

Evaluation of the Impacts of Leadership  
Styles and Approaches in the  
Management of Human Resources in  
Multinational Organizations

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## **Introduction**

Different types of leadership styles like transformational, transactional, participative and bureaucratic to name a few has been ideally discussed in the paper to help the reader understand and differentiate between the different leadership styles such that each of them can be potentially used relating to a specific organizational situation. The paper would endeavour to relate the leadership styles highlighted above relating to the different types of business and environmental constructs for both the general human resource management and also the human resources practices generated in the international context. Incorporation of the right leadership approach by the business organizations operating along the international scale contributes in generation of effective competitive advantage of its different competitors. Empirical studies generated from a host of different literatures would be potentially studied for the above paper to help gain effective inferences to the topic under question.

## **Leadership Styles and Approaches**

Murray (2013) observes that different leadership styles and approaches are used by the CEOs of business organization to help enhance the confidence in the employees in the business organization thereby increasing their productivity and business performances. Enhanced productivity and business performances rightly contribute in accomplishing the organizational objectives in an effective fashion. However some leadership styles are also practiced by the business leaders that enforce the people to meet the strategic objectives of the organization. These leadership styles focus less on enhancing personal motivation and productivity. Visionary leadership style is regarded as an effective leadership style in that the visionary leaders not only encourages the people to focus on visionary aspects but also helps in formulating the path to fulfil the organizational goals. Innovative leaders are regarded as innovative and creative in their pursuits of accomplishing new goals. Similarly

transformational leadership styles are related as such leadership approaches where the leader not only formulates new visions and ideas but also endeavours in coaching the organizational people in gaining new competencies in achieving the same. Leadership styles like Democratic or Participative are such that focuses on involving employees pertaining to different organizational levels in decision making activities. The above mentioned leadership styles focus on aptly motivating and encouraging the people to help achieve the business and strategic goals. However leadership styles like Autocratic or Commanding are such that are practiced by business leaders reflecting lesser importance on the emotional constructs and understandings of the people. Autocratic leaders reflect a sense of command relating to guiding the human resources in fulfilment of organizational objectives (Murray, 2013).

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Iqbal, Inayat, Ijaz and Zahid (2012) in continuance of the above discussion further observe that existence of Charismatic leaders in an organization that reflect the attributes of Charismatic Leadership approach are such that greatly focus on the incorporation of effective communication between the different organizational levels to help in achieving specific organizational objectives. Charismatic leaders are such that reflect attractive charismatic features that help the people get attracted to them such that the latter turn potential followers of the former. Moreover Charismatic leadership styles are such that focus on the incorporation of positive reinforcement or rewards to help motivate the people in generating needed productivity in accomplishing organizational goals. Task oriented forms of leadership or Transactional Leadership styles are such that are incorporated to help in meeting a certain set of transactions or tasks. Such leadership styles being task oriented in nature reflect lesser focus on the humanitarian face of management and thus do not tend to incorporate benefits and rewards needed for encouraging people in meeting the objectives or tasks. Comparison between other forms of leadership styles like Synergistic and Pygmalion forms of leadership

approaches on the one hand while Bureaucratic leadership styles on the other are discussed such that where the former tend to give increased emphasis on the motivational aspects the latter focuses on meeting of task sets while working less at enhancing individual performance and growth (Iqbal, Inayat, Ijaz, & Zahid, 2012).

## **Evaluation of the use of Leadership Styles in Management of Human Resources**

Flood, Ramamoorthy, McDermott and Conway (2008) reflect that different types of leadership styles gains increased emphasis relating to different organizational environments. Leadership styles of the transactional nature are found to gain increased emphasis relating to organizational situations focusing on meeting of short term objectives and fulfilment of commitments made relating a specific term. Transactional leadership approaches are figured as such that focus on enhancing the commitment of the people in an intra-organizational environment. Commitment levels of the people in an intra-organizational framework based on transactional leadership approach significantly focuses on the generation of potential investment in the development of human resources in a contingent and term oriented fashion. Further the Transactional Leadership styles relating to the fulfilling of short-term commitments also focus on the meeting of short term obligations both related to financial and non-financial nature. Meeting of such obligations are held to motivate the people in fulfilling of short term business objectives. Both the transactional and contingent leadership approaches essentially relate to the accomplishment of short-term business objectives. On the contrary, transformational leadership approaches relate to such leadership styles that essentially contribute in enhancing the motivation and satisfaction levels of the staffs thereby effectively helping in reducing the chances of employee turnover (Flood, Ramanamoorthy, McDermott, & Conway, 2008).

Ali (2012) further indicates on the development of leadership models that bear significant relationships with the effective management of human resources in the business organization. The leadership model produced by Safles is mentioned in the discussion reflecting significant roles played by leadership styles like provision of technical assistance like in transformational leadership that promotes innovation. Similarly the leadership style relating to the practicing of power relationships in the organization increasingly relate to the autocratic or commanding leadership styles. Another leadership style generated by McCrimmon focuses more on the incorporation of training programs both at the managerial and employee level to help enhance the skill and expertise of the people such that it enhances personal productivity in meeting of organizational mission and vision goals and objectives. Leadership styles relating to the Transformational and Visionary nature are potentially highlighted in the McCrimmon leadership model. Similarly another leadership model enumerated by Bolman and Deal is also reflected in the discussion that potentially reflects on different types of leadership styles like structural, human resource oriented, political and symbolic in nature. Where structural leaders focus on the formulation and implementation of effective strategies the human resource leadership approach bear effective relation to servant and participative styles of leadership that help in the flow of organizational communication across different levels thereby helping in employee participation and empowerment to take potential decisions. Symbolic leadership styles are reflected as bearing potential relation to visionary leadership approach where the symbolic leaders relate the organization as a stage thereby attracting people to organizational vision and mission objectives (Ali, 2012).

### **Management of Human Resources in Multinational Organizations**

Bayo-Moriones, Galdon-Sanchez and Guell (2004) reflect that human resources functions essentially differ along the national and international organizations. Firstly relating to the aspect of existence of trade and labour unions the multinational corporations reflect greater

impact posed by trade unions than that reflected by domestic organizations. Thus the multinational corporations are required to formulate effective strategies to counter the effect of trade unions. Secondly relating to the human resources selection process the multinational organizations tend to put increased emphasis on the parameter of skill sets than on relevant or total experience of the applicants while selecting the human resources. Further the third case reflects that the multinational corporations generate greater emphasis on the aspect of training of human resources than domestic organizations. Training modules are prepared by the multinational managers to render greater stress on the parameter of quality development. Fourthly evaluation of the human resources practices carried out by the multinational organizations is focused on the promotional policies of the firms. It is observed that unlike domestic organizations the multinational firms do not encourage frequent internal promotions. Bayo-Moriones, Galdon-Sanchez and Guell (2004) further state that the selection criteria of the internal promotions are mainly based on skill sets gained by the people rather than depending on the performance evaluation of the employees. Relating to the aspect of generating wages and salaries it is observed in the fifth case that the multinational corporations tend to give higher payments to the employees than the domestic firms. However in terms of generation of financial incentives the same is given by the multinational firm management on the event of the growth of the organization as a whole and not based on employee performance. Finally in the sixth case the human resources practices of the multinational firms generate greater emphasis on the parameters of employee participation and involvement. Empowerment of employees to take key organizational roles is also reflected largely in multinational organization's human resource practices (Bayo-Moriones, Galdon-Sanchez, & Guell, 2004).

Chew and Horwitz (2004) reflect that human resources practices related to the multinational organizations are carried out in a horizontal organizational framework that aims in integrating

the units or branches spread along cultural and national boundaries. Further in contrary to the discussion made by Bayo-Moriones, Galdon-Sanchez and Guell (2004) it is observed that human resource practices of multinational organizations though encourage the empowerment of staffs yet the communication activities are carried out in a top-down fashion that reflects the existence of a bureaucratic or commanding leadership style. The human resource practices of multinational organizations also reflect greater flexibility in work than other regional organizations. Multinational corporations are also found to generate greater emphasis on the skill development of the organizational personnel while also focusing on the parameter of value additions like generation of better incentives and wage conditions for the employees. Similarly the multinational organizations operating across diverse cultural frameworks are potentially required to integrate the national cultures of different regions to help promote an integrated corporate culture. The performance and the reward systems are designed by the multinational firms based on the corporate culture which reflects its universality. Finally the human resources practices of the multinational corporations are required to be highly flexible to help reflect on the needs of the different regions. Flexibility generated in the human resource policies relating to regional needs make the multinational organisation's human research strategies more acceptable (Chew & Horwitz, 2004).

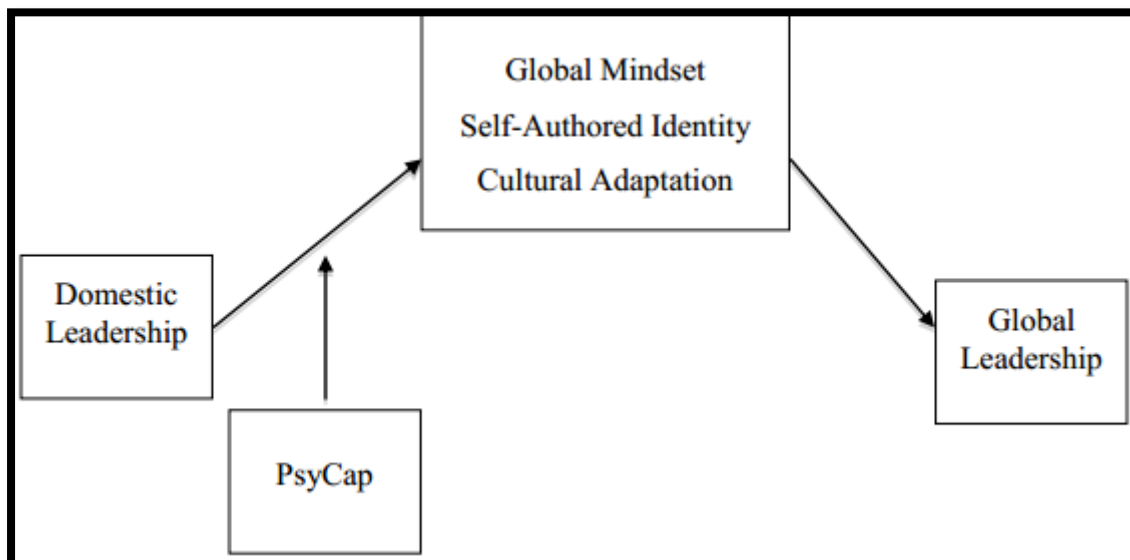
## **Leadership Approaches related to International Human Resource**

### **Management**

Story (2011) observes that new leadership approaches are formed relating to the aspect of human resources practices conducted in the international context. The new leadership approaches focus on developing potential synergies between the units created along different cultural and regional settings. A global leadership approach would evidently contribute in generating larger competencies for the multinational business organizations operating across



diverse frameworks. The global leader to generate cross-cultural leadership is required to reflect such traits and attributes that would contribute in motivating the people working across geographical boundaries and also in synergising their skills and competencies to help in generating organizational productivity. Further the global leader must reflect potentials in formulation of global strategies and reflecting considerable flexibility in terms of adapting to new culture and behavioural sets. Story (2011) also relates to the conceptualisation of a model for global leadership based on certain salient parameters illustrated as follows reflecting the parameters like Global Leadership and Global Mindset discussed above along with other parameters like Domestic Leadership and also Psychological Capital.



(Story, 2011)

The parameter of Psychological Capital relates to the core strengths and potentials inherited by the business organization that in turn generates a sense of hope and optimism in the minds of the different individuals to work in a proactive fashion. Such psychological capitals need to be effectively recognised and nourished by the global business leaders. Nourishment of the psychological capital contributes in motivating the organizational personnel working across cross-cultural boundaries and also in formulating goal-directed behaviour and paths. The

inclusion of the Psychological Capital in the domestic leadership approaches contributes in the formation of global leadership styles and approaches (Story, 2011).

Tanoos (2012) further reiterates that the issue of global leadership gains success such that aims to honour the cultural variations observed relating to the operation of the strategic business units in different regions demarcated as national boundaries. In some countries like USA it is found that business leaders are recruited from the outside world yet countries like Japan lay increased stress on the aspect of internal recruitment. This reflects that the business leaders to become global must endeavour to understand and honour the flexibilities and management behaviours of regional firms and other competitors operating in the stated region. The business leader is required to make some key considerations and inferences relating to the reasons for the key differences such that potential strategies can be developed to potentially counter the imminent threats rendered by cultural and behavioural differences (Tanoos, 2012).

## **Conclusion**

The paper effectively reflects on the impacts of leadership styles in management of human resources in a multinational organization setting. For carrying out research on the above directions the paper effectively has conducted a critical literature review that focuses on the studying of varied literatures related to the topic of leadership styles and approaches and in the manner such leadership styles and approaches are used by the human resource management practices in the organization to gain on business competencies. The paper in the above manner brings into light practical implications of the different leadership concepts like transactional, participative, bureaucratic and transformational leadership. Further the paper also firstly reflects on the understanding of multinational organizations with also the pattern of human resources practices conducted in the multinational firms. The different leadership

styles dealt with in the paper are potentially related to the human resources practices of the multinational organizations which would reflect on the universal acceptance and use of such leadership theories. Finally the paper draws the attention of the reader to the manner in which the leadership styles and approaches gains suitability in the modern concepts related to the operation of a business organization in a multi-cultural and multi-behavioural environment.

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