Leadership Styles around the Word and Its Impact on Indian Leaders

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Abstract

This study is carried based on the theoretical framework and existing research work related to different expatriate leaders, leadership style and its influence in Indian context and how culture plays a dominant role in determining the leadership styles of various countries and the study is most relevant in current situation has India has been greatly benefiting from globalization over a period of time. This created a demand of employees working outside the country and most importantly working with employees of other countries which has brought a shift in the leadership style of working in many organizations. Studies emphasizes that expatriates' leadership style plays a pivotal role, it has been considered as a prime criterion to be successful and effective in the host country.

This makes it critical ever to try to understand different cultures and their influence on the ways people do business and view the world. The costs of not understanding are getting greater and greater. Turnover and absenteeism are often higher. On the other hand, cultural differences can provide tangible benefits and can be used competitively.

The study examines the culture and leadership style of US and Japan with comparison to Indian context and the research gap is found out from various existing research works to find out further research need in expatriates leadership. The research suggests that there are significant and rapid changes on how to manage and how to compete in the new global economy with special preference to Indian context.

Key Words

Expatriate leadership styles, cultural differences, cross-cultural leadership.

Introduction

India has been benefiting greatly from the phenomenon of globalization over the past few years. This has created a demand for employees working outside their country and most importantly working with employees with other countries. (Budhwar, Woldu&Ogbonna, 2008; Deller, 2006). As mentioned in the above statement expatriates' leadership style plays a pivotal role. It has been considered a prime criterion to be successful and effective in the host country. Increased complexity in the business world has pushed the expatriate managers to understand cultural issues (Schein 1992). Due to globalisation and constantly increasing trend of expatriate managers to manage the business in host countries like India and China (two largest emerging economies of the world), many questions have been raised as to how these expatriate managers lead their subordinates in host nations, their behaviour towards others and most importantly, the style of leadership mostly preferred and practiced.

According to Yukl 2006, there exists no single leadership style that can be confirmed as the perfect one that works well under all conditions. He further states that expatriate managers will have to adopt different leadership styles depending upon different culture in the host countries. Muenjohn and Armstrong (2007) hold that leadership styles and behaviour cannot be isolated from culture and hence it is one of the core elements that influence leadership style and approach. This view was justified by Hofstede (1984) that US leaders have the tendency to rate the performance of the followers on an individual basis based on the autor's 4 dimension theory. But in the case of Japanese management, leaders prefer to evaluate the performance in group or collectivism.

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There have been a lot of studies conducted related to Expatriate managers in the field of HRM process including selection, training etc. (Harvey & Moeller, 2009; Lett& Smith, 2009); attributes affecting performance (Bhaskar-Shrinivas *et al.*, 2005; Hechanova, Beehr& Christiansen, 2003) on the leadership behavior of the expatriate managers (e.g., Lett& Smith, 2009; Tungli&Peiperl, 2009; van Emmerik, Euwema& Wendt, 2008; Budhwar *et al.*, 2008). But only few studies from Indian scenario and that too limited research has been conducted examining whether the leadership style of expatriates affect the job outcome and performance. Thus, this study is designed to explore theoretically the influence of leadership style of expatriates on the organization and job performance of Indian employees.

The objective of the study is to explore theoretically various expatriate leadership style prevailing in India, Indian leadership style, skill ratings of leaders and contribution of culture in it. The mapping of the research gap between by current studies and existing research related to expatriate leadership and indicates the clear difference between leadership styles of expatriate and employees perception related to expatriate manager in Indian context.

Cultural Influence in Leadership Style – Importance

Considering the global business competition, the aforementioned aspect of dealing with employees due to cultural differences among the expatriate managers is getting to be entrenched more and more these days.

This makes it critical ever to try to understand different cultures and their influence on the ways people do business and view the world (Hall 1995**).** The costs of not understanding are getting greater and greater. Turnover and absenteeism are often higher. On the other hand, cultural differences can provide tangible benefits and can be used competitively. Success in an increasingly competitive global market depends on the knowledge and sensitivity of managers to cultural differences in leadership style. (Mercer survey highlights 2009). However, when understood and successfully managed, differences in culture can lead to innovative business practices and sustainable sources of competitive advantage.

Table 1 FDI Inflow in India by source Country

Rank	Country	FDI Projects			Change 2011 vs 2010	Value (US$ million) 2011	Job creation 2011
		2010	2011	Share in FDI 2011			
1	US	218	277	30%	27%	3,636	73,550
2	Japan	88	115	12%	31%	7,634	46,510
3	UK	85	87	9%	2%	2,672	17,202
4	Germany	81	87	9%	7%	1,877	13,466
5	France	30	32	3%	7%	4,166	17,710
6	Sweden	7	27	3%	286%	2,665	8,148
7	Switzerland	27	26	3%	-4%	1,164	9,810
8	Spain	23	24	3%	4%	984	5,689
9	UAE	17	23	2%	35%	944	4,871
10	Others	190	217	23%	14%	21,691	55,358
	Total	774	932	100%	20%	58,261	255,416

Source: FDI Intelligence

Limited research has been conducted examining whether the leadership style of expatriates influence the job outcome and performance of employees in host country. Research Department of Asbride Management College identified "Employee perception of immediate manager's style" but neglected aspect "the question of subordinates attitudes & expectations". The leadership development of expatriates is one of the core requirements of global competency because skills required managing the business and employees differs country to country. Study also tries to map the competency skills of Japanese, American leaders with Indian leaders.

Research Methodology

Research methodology used is exploratory in nature. It aims to identify potential areas for research in influence of expatriate leadership.The study isbased on the theoretical framework of leadership, existing research work of different expatriate leaders and leadership style in India and how culture has a dominant role in determining the leadership styles and their competencies of various countries. It pre dominantly uses secondary data.The study is restricted to examining the culture, leadership style, their core competencies of US and Japan, in comparison to Indian context because,

➢ Both the countries have clear cultural differences according to Hofstede's 4 dimension model. These two countries play major roles in the India's economy.
➢ Japan is viewed as the representative from the East and the United States from the West.

Leadership

There is no universal definition of leadership because leadership is complex and because leadership is studied in different ways that require different definitions (Muenjohn 2008, Achua and Lussier 2000). Leadership has been defined in terms such as traits, styles, influence, interaction patterns, role relationships, and occupation of an administrative position (Yukl 2006).

Leadership Styles

Authoritarian*:* autocratic leader keeps strict, close control over followers by keeping close regulation of policies and procedures given to followers. **Paternalistic Leadership***:* The way a Paternalistic leader works is by acting as a father figure by taking care of their subordinates as a parent would. **Democratic:** The democratic leadership style consists of the leader sharing the decision-making abilities with group members by promoting the interests of the group members and by practicing social equality. **Laissez-faire:** The laissez-faire style is sometimes described as a "hands off" leadership style because the leader delegates the tasks to their followers while providing little or no direction to the followers. **Transactional:** transactional leaders focus their leadership on motivating followers through a system of rewards and punishments. **Inspire Leadership:** first described by MatejSismanovic, he noticed several mistakes that people are doing simply because they are greedy and 'want to have everything for them. **Transformational***:* A transformational leader is a type of person in which the leader is not limited by his or her followers' perception.

Leadership and Culture

Recent literature in the behavioural sciences appears to suggest that culture may play important and different roles in our understanding of the body of knowledge. For example, the place of study (Korea vs the USA) for an MBA degree appears to impact on the decision-makers managerial style (Bae et al 1993). The literature also appears to imply that students' perceptions of various management issues significantly differ depending on their religious background (Safranski& Kwon 1990). In a recent study, Han et al. (1996) argued that culture plays a significant role in establishing a relationship between leadership and power.

Table 2 Seven Dimensions of Cultural Differences

SL.No	Dimension	Characterizes	Countries
1)	**Universalism**	Based on rules, but rules come before relationships.	U.S., Canada, the U.K, Germany, Australia.
	Vs		
	Particularism	Based on what's happening in the moment, and who's involved.	Latin-America, Japan and China
2)	**Individualism**	People believe in personal freedom and achievement.	U.S., Canada, the U.K, Germany, Australia.
	Vs		
	Communitarianism	People believe that the group is more important than the individual.	Latin-America, Africa, and Japan.
3)	**Specific**	People keep work and personal lives separate.	Argentina, Spain, Russia, India, and China
	Vs		
	Diffuse	People see an overlap between their work and personal life.	Argentina, Spain, Russia, India, and China
4)	**Neutral**	People make a great effort to control their emotions.	U.K., Sweden, the Netherlands, Finland, and Germany.
	Vs		
	Emotional	People want to find ways to express their emotions	European countries, India,China, Japan.
5)	**Achievement**	People believe that you are what you do, and they base your worth accordingly.	U.S., Canada, Australia
	Vs		
	Ascription	People believe that you should be valued for who you are	France, Italy, Japan, and Saudi Arabia
6)	**Sequential Time**	People like events to happen in order.	China, Russia, and Mexico

	Vs		
	Synchronous Time	People see the past, present, and future as interwoven periods.	Japan, Canada, Norway, the U.K., and the U.S
7)	**Internal Direction**	People believe that they can control their environment to achieve goals.	U.S., Australia, New Zealand, and the U.K.
	Vs		
	Outer Direction	People believe that their environment controls them, they must work with it to achieve goals.	China, Russia, Japan and Saudi Arabia

i. Japanese Leadership Style / Approach

With regards to the Japanese style, the success of the Japanese management and its difference from other leadership styles resulted in the visible advantages that they gained in quality production. The Japanese system is characterized with lifetime employment guarantee, a seniority system rewarding loyalty and commitment to group harmony (Holt, D.H. 1998).The Japanese system of leadership is based on participative methods and group responsibilities.

Table 3: Leadership, Culture and Management Practices of Japan

	Hierarchy	*Private and Professional Life*	*Responsibilities*	*Rewards*
Japan	Hierarchy is determined by gender and age. It rejects individualism.	Professional work is more important than private life.	Group responsibilities	Rewarding loyalty andgroup commitment; Life-time employee guarantee

Source: Leadership, Culture and Management Practices: A Comparative Study between Denmark and Japan, VeselinaAsparuhova.

ii. American Leadership Style / Approach

American CEOs tend to use one of five leadership styles: directive, participative, empowering, charismatic, or celebrity.Americans know human beings either good or bad (in contrary to Confucius communities which regard nature of all human being good).Americans have noncompulsory thought, and believe in performance of work and change rather than acceptance of fate.Hofstede has recognized Americans as the most individualist nation in the world.American managers believe that they can control their environment and what occurs in it, and they assume themselves responsible for the problems out of home such as strikes and economic events (Jacoby, 1973).Americans have progressed in self-consciousness.They believe they are master of the world and confide in continuation of their superiority.

iii. Indian Leadership Style / Approach

India is an emerging economic giant. The findings from the GLOBE Research program confirm the complexity and diversity of Indian society and culture, resulting in the need for special type of leadership.

Value of individualism tends to characterize a large portion of Indians in urban area. Management in India moves towards emphasizing democratic process in workplace. Family values tend to influence a significant number of leaders in their decision and nurturing leadership. Participative leadership is more common.

Companies such as Texas Instruments and Microsoft are encountering these issues and are developing program that integrate Indian values into the world context. Failure to include an Indian partner who understands the style and Indian management and leadership led to problems between former energy giant Eron and the Indian Government, and Eron decided not to build plant in 2001.

An Analysis of Skill Ratings of Leaders

As organizations become increasingly global, it is critical for MNCs to identify and select international talent to effectively leverage talent globally. In this paper, we explore whether the world really is flat pertaining to leadership competencies among different regions of the world. Initially, we examine whether leaders have similar strengths and weaknesses around the world. For example, are Asian and European leaders equally good at delegation, planning, or driving for results? Are they equally poor in the soft skills or those related to managing people? We also investigate whether leadership skills are viewed as equally important to organizational success in different regions. In other words, are people's assumptions regarding what constitutes effective leadership similar across cultures?

Korn/Ferry International has been tracking leadership competencies or skills around the world for the past 10 years. A multirater assessment instrument – referred to as VOICES. Their findings are been highlighted below, which indicates the difference and similarity of competencies with Indian leaders to manage business and employees.

Table 4: Leadership Competencies and its Ranks

Competency	America	Japan	India
Ethics and Values	1	4	2
Integrity and Trust	2	3	3
Intellectual Horsepower	3	4	4
Functional/Technical Skills	4	6	5
Customer Focus	13	7	10
Action Oriented	7	5	3
Approachability	9	7	9
Drive for Results	10	8	6
Learning on the Fly	18	23	12

Source: Korn/Ferry International - multirater assessment instrument; **Note.** The Top 10 rank orders for each region.

Despite this overall similarity depicted in the above rank analysis, there are some notable differences between certain regions. These differences can be gleaned by closely examining Table. Asia, in particular, appears to have a number of regional differences.

Related Research Works

Table 4 contains a compressive list of studies, research papers, articles undertaken to examine various dimensions and variable attached to expatriate.

Table 5: Related Research Works

Author	Year of Publication	Heading of study
Harrison, D. A., & Shaffer	2005	Mapping the criterion space for expatriate success
DayanandArora	2005	Foreign Multinationals in India: Adapting to Indian's work culture and managemant practices
MassoodSamii, Susan Schragle-Law	2008	A Cultural Analysis of Management Styles
Harvey, M. & Moeller, M	2009	Expatriate managers: A historical review
NuttawuthMuenjohn	2010	Transformational leadership and expatriate managers: work-related values and leadership styles.
Julie Cogin	2010	Modeling and predicting the performance of cross border managers
Babu and Vimal	2011	Divergent leadership styles practiced by global managers in India
Kenneth P. De Meuseet.,al	2013	The World Is Flat…And So Are Leadership Competencies

Summary

Based on the insight of various theories, articles and research papers related to leadership styles and influence of culture on it a theoretical model is constructed to fit the Japan, U.S and Indian's leadership approach and assumptions.

Table 6

Comparison of Japanese, U.S and Indian Managements Assumptions and Approaches

Philosophical Dimension	Japanese Approach	U.S. Approach	Indian Approach
Employment	Often for life; layoffs are rare	Usually short-term; layoffs are common	Often ranges in middle; layoffs are comparably less
Evaluation and promotion	Very slow; big promotions may not come for the first 10 years	Very fast: those not quickly promoted often seek employment elsewhere	Average: Promoted based on years of experience rather than achievement
Career paths	Very general; people rotate from one area to another and become familiar with all areas of operations	Very specialized; people tend to stay in one area (accounting, sales, etc.) for their entire careers	Specialized for low and middle management pepole and general for top management
Decision making	Carried out via group decision making	Carried out by the individual manager	Participative but final decision is mostly influenced by managers
Control mechanism	Very implicit and informal; people rely heavily on trust and goodwill	Very explicit; people know exactly what to control and how to do it	Combination of both implicit and explicit control
Responsibility	Shared collectively	Assigned to individuals	Shared collectively
Concern for employees	Management's concern extends to the whole life, business and social, of the worker	Management concerned basically with the individual's work life only	Management concern for individual's work life and also for his social well being

Conclusion

The aim of this paper was to review the leadership style of various countriesto identify the different expatriate leaders, leadership style and its influence in Indian context and how culture has a dominant role in determining the leadership styles of various countries .The study examines the culture and leadership style of US and Japan with comparison to Indian context.

The review in this paper reveals that how leaders in other countries attempt to direct or influence their subordinates, India is a multi-cultural society and most of the MNCs do not understand the diversity and multi-plural nature of society. Furthermore, a review of literature demonstrates that leadership style of expatriates affect the job performance of employees due to the factors like Management and leadership style, Motivation Strategies, Organization, Communication and Control Mechanisms, Negotiation practices, Organizational Behavior and Management Culture

The research suggests that there are significant and rapid changes on how to manage and how to compete in the new global economy with special preference to Indian context.

Scope for Future Research Work

The research gap is found out from various existing research works needing further research in the following areas:

▸ Managerial beliefs about work are not examined in the Indian context.

▸ Related research works do not examine whether the leadership style of expatriates affect the job outcome and job performance of employees.

▸ In implicit perceptive of leadership, to understand the significance of leadership in different countries, the focus on the perception and attitudes that followers have about their leader is not examined.

▸ Most of research carried with the bases of American Leadership Theories, which cannot considered as valid in the Indian context because of India is a multi-cultural society.

▸ Possible relationships between subordinates work related value and leadership behavior exhibited by expatriates are also not examined.

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