Leadership for Multicultural Teams:
The Challenges in Managing Cross-cultural Conflicts

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Abstract— **Globalization opened many opportunities for multinational companies but it also created some major challenges for global leaders. While in Chinese culture gift-giving is a popular approach to build strong relationship between businesses and government, in the United States it is seen as a corrupt and morally repugnant way of doing business. Additionally, conflict may rise due to negative stereotyping such as ethnocentrism that causes cross-cultural conflict because it encourages promoting inequality within an organization. Leaders of multicultural teams need to understand different cultural values, behavioral attributes, and organizational dynamics which are essential to succeed in global marketplaces.**

Index Terms— **Global Leadership, International Human Resource Management, Cultural Dimensions, Cross-Cultural Management**

I. INTRODUCING HOFSTEDE'S CULTURAL DIMENSIONS

Understanding the cultural dimensions of Hofstede (1980, 1991) is helpful to precisely address critical cross-cultural issues and collaborate with employees from different cultural backgrounds. Hofstede identified five cultural dimensions such as power distance, uncertainty avoidance, individualism and collectivism, masculinity and femininity, and long/short-term orientation.

Multicultural leaders must realize that in a high power distance society such as Malaysia, people accept inequality in power among individuals (Hofstede). While in a low power distance society such as Denmark, people expect equality in power. Understanding the power distance of different cultures is imperative for leaders to consider diverse work practices. In a study, Chand (2004) found that Indian software workers accept the decision of the superiors, even an autocratic one. However, in the United States employees are encouraged for brainstorming and constructive criticisms (Hofstede, 1980).

Leaders should also understand uncertainty avoidance which refers how the members of a culture feel threatened by uncertain situations (Hofstede, 1980). Employees from one culture such as Singapore (8) may be willing to take risks while Portuguese (104) are risk-avoiders.

According to Hofstede (1980), high context culture which is based on collectivism prefers to establish relationship in a workplace for mutual trust. Individualist culture, on the other hand, focuses on task orientation rather than relationship building. Global leaders must identify this difference to develop organizational strategic objectives and its implementation. For example, in Japan team makes important decision whereas in the United States individual accountability is encouraged.

People in long-term oriented culture do not expect immediate result while in short-term oriented culture instant outcome is a major concern (Hofstede, 1991). From a leadership perspective, understanding this dimension is critical dealing with time-sensitive projects.

Moreover, it is important to recognize how much a society values traditional male and female roles. According to Hofstede (1980), in Italy it is preferable to appoint a male as a team leader; however, in the Netherlands male and female should be treated equally.

II. CULTURALLY SENSITIVE LEADERSHIP

Strong culturally sensitive leadership can accelerate an organization towards diversity where all employees are respected and valued regardless of their age, ethnicity, gender, race, or other dimensions (Daft, 2008). This requires the ability to be open to others' ideas and opinions (Hough & Neuland, 2007). To handle the challenges of global diversity, leaders need to develop cultural intelligence as well. Cultural intelligence refers to "a person's ability to use reasoning and observation skills to interpret unfamiliar gestures and situations and devise appropriate behavioral response" (Daft, 2008). A successful global leader must believe in his or her ability to understand different cultures.

III. GLOBAL LEADERS' BEHAVIOR

House et al. (2004) identified six global leader behaviors such as value-based leadership which inspires and motives employees for high performance outcome, team-oriented leadership which emphasizes on effective team building, participative leadership that reflects the degree to which managers involve others in making decisions, humane-oriented leadership which includes compassion and generosity, autonomous leadership which refers to unique leadership attributes, and self-protective leadership which focuses on the safety and security of the employees.

A. Participatory Leadership

Participatory leadership is helpful to make sound decision because everybody's opinion is counted (Gunu, 2009). Participatory leaders also make sure that their workforce is adequately trained cross-culturally. This style is democratic, appreciate diversity, and culturally sensitive – building blocks for leaders of multicultural teams.

B. Global Perspective

Leaders in MNCs need to understand the worldwide business environment from a global, rather than a country-specific, perspective (Adler & Bartholomew, 1992). They should hold knowledge about diverse cultures, languages,

economic and political systems, tastes, trends, technologies, and approaches to conducting businesses globally.

C. Transformational and Transactional Leadership

Transformational Leadership style is also appropriate for global leaders which is not only based on "pure economic and social exchange" (Bass, 1985), but also admiration (Bass, 1985), trust (Bass, 1990), high level of effort (Seltzer and Bass, 1990) and satisfaction (Bass, 1985), personalized relationship (Lee, 2005), emotional attachment (House, Woycke, & Fodor, 1988), loyalty (Lee, 2005), and respect (Katz and Kahn, 1978).

Furthermore, Transformational leaders are charismatic and possess a strong sense of moral and ethical principles (Bass, 1985; Limsila & Ogunlana, 2007). These characteristics and skills of Transformational leadership are strongly related to successful maneuver of multicultural teams (Gunu, 2009).

Transactional Leadership may also be implemented where employees can be motivated through the system of reward and punishment (Lee, 2005).

IV. OTHER IMPORTANT ATTRIBUTES AND SKILLS

Yong and Ready (1995) identified important attributes and skills needed in cross-cultural leadership: articulating a tangible vision, creating strategic and cultural change, empowering subordinates, and managing strategy to action. Moreover, global leaders are required to have cross-cultural skills such as communicating with employees of different cultural backgrounds, motivating and rewarding, managing in structure, and resolving and negotiating disputes (Mead, 1998). The preferred type of leadership, however, depends on specific circumstance and cultural situation (Hough & Neuland, 2007).

V. GOOD LEADERS CREATE GOOD TEAMS

The above-mentioned attributes, behaviors, characteristics and skills are desirable to make a good leader in multicultural environment. A good leader tends to create an organizational culture which is positive, optimistic, constructive, encouraging, caring, courteous, and cooperative (Gunu, 2009). These elements are necessary for a multicultural team to build strong relationship between members. With team spirit, they also motivate and inspire each other to meet personal and organizational objectives. Moreover, employing full diversity is beneficial for a multicultural team which brings trust. If there is a trust, communication becomes simple and easy (Dash, 2001). Lussier and Achua (2007) identified three requirements to achieve full diversity level in an organization. They are: removing obstacles to achieving diversity, creating a culture that supports diversity, and engaging employees in diversity awareness training.

Cross-cultural training is helpful to better manage a diverse workforce (Lussier & Achua, 2007). It is also useful to develop trust and relationship between employees from different cultural backgrounds (Plotkin, 2009). The intention of cross-cultural training is to improve the interpersonal relationships between employees so that they respect and value each other's opinions. Training is designed to improve awareness and empathy for people from diverse groups.

Leader's ability to forming a strong team is vital to meet organizational goal. A successful team can be created by "instilling teamwork values, establishing clear goals, selecting the right team players, developing key skills, and developing team process" (Brown-Johnston, 2004).

The participative and transformational leadership encourage team members to involve in decision making process which makes them feel important. However, the leaders must realize that employees from some cultures such Japanese do not mind being directed and monitored while the Americans do not expect a lot of direction and monitoring (Vinaja, 2003).

Leadership competencies have critical impact on team performance. Successful multicultural team leaders persistently monitor environmental conditions, provide clear direction, anticipate problems, maximize information flow, develop interpersonal relationships with team members, encourage feedbacks, and modify changes if required (Wong-MingJi; Kayworth & Leidner, 2002). The challenges of a global team can also be addressed by effective and efficient use of advanced technology for virtual collaboration such worldwide web, company intranet, audio-visual conference, and internet and intranet relay communications (Anthony, 2004).

VI. MITIGATING THE CAUSES BEFORE THE CONFLICTS OCCUR

There are other steps which can be helpful dealing with a foreign culture such as pre-departure training for home country employees to understand the culture of the host country (Jassawalla et al., 2004). They should be provided with enough information about the assignment well before their departure. Even in pre-departure training, the family members of the employees should be included because as mentioned before staying away from family is a major cause of stress for expatriate employees. The employees of host country should also be trained to avoid possible conflicts with the home country employees.

Some companies select expatriate employees based on professional and technical skills while ignoring cross-cultural issues (Jassawalla et al., 2004). They failed to provide adequate pre-departure training. Companies should not only focus on cultural issues but also local values and norms for developing interpersonal relationships with local employees. Conflicts may also be pre-resolved by selecting expatriate employees with high emotional and cultural intelligence (Jassawalla et al., 2004). Additionally, sending employees on pre-sojourn visits may also be helpful to familiarize the culture of the host country and the organization.

VII. CONSEQUENCES OF CROSS-CULTURAL CONFLICTS ON A GLOBAL ORGANIZATION

Failure to adapting a foreign culture may result early return of an expatriate employee which can cause lowered return on investment for the organization and lowered self-esteem and career growth for the employee (Jassawalla et al. 2004). Conflicts may have an effect on a global organization's strategic objective and implementation as well. Without building trust, collaboration, and relationship between members from different cultural backgrounds, it will be impossible for a global company as well as its employees to meet their respective goals.

Continuous conflicts create unfriendly and unhealthy

working environment which leads to unproductive output. For a global virtual team, in addition to cultural differences, little or on face-to-face interaction and lack of on-site monitoring make it harder to build team identify and commitment (Daft, 2008). It may be difficult for employees from a low uncertainty avoidance culture to use advanced and complex communication infrastructure which requires physical and mental abilities to deal with challenge and stress.

Not understanding the cross-cultural issues effects each and every aspect of an organizational – from product designing to customer service, from strategy formulation to strategy implementation. For instant, offering a product/service without addressing the local taste and preference may result in poor sale. Developing interpersonal relationship with local employees is one way to understand country-specific dynamics

VIII. MEASURES TO CONTROL AND MITIGATE CROSS-CULTURAL CONFLICTS

Building trust between the home and host countries employees can be supportive towards a productive working environment. Thus, a team approach should be employed. Additionally, to guard cross-cultural conflicts, it will be helpful to understand and adapt cultural differences which exist in the physical, physiological and communication environment of the host country (Jassawalla et al., 2004). Cross-cultural training need to be installed which should not only include cultural dynamics but also interpersonal skills, ethical teaching. Successful cross-cultural employees rely on personality traits and internalized skills to over conflict situation. They possess good listing skills, open-mindedness, respect for other cultures, loyalty to the host organization, strong sense of humor, and understanding about local values and norms.

There are certain skills and abilities need to be applied which increase cross-cultural adaption such as self-awareness for understanding the differences between home and host cultures, self-regulation for managing uncertainties with self-learning and improvement, self-motivation for maintaining optimism in the face of new challenges, empathy for developing culturally sensitive learning, and social skills for building relationships and trust with culturally diverse workforce (Coleman, 2000).

Moreover, initiatives must be taken to creating an organizational culture which sustains diversity (Lussier & Achua), 2007). The leadership role is creating a diversity-supportive culture is imperative. Leaders need to develop personal characteristics which support diversity such as a personal vision that recognizes diversity, a broader knowledge of diversity, openness to constructive criticism, and ability to identify the potentials of diverse workforce (Daft, 2008). Moreover, they need to ensure that the concept of diversity is rooted in the organizational strategies.

To avoid the cross-cultural conflicts leaders of multinational corporations need to have a global mindset – by thinking globally and acting locally. Besides, they need to develop cross-cultural literacy to guard against ethnocentric behavior. Understanding local culture is beneficent to precisely address critical issues and collaborate with diverse colleagues. It may be advantageous for global leaders to follow the famous phrase "when in Rome, do as do the Romans" to address country-specific elements which are more reactive to local flavors.

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