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Cross-cultural leadership adjustment: A strategic analysis of expatriate leadership at a British multinational enterprise

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Abstract

The current study examines the determinants of cross-cultural leadership adjustment (CLA) and explores any potential linkage with performance. CLA adaptions are observed using a sample of leaders from two cultural regions, the United Kingdom and Germanic-Europe, with expatriate experience at a British multinational enterprise (MNE) in seven different countries, including non-European nations. Using data from a single company in multiple regions helps to isolate the firm, industry and regional effects. We adopted mixed method approach to address the question on what mode of adjustment leads to better performance and the antecedents of CLA which leads to better work-performance. The results indicated that most expatriate leaders used the exploration mode of adjustment, under which both they and subordinates made substantial behavioral adaptations. This mode of adjustment addressing cultural differences had a positive impact on work-performance along with replication mode. Additional antecedents here, such as differences relating to hierarchy, decision-making and language/ communication, also impacted CLA.

KEYWORDS

British multinational enterprise, cross-cultural leadership adjustment, European culture, expatriate leadership

1 | INTRODUCTION

As businesses experience ever more rapid globalization and industry cross-border consolidations, cultural differences are becoming seemingly crucial in foreign activities (Ahern, Daminelli, & Fracassi, 2012; Brock, 2005; R. J. House, Hanges, Javidan, Dorfman, & Gupta, 2004; Lee, Kim, & Park, 2015). With notable increases in international joint ventures, mergers, acquisitions and other forms of international cooperation (Akhtar, Khan, Frynas, Tse, & Rao-Nicholson, 2018; Søderberg, Krishna, & Bjørn, 2013), understanding the implication of cultural differences on leadership effectiveness become imperative (Carter, Seely, Dagosta, DeChurch, & Zaccaro, 2015; R. House, Javidan,

Hanges, & Dorfman, 2002; Oc, 2017; Rao-Nicholson, Khan, & Stokes, 2016). We therefore focus on the extent of culturally driven leadership adjustments during cross-border activities, their critical determinants and any potential impact on performance.

Within a multinational corporation (MNC), it is not always clear whether managers should adapt their leadership style to match the local expectations or whether it is better to continue with their previously established management styles and practices. Despite this growing practical relevance of cross-cultural leadership adjustment, Hippler, Caligiuri, and Johnson (2014) claim that the expatriate adjustment research is still fragmented and underdeveloped. Others are critical of merely assuming that strong positive relationship between

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adjustment and performance, as some law-like generalization in expatriate research, in the absence of any real empirical evidence (Lazarova & Thomas, 2012). Festing and Maletzky (2011) concur that research on leadership adjustment has to date "not reached maturity": the plurality of theoretical debates surrounding such issues has been complemented by relatively few data-driven studies, and still fewer providing any indications regarding performance (Hippler et al., 2014; Søderberg & Holden, 2002).

Tsai, Carr, Qiao, and Supprakit (2019), though, deployed Nicholson's (1984) categorization framework to explore the determinants of leadership adjustment style among expatriate leaders operating in Thailand. Their findings highlight multi-faced determinants and drivers of cross-cultural leadership adjustment (CLA), suggesting several moderators, relating to managerial perceptions of their leadership roles in respect to subordinates. Although Tsai et al. (2019) progress the discourse on CLA, their work was limited to relatively short single interviews, albeit from many MNCs (from all over the world) all addressing Thailand as their common cross-cultural challenge. We take this further by, conversely, focusing on just one MNCs's experiences in several regions. This allowed for greater access and several interviews, while holding one key variable (corporate culture) relatively constant (as in Hofstede's seminal research at IBM) and further exploration of these issues including any indications relating to performance.

This article thus seeks to categorize the nature of the observed leadership adjustment according to the modes of adjustment described in Nicholson's work role transition theory (WRT) (Nicholson, 1984), explores those drivers involved and the extent to which observed leadership adjustments may moderate the success of foreign investments. We focus on a major British MNC's multinational enterprise's (MNE) international operations, addressing the following research questions. Firstly, which forms of cross-cultural leadership are deployed and what mainly determines these? Secondly, what effect if any does this have on performance? Correspondingly, we adopt mixed methods since the first question is better addressed using a deductive research approach, in contrast to the second question requiring an inductive research approach (Molina-Azorin, 2012).

Given the variety of potential control variables, one contribution in this article arises from holding one factor constant. We follow Hofstede's original method of focusing on adjustments within just one major global player, such that corporate strategic issues, control systems and corporate cultural influences remain the same. Peltokorpi (2008) look at expatriate adjustment in Japan giving us some insight into the far east region. They find that expatriate language proficiency and cultural empathy influences work adjustment in this context. Tsai et al. (2019), in contrast to Hofstede's work, observed leadership adjustments by several companies from diverse countries and corporate cultures, when faced with the same cross-cultural challenge posed by just one unique country culture (Thailand). Adding a further exploratory approach, we deliberately focus on just one organization and their experience working with the same issues across several countries. We further deepened our analysis, by focusing in this article particularly on those problems posed on international

activities, particularly Britain and Germany, where researchers have conducted previous field studies (Carr, 2005; Carr, Tomkins, & Bayliss, 1994a, 1994b; Harris & Carr, 2008). Our work, thus, considers both developed and developing countries, as well as multiple regions around the world, adding to a more nuanced view of CLAs demonstrated by the expatriates.

The results presented in this article endorse Tsai et al. (2019)'s Exploration Mode as the commonest form of cross-cultural leadership adjustment from the perspective of a MNC operating in several world regions, as opposed to executives from many countries operating in just one country, Thailand. This research therefore contributes to the literature on observed leadership adjustments, taking some account of additional antecedents (moderators) influencing the modes of adjustment (Nicholson, 1984; Tsai et al., 2019). Its second contribution lies in providing at least some indications regarding any performance impact.

In particular, we observe that cultural expectations of hierarchy (Shao, Rupp, Skarlicki, & Jones, 2013; Tyler, Lind, & Huo, 2000), decision-making (Leon et al., 1998) and language/communication (Mol, Born, Willemsen, & Van Der Molen, 2005; Peltokorpi, 2008; Selmer & Lauring, 2015) will impact the cross-cultural leadership adjustment. In relation to any links as between CLA and performance, the extant literature has uncritically assumed beneficial links between adjustment and performance (Lazarova & Thomas, 2012; Mol et al., 2005). Our research provides some empirical support for this link between adjustment and performance. We also observe that not all types of adjustment have similar impact on performance, and exploration style outperformance other adjustment types in terms of firm performance. Thus, managers have to be aware of the drivers as well as outcomes of the adjustments in terms of companies' performance.

This article is organized as follows. First, the extant literature is thoroughly analyzed to present the relevant research which underpins the theory associated with this study. The second section details our methodological approaches, procedures, and data collection methods. The third section presents our findings. The next section gives the implications of findings, both theoretical and managerial, and suggests avenues for future research. Finally, we conclude this article.

2 | LITERATURE REVIEW

Effective leadership can often be a difficult concept to define, as is evidenced by the multitude of different views and theories surrounding leadership (House et al., 2004). Leadership can inherently describe the traits of three entities: the leader (the person), the role or function that determines the leader's behavior and the process through which leadership is enacted (Mumford, 2011). According to Yule, Flin, and Murdy (2006), leadership can be defined as "the influence of others towards a collective goal."

Despite this growth in leadership literature, relatively few studies address the issue of leadership adjustment (Tsai et al., 2019). The first theory that addresses the adjustment aspect of leadership is

situational leadership theory (SLT) (Hersey & Blanchard, 1969, 1993), which posits that leaders should adjust their leadership style depending on their "task-relevant maturity" of their followers. For example, the leader should adopt a more instructive approach with subordinates of a lower level of maturity, while adopting a more "delegating" style with the high-maturity followers (Tsai et al., 2019). This theory builds upon both path and contingency theories of leadership, which began adding additional factors such as task structures, member-leader relations, and motivations into the analysis of effective leadership (Fernandez & Vecchio, 1997; Graeff, 1983; House & Mitchell, 1975).

Another set of theories that address the leadership-adjustment issue are the culturally endorsed implicit theories of leadership (CLTs) (House et al., 2004). CLTs go beyond SLT to include cross-cultural leadership issues. These theories are based on the notion that the individual's perception of leadership norms is derived from their cultural background (Javidan, Dorfman, De Luque, & House, 2006; Oc, 2017; Scandura & Dorfman, 2004). As such, the theory suggests that leaders should adapt their style by what their subordinates' culture indicates they will expect. From our study's perspective, this would imply that expatriate managers will change their style to adapt to their subordinate's culture. Yet, these studies do not take into account the role of subordinates in these changes and what their approach would be in the cross-cultural setting when faced with managers from different culture.

There have been some notable findings regarding the effectiveness of leadership in a cross-cultural setting. The first point of contention is highlighted by Scandura and Dorfman (2004), who posit that the participative approach to leadership which is highly praised in Western cultures is often ineffective in Eastern cultures due to the conflict between individualism and collectivism ideologies intrinsic to these cultures. This divergence is further seen in other subtleties such as the extent to which a manager is perceived to listen carefully to his subordinates (Jones, Rozelle, & Chang, 1990). While this behavior is respected and encouraged in the West, Eastern cultures are dominated by this view. In Malaysia, for example, leadership characteristics such as humility and modesty are typically expected, which stands in stark contrast to the confidence and pragmatism championed in the United States (Den Hartog et al., 1999).

The WRT theory is in essence modeled to explain and predict the way in which individuals adjust their behavioral approach in a new role or employment status (Black, Mendenhall, & Oddou, 1991; Dawis & Lofquist, 1984; Nicholson, 1984; Zhu, Wanberg, Harrison, & Diehn, 2016). Dawis and Lofquist (1984) and Nicholson (1984) termed these "modes of adjustment." Dawis and Lofquist (1984) proposed the idea that managers can either adopt the process of changing their environment which they termed "active adjustment" or manager can choose to change to match their environment which they termed as "reactive adjustment." Their research primarily focused on work-related issues which might lead to either active or reactive adjustments. Nicholson (1984) indicated four ways in which people will adjust to new roles. The two-dimensional changes are related to both personal and role development in the workplace. The first dimension

regards the possible modifications in personal development upon entering a new position or environment include attributes such as behaviors, values, skills, and leadership. The second dimension pertains to the changes as a result of role development, which can include elements such as work methods and interpersonal relations (Tsai et al., 2019).

According to Nicholson (1984), people will adjust to new roles in one of the four ways—replication, absorption, determination, and exploration. The first way is replication, in which the individual's behavioral and role adjustments are minimal. This will tend to happen if both the previous and new roles are very similar (Brett, 1980). The second way would be absorption, which indicates that the entire adjustment requirement is realized by the individual who must adapt their behavior to fit the role that will not adapt to them. The determination case is the exact opposite to this, as this is where the individual does not change at all, but rather the role adapts to them. The final dimension is exploration, where both persons adjust as a result of this new role.

According to Schneider and Barsoux (2003), one of the biggest challenges facing the global leader is how to turn cultural differences from a threat into a resource. They argue that doing so is vital in maximizing the potential of cross-border alliances (of particular concern to us here) as it provides the agility to deal with the ever-dynamic nature of the demands of the global economy. Building on this, Søderberg and Holden (2002) argues that careful management of cultural differences can potentially lead to competitive advantage and contribute to organizational health of the company.

Much of the cross-cultural leadership research has focused on how cultural background impacts leadership style (Brodbeck et al., 2000). In particular, the study of expatriate managers can provide insights as to how leadership behaviors and attitudes can be adapted in an attempt to harmonize some of the cultural differences (Zimmerman & Sparrow, 2007). A study by Tsai et al. (2019) uses Nicholson's theory of WRT as a framework within which to analyze how different modes of cross-cultural leadership adjustment manifest themselves into the leadership of expatriates. They conducted an in-depth study on the leadership adjustment of CEO from 25 different countries when working in Thailand. They found that expatriate business leaders were most likely to engage in the exploration mode, meaning that they would simultaneously adapt their leadership style to meet the local culture, while also instigating a high level of change in the behavior of their subordinates. In their study, 79% of CEOs acted in this way. This finding supported the prediction made by the WRT theory that leadership adjustment is necessary, mainly when the cultural background of the new leader is significantly different to that of the subordinates in the new role. Tsai et al. (2019) do not examine the impact of this adaptation on firm performance. Building on this prior research, we argue that firms that engage in adaptation will experience better performance as they do not experience work related issues between the managers and subordinates, and they are likely to focus their energies on making success of the foreign investment. From the extant literature, we argue, that,

Proposition 1 Though the Exploration mode of leadership adaptation, where both managers and subordinates change their behavior to leadership, may or may not emerge as commonest mode, choices being moderated by several variables requiring further clarification and elaboration.

Proposition 2 Exploration mode choices, where appropriate, may or may not lead to the higher levels of work performance.

3 | METHODS AND DATA

We adopt mixed methods in our research as we have two testable propositions which requires exploratory, inductive approach to identify the possible antecedents of leadership changes. This exploratory study will use a qualitative research design using semi-structured interviews with both open-ended and closed-ended questions (Yin, 1994). Miles and Huberman (1994) argue that conceptual model, like testable propositions and conceptual framework in our case, identify the key constructs and variables aiming to focus the research on the main issues relevant for research. The close-ended questions provide data for our testable propositions, whereas, open-ended questions provide information for inductive analysis to present the antecedents of leadership changes. The employment of qualitative design enables the researchers to obtain an in-depth account of various individuals' experiences, thereby shedding light on any adjustment in their leadership style made following response to cultural differences. The closed-ended questions will further be used to identify trends and general background information.

To empirically explore our theoretical underpinnings, we required a large multinational company with operations in multiple regions. We were given access under confidentiality agreement to a large British multination firm with operations in 11 countries, and hence, we are unable to name this company in our study. This company operates in the manufacturing sector with products and services relevant for aerospace, defense, energy, and marine industries, and has business to business operations. It also generates revenue from both civil as well as defense customers. Once the access had been established with the company, we used the snowball sampling technique for this research (Goodman, 1961). The first contact was asked to identify any senior manager with potentially long overseas management experience with the company, and this process was repeated until we found that further snowballing was unlikely to determine anymore key respondents, and thus, 16 senior managers were identified who had extensive experience leading teams abroad and had engaged in several years of foreign management. Such field interview numbers are of course small, compared with Hofstede's seminal IBM surveys; but inherently we had necessarily to focus on just those high level top country leaders and senior managers who were the subject of our study, and those able to provide interviews affording qualitative as well as quantitative data.

The participants' seniority ranged from department heads at the lowest level up until the COO and Executive Vice President at the highest level. For this study, they were managers ($n = 5$), directors ($n = 8$), and c-suite ($n = 3$). Although the sample size is relatively limited, the focus of this research mandates interviews with employees with major leadership role, thus, we have fewer respondent pool than when considering the whole company. The respondent sample was in a high majority male (93.75%). The sample group was predominantly from either German ($n = 5$) or the United Kingdom ($n = 10$), with one participant from the Netherlands. In respect to Germany and the United Kingdom, we ensured coverage of a major cross-country joint-venture study, where we had also conducted field research in Germany dating back to 1998. Collectively, their international experiences spanned well over 10 countries, although for this research we are detailing only one international experience per respondent where respondent had the longest foreign experience. Hence, this research will focus on seven regions. The sample had an average of 6.5 years of experience in the country which they wished to give a detailed account of.

The data analysis will involve deductive analysis of the interview data to assess the extent to which the responses indicate support or trend-similarities with Nicholson's (1984) WRT predictions and Tsai et al.'s (2019) framework for expatriate cultural leadership adjustment and address our proposition. The data was analyzed namely by deducing the relevant themes to help codify the information from qualitative research. Furthermore, closed questions from the qualitative data collection was also subjected to a cross-sectional/segmentation analysis to provide more possible trends in the data. To collect data regarding the degrees of either leadership or subordinate adjustment, the closed-ended questions were based on 1–7 point Likert-scales (1 = very little adjustment, 7 = completely). The adjustment was considered low if the response fell in the 1–3 range, medium with a score of 4 and high with a score of 5–7. Interviewees were asked to respond with values between 1 and 7 for these questions.

4 | RESULTS

4.1 | Quantitative analysis

First, the analysis was conducted to determine the leadership style of the managers. Participants were asked to define their leadership style from a set of different leadership styles. This analysis was conducted to identify how participants of this study related to those observed in previous literature as prior works suggest that managerial leadership is based on their cultural background. The participants belonged to either United Kingdom or Germanic Europe and indicated managing teams in each other's culture as well as in India, China and Singapore in the East and North America (Canada and United States). At this stage, 40% (6) of respondents categorized themselves as team-oriented and 50% (8) as participative.

The modes of adjustment are analyzed, and the following choices of leadership adjustment mode are observed among the respondents—Exploration (8), Absorption (4), Determination (2) and Replication (2). Also, differences are observed between the British

and Germanic managers—for example, Exploration (44% British [7], 40% [6] Germanic). This result conform with Nicholson's prediction that the exploration mode is the most common way of leadership adjustment. Also, none of the Germanic respondents used the replication mode, whereas, none of the British respondents engage in the determination mode.
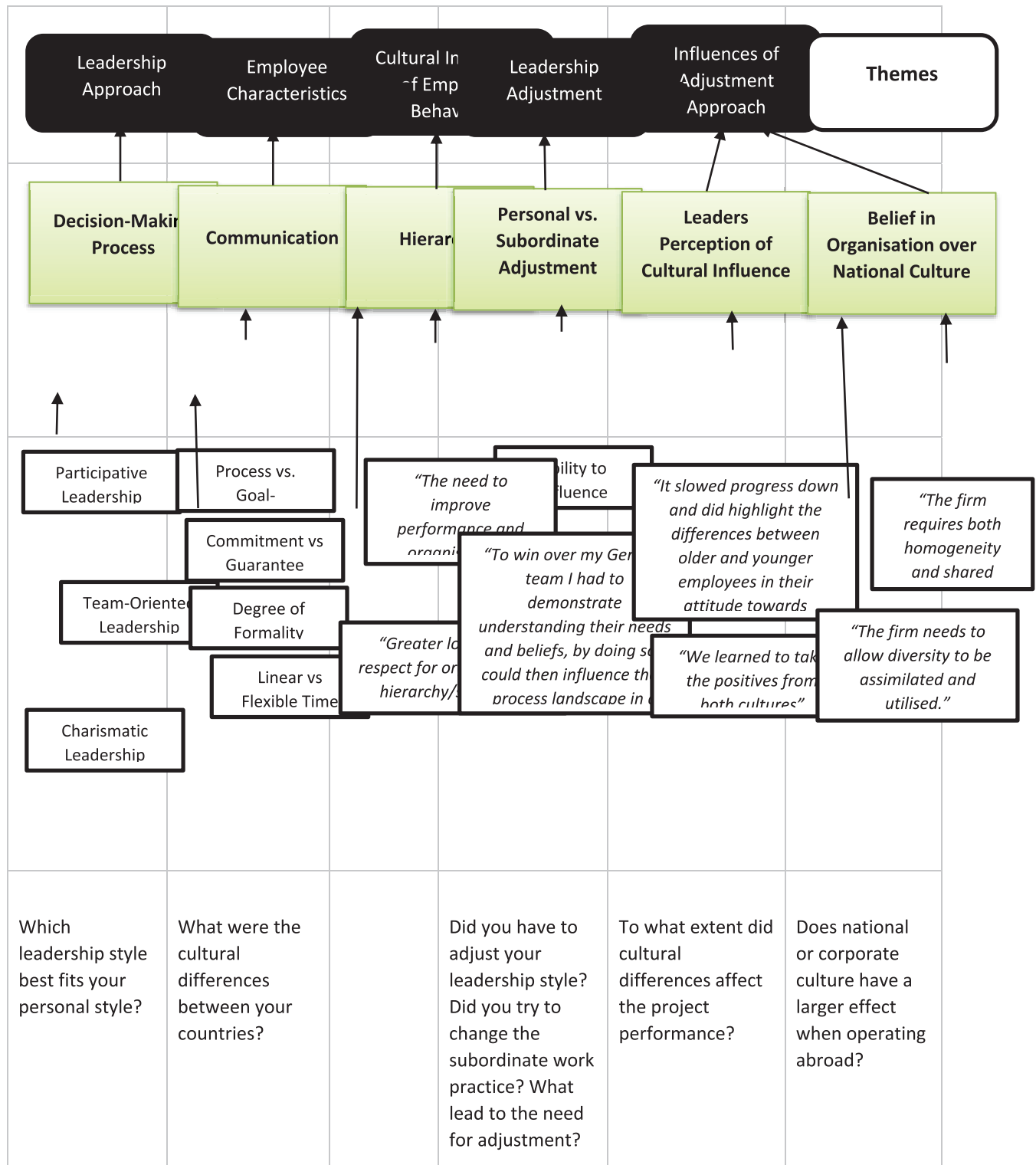

FIGURE 1 An illustration of the data analysis process [Color figure can be viewed at wileyonlinelibrary.com]

4.2 | Impact of culture and adaptation on performance

We examined the relationship between mode of adjustment and a self-reported assessment of the effect of cultural differences on the overall performance of the project that the respondent had been involved with was examined. People who used the exploration mode reported the most positive influence of culture on overall performance, indicating that they were able to use cultural differences to elevate the overall performance. Thus, finding support for our testable proposition. The replication mode had the second highest values for perceived positive impact with half of the respondents suggesting that cultural differences had a positive effect on performance. The absorption mode yielded poor response: respondents who engaged in this mode of adjustment reported that cultural differences had an adverse effect on the venture performance. Finally, the determination mode results do not indicate whether it will have a positive or negative impact on the opinion of the respondents was equally divided into these two extreme points. Thus, suggesting that culture did not have a measurable effect on the venture outcome. Given the sample size, this result is indeed open to interpretation and further research.

Managers also eluded to the partnership's strategic goal of becoming one of the top European players in the aerospace market and clarified performance outcomes. With culture and strategy inextricably inter-linked, this indicated that cultural leadership adjustments made by both sides resulted in a positive outcome. This finding stands in contrast to Parkhe (1991), who posited that differences in cross-company culture would negatively impact the performance of such ventures. This contrary example highlights cultural learning as increasingly important in global firms, not just in mitigating potentially negative effects but rather to capitalize on the positives. As one senior manager noted:

> Culture is a defining parameter of the success of any organisation and national differences are a key part of that. Creating an organisation that can learn and take the best of cultures is a recipe for success, and in a global industry becomes a prerequisite. (CEO, British, discussing Germany)

4.3 | Qualitative analysis

Figure 1 presents the data analysis process. In this section, we address the question on antecedents of the CLA. The questions asked during the interview process are presented in the bottom row. Next row shows the codes used to organize the data based on the responses from the interview. The following row shows the sub-themes emerging from the data analysis and the top row presents the key themes relevant to our study.

4.3.1 | Cross-cultural challenges

Hierarchy
Next, the various cultural differences that leaders at the British MNE highlighted when discussing their leadership adjustments are presented. These range from differences in organizational structures to operational processes to local values and beliefs. Differences in the hierarchy were frequently cited as being a major point that the individual had to adjust to.

> [There is] greater loyalty and respect for organisational hierarchy, heightened by [the use of formal articles as a mode of addressing people]. (Global Supplier Development Executive, British, discussing Germany)

Hierarchical changes can be observed in many different facets of an organization, ranging from an individual's physical ability to influence change to the way in which people communicate across varying levels of the organization:

> An unwillingness of those above me to accept a different way of doing things. (Deputy Director, British, discussing Canada)

Secondly, having the perceived freedom to enact managerial goals and targets as desired can become embedded in a given leadership style. Needing to forfeit this freedom can restrict a manager's perceived ability to influence:

> Respect for management – potentially to the detriment of successful and efficient implementation [of] change. (Head of Supply Chain Management, Dutch, discussing Asia Pacific region)

We also found evidence of widespread acceptance of hierarchy.

> In Germany, the engineering/manufacturing sector is very esteemed, far more than people in the UK could ever imagine. As a result of the esteemed nature of the profession and the hierarchy in it, people are often very unquestioning of authority. In the UK, rank is not everything and an individual's charisma/character can make more of an impact (Global Supplier Development Executive, British, discussing Germany)

Subordinates in a highly hierarchical organizational structure tend to rely more on their immediate superiors as they are expected to drive the projects. This is in line with some of the previous research conducted by Laurent (1983) and Meyer (2014), which indicted the need for managers to seemingly have "the answers" as an indication of superiority. Thus, the hierarchy was observed to moderate the need for adjustment in foreign countries.

Planning versus execution
There was a noticeable difference in overall approach in work ethic and goal achievement methods between the managers from different countries. The balance between planning and execution created one of the major issues between the cultures.

> Planning – a greater need to have all the answers before the plan is launched. (CEO, British, discussing operations in Germany)

> Germans have higher standards – a general belief that to do it properly is to do right, as opposed to making do and mend. (Director of Planning and Control, British, discussing Germany)

The quotes earlier indicate that the German workers had a preference for spending a higher proportion of the project time planning the workflow of following steps to reduce necessary time for the execution phase. Doing so reduces the uncertainty involved with making spontaneous adjustments once the project was underway. The emphasis on planning adds an unfamiliar rigidity in the eyes of many of the British expatriates in this study.

Some cultures have much longer view on planning, and this might impact activities and actions implemented by the managers.

> I think people in India taking a longer term view. I think that depends on the sophistication of management. I mean one thing I am always conscious that back in India, that things take much longer. (Manager, British, talking about activities in India)

Commitment and target

The second issue in overall work-approach is subtle, as it lies in the interpretation of commitment. The German culture puts greater emphasis on whether the commitment will not be made unless there is a guarantee of achieving the target:

> The German culture is a commitment-based culture, this is what I can guarantee (usually less than the target) and I will do my best to beat it! (Director of Planning and Control, British, discussing Germany)

> The commitment versus target [approach] has caused some of the latest issues. (Head of Planning and Control, German, discussing the UK)

> So people like me have a duty to reset expectations about how long is takes to do certain things, especially if it involves the government. If you don't do that right up front, I think you are only contributing to the problem. That doesn't mean we shouldn't pursue it. It just resetting the goal post that it looks, what you expect to happen in this timeframe. In India, it is going to take 15% longer. (Manager, British, discussing the potential of conflicts in commitment and target in India)

Decision-making

Meyer (2014) has discussed the importance of leadership in the decision-making process, especially in the context of consensus-building.

> Everybody needs to understand the context of why decisions are being taken, but the rational logic and clarity of this is particularly expected in Germany. (Global Supplier Development Executive, British, discussing Germany)

This finding supports in the works of Meyer (2014) as illustrated by her consensus-building scale. It also supports the argument that there are differences across the cultures in decision-making styles and processes (Leon et al., 1998). While there is more respect for hierarchical leadership in Germany, there is not necessarily more authority placed on the individual leader. A collective agreement is often required to make a decision. This differs from the Anglo-British approach, in which more top-down, personal authority with regards to decision making, is customary.

This is often reflected in the preferred participative leadership style. This poses an issue for leaders trying to adapt to German culture, as there is a seeming dichotomy between the preference of a strong leader and one who gathers group consensus. It could be misconstructed that the German style is forceful; however, based on responses, it seems that the strict hierarchy stems from respect. One manager put the issue that British managers have in adjusting to German culture very succinctly:

> Significantly more discussion as a team prior to decisions and conclusions. (Program Director, German, discussing the UK)

Similar issues have also been observed in other contexts and managers discussed the relevance of having top managers who understood the local context which might mitigate some of the issues observed in the cross-cultural setting.

> and then you can translate what western company looks for and how the system works back home. And therefore, what you need to do here is. And you have to be objective, you have to be realist about your own, so you have credibility to say look I have a point of view we should be doing certain things, but maybe not others. (Manager, British, discussing operations in India)

> Understanding other than the superficial knowledge as well, even having been to India for them at there to meeting, doesn't give you the insight to do things in India. A lot of people have their Indian stamps on their passport, as they have been to India to attend meeting or meet suppliers, that doesn't really mean that they have insight into... So, the role of a leader in terms of my, somebody leading a local operation, is a major translator of the western culture and understanding and so on, both ways. (Manager, British, discussing the role of leadership in decision-making in India)

Language, logic, and communications

One recurring theme throughout the interviews was language. In particular, the major themes were the need to learn and how it played an integral role in not only effective communication but also how it affected cross-cultural leader's ability to influence their subordinates. One of the senior managers noted:

> My mother was German, so I spoke a bit of the language before going [to Germany]. Once I got there, I realised that I didn't know as much about the people as I thought I did. Despite speaking the language, I found myself reverting back to English in order to express myself in the way that I wanted because at the end of the day it was about influencing people. (Global Supplier Development Executive, British, discussing Germany)

> there is a translation job. Because anybody in this type of role has to be related to a western, you have to work with the whole set of colleagues, back to the UK or elsewhere in the US also. Because we have a big American operation. And some of the production are north American. You need somebody who can relate to all the Indian environment, the people, the relationship. You got somebody who can build on long terms relationships. (Manager, discussing type of manager required in India)

> First of all, you have to be comfortable with multi cultures. You have to be multicultural yourself in some respects... I worked for two US companies in India, and now I am working for X, that's the UK. (Manager, discussing the role of culture in international deployment)

The problem with communicating across cultures or languages is that languages are often a cornerstone of that nation's logic (Steers, Sanchez-Runde, & Nardon, 2010). Enfield (2000) refers to this theory as cultural logic, which indicates how dominant individual assumptions can be around the implied meaning of words or phrases. The connotations that people form when they hear certain words can vary quite drastically from one culture to another and can influence how people hypothesize about speaker's actions or intentions. With logic and language being so closely connected, it demonstrates how important language is for effective leadership (Mol et al., 2005; Peltokorpi, 2008; Selmer & Lauring, 2015).

At the same time, some managers noted the advantage of having common language between the countries which helped in the dialogue between the managers and sub-ordinates.

> That's not a problem for us. And it is certainly not a problem in India, because the business language in India is English. (Manager, British, on business language in India)

Complying with superiors

Often new expatriate managers, even senior ones, will fall somewhere below the top of hierarchy when moved abroad, especially in large multinational firms. In this case, the leaders will frequently have to adjust their style to match that of their superiors to be able to work efficiently and deliver the required results. When asked what motivated their need to adjust their leadership style, some responses fell in line with this theme:

> Securing support from the organisation for the duration of the programme with minimum frustration of the organisation. (Head of Supply Chain Management, Dutch, discussing the Asia Pacific)

> Well I think there is a nature acceptance, if I understand it is characterizes you are talking about. Nature acceptance based on titles is high. If people are deferred to people who are older, if you have a title that says president or vice president or something like that, people would be differential. Would not question you. If you go into meanings even with the fairly sophisticated companies, especially government own companies or so on, if the senior person is present. If you are in a meeting with the chairman, the senior executive won't say anything. It would be a listening boat. (Manager, British, discussing the operations in India)

4.3.2 | Determinants of subordinate change

As would be expected, leaders tended to offer more introspection with regards to the need for personal change. When it comes to the reason for encouraging subordinate change, the message was typically less subjective. These were among the most common forms of responses when asked what led to the need for subordinate change:

> The business was not performing as required. (Executive Vice President, British, discussing Singapore)

> I felt that in order to get the most out of them, I needed to give them more freedom and have them to take more responsibility. (Functional Lead in Planning and Control, British, discussing Germany)

> It was the need for speed of resolution and a cultural change to support the delivery...They had to work in a global environment and see the bigger picture. (Head of Improvements, British, discussing Singapore)

> Yes. But I think dealing with ambiguity, being realistic with the timelines, being realistic thinking about the competencies, potential partners, the willingness to

invest, not only money but time, energy, training and supplier development, hand holding, you know these types of things, you have to factor them in. (Manager, British, on sub-ordinate as well as supplier capability development)

Only one respondent indicated that changing the business practices in their subordinate came as a last resort. When asked what led to the need for a change in the subordinate he answered:

[it was because of] my inability to change my style enough. (Head of Planning and Control, German, discussing UK operations)

Figure 2 shows the framework of factors influencing modes of CLA in our study. This figure also shows the moderation effect of the three vital cultural differences, namely, hierarchy, decision-making and language/communication.

5 | DISCUSSION

This study has provided further empirical evidence that contributes to the discussion on the determinants of cross-cultural leadership adjustment (Black & Gregersen, 1991; Nicholson, 1984; Shaffer, Harrison, & Gilley, 1999; Tsai et al., 2019). Consistent with the findings of Tsai et al. (2019), this study shows that there are in fact more moderators in this process of CLA, and we identify these as hierarchy (Shao et al., 2013; Tyler et al., 2000), decision-making (Leon et al., 1998), and language (Mol et al., 2005; Peltokorpi, 2008; Selmer & Lauring, 2015). In addition to the findings of Tsai et al. (2019), this study highlights that national culture is an important construct, under which both leaders and subordinates frame their perceptions.

The prior research that specifies the modes of adjustment as described by Nicholson (1984) is quite limited. There have, however, been studies examining the degree to which management theories and practices can be generalized or adjusted across countries (Rabl, Jayasinghe, Gerhart, & Kühlmann, 2014). In their meta-analysis, Rabl et al. (2014) found that in contrast to the beliefs of "national culture-based" logic scholars, leadership and management best-practices do not on average function better when they are adjusted to fit national cultures. Their work focused on the implementation of high-performance work systems through leadership. They found that adjusting these systems to fit the local culture did not yield higher business performance compared with systems that had not been adjusted. Similarly, Kostova, Roth, and Dacin (2008) noted that isomorphism with the values and practices of the local culture "is not a necessary condition for legitimacy or survival." They further this trail of thought by suggesting that adjusting to the local culture too much can undermine the legitimacy and ultimately the prosperity of the global market.

The findings of the current study seem to tie into the results of both Rabl et al. (2014) and Kostova et al. (2008). The results indicate that the absorption mode of adjustment (high leadership adjustment; low subordinate change) yielded the highest amount of responses claiming to have experienced cultural differences as a negative influence on their task performance. Ansari, Fiss, and Zajac (2010) note that leaders cannot view management practices as "off the shelf" solutions, instead "diffusing practices are likely to evolve during the implementation process, requiring custom adaptation, domestication, and reconfiguring to make them meaningful with specific organisational contexts." Deephouse (1999) notes that firms try to achieve a strategic balance between fitting in and maintaining the required differentiation. This need seems to be reflected by the high proportion of respondents in this study that described their style of adjustment as exploration (high leadership adjustment, high subordinate change).
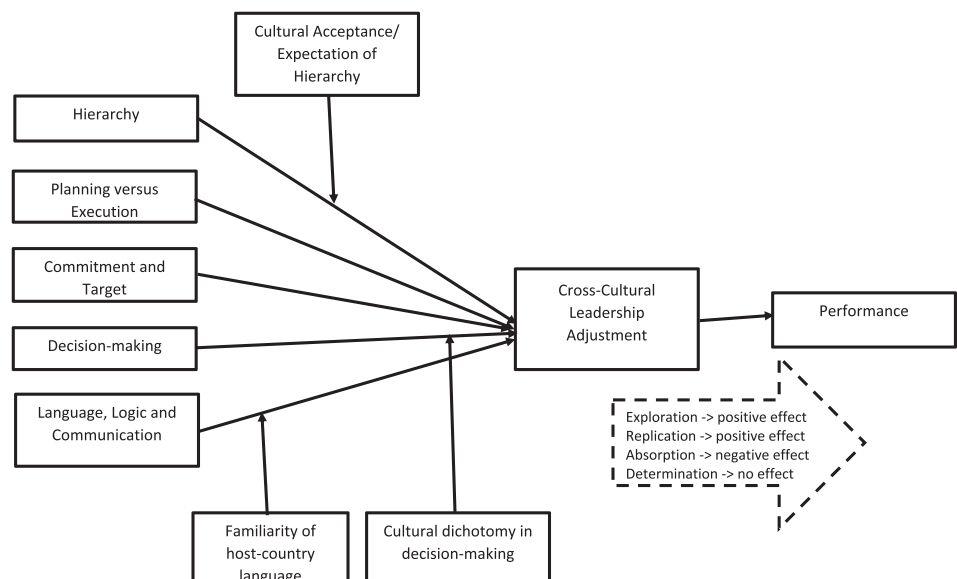

FIGURE 2 A framework of factors influencing modes of cross-cultural leadership adjustment

Consistent with Nicholson and this study, Tsai et al. (2019) found the exploration mode to be the most widely adopted mode of adjustment across all the senior managers interviewed. An interesting difference in result between this study and Tsai et al. (2019) pertains to the results found that were industry specific. Tsai et al. (2019) results indicated that with the manufacturing sector that 0% of the respondents reported engaging in the replication mode of adjustment. Comparatively, this study found that nearly quarter of the respondents engaged in the replication mode. Tsai et al. (2019) described the proportionally higher counts of determination modes of adjustment to be in line with the fact that in a factory/manufacturing environment there is a need to be "tougher." However, as indicated by the results from our case company, it is essential to add that while a leader may be part of a manufacturing business, their role within this business is more important to establish their position within the organization.

5.1 | National and organizational cultures' effects on subsidiary management as a future avenue of research

The results of this study indicate that there are additional factors that need to be considered when discussing cross-cultural leadership adjustment. The first is the relationship between national and corporate culture. When expatriates take on assignments abroad, it is important to understand firstly, as recognized by among others Hofstede (1984), Rabl et al. (2014), Lee et al. (2015), Rao-Nicholson et al. (2016), Oc (2017) and Tsai et al. (2019), that understanding the national culture of the target country is vital to be effective as a leader. The second part, which has not been given due thought, is how the corporate culture changes (or not). This is important because it is often the case that expatriates are continuing to work within the same company under a subsidiary. When a manager is sent to a new post in a different national culture, it can make a difference to their adjustment strategy, depending on whether it is a part of the same company or in collaboration with a new company. This is because both the national or corporate culture influences the business culture that the leader is expected to assimilate to.

The second important factor that previous literature has failed to address is how leadership adjustment strategy influences performance (Shay & Baack, 2006) though there have been studies on subsidiary staffing and performance (Gong, 2003). This study demonstrated that the mode of leadership adjustment could affect the perceived team-performance in the overseas assignment. Our interviewees provided positive indications regarding such adaptations and performance. Though somewhat subjective, given the multi-faceted nature of strategic aims related to cross-border joint ventures involved (such that we could not fully triangulate to provide greater objectivity), we observed that these activities remained on-going and seemingly successful. An increased understanding of the expected performance outcomes associated with each mode of adjustment would be a vital attribute to guide managers in their adjustment strategy appropriately.

Tsai et al. (2019) laid out a model that describes that moderators of the leadership adjustment in a cross-cultural setting, which is critical to understand the conscious and subconscious motivators of the different modes of leadership adjustment. Based on this study, however, a vital next step in their model would be the ability to only predict mode choices based on their moderators (e.g., Industry type, role shift, cultural distance) but to recommend optimal adjustment mode choices based on cultural factors. To do this effectively would require extensive research that analyses the relationship between project-performance and leadership adjustment mode. Nevertheless, our study shows that there are moderators which might explain the CLA observed in our study. The expectation of hierarchy will moderate the adjustments expected due to hierarchy in the cross-cultural setting. In the same manner, language and communication will moderate the CLA adopted by the managers, and sub-ordinates might also change to mitigate the language differences. Similarly, dichotomy in the national decision-making style will influence the CLA observed in the managers and sub-ordinates.

5.2 | Theoretical contributions

Our research contributes to the literature on CLA by addressing both the question on what adjustment styles are adopted by the managers in their foreign operations as well as providing an insight into mechanisms which drive these observed adjustment styles. By addressing the first research question, we provide support to ever growing literature on CLA and managerial adjustment in host countries which have considerable differences in culture and management practices from the home country (Søderberg & Holden, 2002; Steers et al., 2010; Tsai et al., 2019). We observe that home country context might explain some factors of adjustment as managers from the same home country, keeping the organizational context constant, seem to converge on similar adjustment strategy in foreign postings. This finding provides more nuanced view of the CLA as it demonstrates that though organizational setting can explain some of the adjustment characteristics, the national characteristics are more important to managers CLA. Our research and findings also help to further theorize on the antecedents of CLA and we observe that these antecedents also emerge from the national characteristics of the home country. Thus, we theorize that national origin of managers has a major impact on their CLA.

5.3 | Managerial implications

This study shows that the most effective management style is the one where both the managers and the subordinates adopt changes to their behavioral stances in the engagement with foreign culture. Thus, our study highlights the importance of behavioral changes to leverage full benefits from foreign investments. We would suggest that both managers who are relocating on foreign assignment as well as their subordinates need to undergo cultural training, and most importantly, they

both need to facilitate as well as imbibe positive attitude to cultural and behavioral change.

More specifically, our results show that CLA is moderated by familiarity of host country language, understanding of cultural dichotomy in decision-making and cultural acceptance of hierarchy. These results show that managers and organizations need to have nuanced view toward expatriate management. From our results, we observe that in the initial stages of internationalization, firms will benefit from deploying managers who have proficiency in the host-country language as they are more likely to adopt behavioral changes. Secondly, managers need to be trained specifically in understanding the cultural nuances of dichotomy in decision-making as well as acceptance of hierarchy.

This study also sets a premise for propositions that build on earlier work and provides insights that conform the Nicholson and their colleagues' earlier works in this area. Our study provides propositions and findings that can lead to future studies with testable hypotheses with large samples, for example, those derived from survey.

5.4 | Limitations

One of the main issues with this study is the limited number of qualitative responses that were generated by our sampling technique. We have data collected from 16 individuals that span subsidiaries of a company in several countries. While the responses received provided valuable information regarding the topic, the limited sample size means that these responses are open to bias and are best viewed as a medium sized study using qualitative data. However, as the study was conducted in a case-style fashion holding several factors constant, for example, the organizational effects, the results are still meaningful. We suggest that sample of this size might not be suitable for hypotheses testing but rather we observe results of our testable proposition that conform to findings observed in the earlier studies.

Another issue that might exist in our type of data is the fact that all the answers are related to managers' self-assessment of this phenomenon. Self-evaluation questions can generate several response-biases, including acquiescence-bias, demand-bias, and social-desirability bias. We also used subjective measure for performance in this study, and future studies can explore the application of more objective measures of performance following leadership adjustment in the foreign subsidiaries and the organizational performance following the adjustment in the leadership style.

6 | CONCLUSIONS

Both Nicholson (1984) and Tsai et al. (2019) have shown that the exploration mode has been the most highly favored mode of adjustment. This study further adds to this discourse and shows that not only was this the most common mode of cross-cultural leadership adaptation, but that it correlated with perceptions of cultural difference with some positive indications in terms of performance. This demonstrates that there is a need not only for more research into the modes of adjustment, but more importantly, how the use of these different modes affects leadership outcomes and performance outcomes in the multinational companies.

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