with the region in which it originated. A U.S.-based organization expanding into areas of South America, for example, should expect a clash. Referencing Hofstede's cultural dimensions, differences may prevail in the following dimensions:

- Individualism versus collectivism
- Feminine versus masculine
- Power distance
- Uncertainty avoidance
- Pragmatic versus normative
- Indulgence versus restraint

Specifically, a U.S.-based organization culture may operate as individualistic and masculine within a flat structure, comfortable executing in ambiguity while maintaining a poor work-life balance and normative orientation. The region culture in South America may tend to be collectivist with a desire for a strong hierarchy, clear direction and context provided at all times. Additionally, South America might have a high focus on family and life outside of work. The U.S.-based organization may restrain from celebrating with social events and dancing whereas the region culture thrives on this. These differences in cultures can cause problems with teamwork, communication, motivation and reward, engagement, collaboration and innovation. The big question is, how do you conquer the clash to be as effective as possible in the increasingly competitive global market? In the Pyramid of Multinational Leadership, the organization culture and region culture need to blend and operate together. With this being said, they have very different roles that need to be understood by everyone in the organization.

The organization culture should be considered something like a moral compass. Per the definition previously stated, the organization culture is a set of shared mental assumptions that guide interpretation and action in organizations by defining appropriate behavior for various situations. The organization culture links decisions to the vision of

the company and provides direction in any given situation. The organization culture should not act or execute though. It is like the brains of the operation. The region culture is the muscle. Region culture abides by symbols, language, values beliefs and norms of the region the organization operates in and executes accordingly. This two-part system is how conflicting cultures shift from a problem to a two-step solution providing a competitive advantage.

Finish with the Apex – nothing works without awareness

Success would be easy if the journey ended at marrying the organization and region cultures. It does not end there, however. To truly execute on a global strategy the leadership of the organization must have highly developed awareness – an understanding of how to adjust leadership styles according to situational context. In this specific context, the leaders will be adjusting to the cultural variances. In order to accomplish this, the organization needs to educate its leadership.

An ideal leader will show up every day with the organization vision leading each step, defining the direction. All the decisions the leader makes will answer questions using the organization culture, again the brain of the operation. However, all actions will be executed in accordance with region culture. It is in the execution where leadership across cultures is critical. Without expertise of what leadership styles match the organization culture to specific region cultures, the leader will be ineffective. Knowing that match and the variances in each situation is the key of leadership awareness; it ties everything together and completes the pyramid.

For example, you work for a financial firm (your organization) that is currently increasing assets through client acquisition. It is well-known that this is a performance-driven and performance-rewarded culture. Per the strategy, your business development team is on the forefront of this initiative as they prospect for clients. Human resources (HR) is tasked to structure a new rewards system for the business development team to support client growth initiative. Per the organization culture HR knows it is necessary to implement a performance based rewards system. That is step one. How you reward the business development team is step two. In Asia rewarding the business development team with recognition and more complicated projects might work, in America a cash bonus, in South America a celebration with public recognition. Per the region culture, HR will need to have rewards specifically designed for the region.



Conclusion – the pyramid is built

By viewing the Pyramid of Multinational Leadership as a linear process with four steps, organizations can put a framework into place that will provide a global competitive advantage. First, organizational vision is the foundation of the process – the core ideology and envisioned future that drive long-term strategy. Second, organizational culture guides decision-making processes on a day-to-day basis. Third, regional culture dictates execution on a day-to-day basis after taking into consideration the strategy and how the organization should address the situation. Fourth, leadership awareness helps glue everything together by ensuring awareness of the cultural nuances and matching the leadership style with the situation. With heavy leadership communication of the organization’s vision, and training and development of leadership awareness, an organization can harness a competitive advantage to succeed across cultures. ✎

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