

Leadership development in cross-cultural environment

ABSTRACT

Key challenges for management at the global level are developing a new generation of cross-cultural leaders, attracting and retaining talents in the country. Within the framework of cross-cultural business environment, the authority of the leader and his personal growth appears to be key factors of leadership effectiveness.

The quantitative assessment of the development of leadership levels, taking into account cross-cultural characteristics was carried out. The main concept of this assessment is that the higher the value and the more dominant the manifestation of stimulants, the higher the level of leadership development. Based on this assessment, the liminal values of dominant cross-cultural factors contributing to the development of leadership in the company were determined. In addition, five levels of leadership development, which are classified in this assessment, describe the stages of personal growth of every leader. The development level of leadership was determined in countries like Vietnam, North Korea, India, Kazakhstan, Mongolia, Ukraine, Russia, China, Sweden, South Korea, USA and Finland. Companies, which are not leaders and not outsiders in a particular business area of the country but have stable status and with headquarters in the respective country, were chosen for analysis.

It is determined that the lowest level of leadership development is observed in companies of Vietnam and North Korea (the first level). In companies of India and Kazakhstan the second level of leadership development was predominantly formed. The third level of leadership development in personnel management is inherent in the management system of companies in Mongolia, Ukraine, Russia and China. In addition, the fourth level of leadership development is determined in companies of Sweden and South Korea. The highest level of leadership development (the fifth) is observed in the management system of companies in Finland and the USA. The determined levels form the basis for cross-cultural characteristics of the leadership development of these countries.

1 INTRODUCTION

Development strategies of all leading companies in their field include elements of "conscious business", especially in a cross-cultural environment – a special management technology based on the development and transformation of employees. In conscious business strategies, personnel are always a key competitive advantage of the company. The company itself understands this and prioritizes personnel training and transformation, and knowledge management. Therefore, the effectiveness of leadership in a cross-national space directly depends on the level of leadership development and the correspondence of the actual leadership style to the effective one, depending on national characteristics, the level of personnel development and the stage of the company's life cycle. In this regard, the article systematizes factors influencing the development of an effective leader in Mongolia in a cross-cultural business environment.

2 METODOLOGY

Developing a new generation of leaders, attracting and retaining talent are key challenges for leaders at the global level. That is, in modern conditions, formation of effective leadership in a

cross-cultural space becomes actual with the process of deeper internationalization of business. In this research, we have carried out a quantitative assessment of the leadership levels development, taking into account cross-cultural characteristics. Based on this assessment, the liminal values of dominant cross-cultural factors, contributing to the development of leadership in the company, were determined. The levels of leadership development are compared between the following countries: Vietnam, North Korea, India, Kazakhstan, Mongolia, Ukraine, Russia, China, Sweden, South Korea, USA, and Finland.

Leadership is about promoting your team. You can be a leader without having any power and hold a high office without being a leader. J. Maxwell (2013) describes five levels of leadership maturity. From a position-based leadership (level 1) to leadership through the development of other leaders (level 5) (Maxwell, 2013). For J. Maxwell, productivity in global business and cross-cultural business environments is not the goal of leadership. The actual purpose of leadership is change and development.

The key hypothesis of the study is that cross-cultural factors directly affect the level of leadership development in a country. Therefore, we assess the level of leadership development in companies in different countries and identify the dominant cross-national factors, influencing the development of leadership in each of these countries.

3 ANALYSIS OF DATA AND RESULTS

To determine the level of leadership development in companies, taking into account cross-national characteristics, we applied the typology of levels by J. Maxwell (2013), according to which five levels of leadership are distinguished. Since the object of the study is the manifestation of leadership in the labor sphere, representatives of the countries with the largest share of labor migrants in the structure in Mongolia took part in the survey: China (35.4% of all foreign workers), North Korea (23%), Russia (8.3%), South Korea (6.7%), the USA (4.2%), Vietnam (3.4%), Kazakhstan (1.2%) (Global Leadership & Organizational Behavior Effectiveness (2012)), as well as India, Ukraine (for the most complete coverage of all leadership models) and European countries with a developed leadership system – Sweden, Finland. The experts were employees of the lower, middle and top management levels in companies in these countries.

For the study, we used average-size companies in the selected countries. They are not leaders in a particular business area, nor are outsiders in the country, but stable profitable companies with headquarters in the respective country. The specified requirements for companies are justified by the need to ensure the representativeness of the survey sample.

Table 1 shows the leadership levels by countries.

Table 1. Results of determining the leadership levels by countries

Country	Share of companies by levels of leadership development, %					Predominant level of leadership
	1	2	3	4	5	
Vietnam	87	11	2	0	0	1
North Korea	94	6	0	0	0	1
India	12	77	11	0	0	2
Kazakhstan	28	71	1	0	0	2
Mongolia	5	26	69	0	0	3
Ukraine	1	26	73	0	0	3
Russia	6	14	80	0	0	3
China	1	14	84	1	0	3
Sweden	0	0	0	91	9	4
South Korea	0	0	16	82	2	4
USA	0	0	2	28	70	5
Finland	0	0	1	13	86	5

Based on the results of a survey of an intercultural group of experts (Table 1), it is determined that the lowest level of leadership development is found in companies in Vietnam and North Korea - level 1 (identified by 87% and 94% of respondents, respectively). This is because leaders in these countries are authoritarian and suspicious of their subordinates. Perception of a leader in companies in Vietnam and North Korea is associated primarily with the obligation to obey the highest rank and is not based on the authority, respect of the leader, or his/her attitude towards subordinates. This leadership model in the context of global business and functioning of cross-cultural personnel in modern conditions seems to be the least effective. Thus, in this leadership model, subtle mental selectivity is neutralized, as well as the ability to understand another person, penetrate his/her inner world, find a place for each person, depending on individual and cultural characteristics of the staff. This is a style, focused on the successful implementation of the tasks, facing the group. The leader organizes the work through precise and unambiguous orders and instructions regulating the organizational behavior of subordinates. In turn, the leader himself feels more comfortable under the clear guidance of a superior boss (Rajah et al., 2009).

We find the second level of leadership development mainly in India and Kazakhstan: the leader perceives the team as partners, sees a personality in each employee, takes into account individual characteristics and is interested in everyone's life. The leader knows the interests of the people he is working with and is ready to defend them; he/she is able to understand the difficulties (problems) of an individual, feels who needs him. He/she is ready to stand up for a subordinate if he is treated unfairly, able to understand what people prefer to keep silent about, capable of empathy (Rajah et al., 2009).

At the second level, the character of the leader is qualitatively different from the first one in that the personnel follow the interests of the leader and the company voluntarily. They turn from subordinates into followers, that is, a movement begins, without which there is no real leadership. Subordination is based on the respect and authority of the manager by the staff due to his/her friendly attitude to them. The disadvantages of this level of leadership devel-

opment are excessive openness and softness in decision-making, excessive loyalty to staff and a lack of authority (Ratanjee, 2013).

The next - the third level of leadership development in personnel management is inherent in the management system of countries such as Mongolia, Ukraine, Russia, China. At this stage of development, the main goal for the leader is to achieve the results of the company, and the reason for obeying him is respect in connection with his/her professional competencies. At the third level, the leader becomes the initiator of changes in the work process, he/she solves complex problems and leads people along with him in the most confusing situations. Team members see positive changes in their work and trust their leader. Leaders of the third level have the following distinctive features: productive and able to motivate personnel, can form a working atmosphere, conducive to the effective operation of the company, able to make independent decisions and neutralize problems, can form a cohesive and productive team. The disadvantage of this stage of leadership development appears to be the ability to see, implement and manage changes in the organization to achieve effective results. The ability of each member of the work team to become a productive person (Ratanjee, 2013).

At the fourth level of development, the respect to leaders is assessed according to their investment for each member of the workforce, inherent in Sweden and South Korea.

These countries have a decentralized and democratic management style with an emphasis on worker development. At the fourth level, the staff follow the leader, because he is able to change their lives for the better. These relationships are long-lasting and productive. The leader expresses common positions of the staff (Rajah et al., 2009). He/she is able to catch and express the general opinion of team members on issues that are significant to them. The leader is confident that the overwhelming number of problems, facing the team, are solvable, and with his optimism, he makes people believe in themselves. At this stage, the leader is satisfied with good relationships with other people (both subordinates and superiors). His self-esteem primarily depends on the attitude towards them. He does not suffer from perfectionism and for him the process is more important than the result. Accordingly, he is interested and more receptive to how the group members feel. While the leader of the second level changes the atmosphere in the team, the leader of the third level changes the process of activity, the leader of the fourth level contributes to the internal changes of the workforce and their disclosure as a personality. The disadvantage of the fourth level of leader development is inability to develop other leaders among the members of the workforce (Ratanjee, 2013).

The highest level of leader development - the fifth, as the research shows, is in the management system of Finland and the USA. Employees are aware of the company's activities, their responsibility in different areas of business, sharing the company's values. The head is responsible for the company's development results, directly participating in their achievement. He/she contributes to the personnel development, formation and development of leadership qualities in them, while being a strong, charismatic, authoritative person in the company and beyond. The head supports leaders who have the potential to grow to level five and build a circle of people who will support and stimulate each other's personal growth. At this level, not only personal communication with the leader influences the people, but also his image and reputation. Level five leaders transcend their position, company, and sometimes industry. The goal of a level 5 leader is not just to get the job done or get people to follow him, but to bring up new leaders who will inspire and lead people. Level 5 leadership is not a job, but a lifelong commitment. At this stage of development, leaders become role models (Rajah et al., 2009).

At the fifth level of leader development in the management system, interaction between the group members is inherent, aimed at achieving the common goals of the workforce. At the same time, this task is an indirect achievement of their personal goals. Role differentiation in a group, including the leadership of its individual members, is an integral part of moving the workforce towards implementation of common and, therefore, individual goals.

The next stage of the study was to identify the dominant cross-national factors, influencing the development of leadership in the country.

As a result of the study, it has been found out that the dominant cross-national factors, determining the level of leadership by country for the 1st level of leadership development, are authority (priority 0.29), family (0.2), destiny (0.15), work (0.13).

Factors of the second level of leadership development in a cross-cultural business environment include authority (priority value 0.23), family factor (0.18), work (0.14), code of ethics (0.12), rule of law (0.11), wealth (0.1), trust (0.07). The cumulative priority is 0.95.

The highest priority in the formation of the third level of leadership is the authority of the leader (0.2); workers' faith in the ability to increase wealth (0.17); attitude to work (0.14): the opportunities it provides for professional and personal development; the rule of law (0.12); temporal orientation (0.11). The third level of leadership development is characterized by an orientation towards achieving the company's results. Therefore, a temporary orientation plays an important role - orientation to the long-term goals of its development. The cumulative priority of the selected factors is 0.74.

At the fourth level of leadership formation, factors, such as "Authority" (0.18), "Rule of law" (0.16), "Work" (0.15) remain significant. Along with these factors, "Knowledge" (0.12) gains more importance - the belief that the position of an employee in the company depends on the level of their education; "Competition" (0.1); "Individualism" (0.09) - the ability to individually search for ways to solve a task. This level of leadership formation is based on respect for the leader in relation to what he has done for his subordinates. Therefore, one of the most important factors is also "Trust" (0.08). The cumulative priority is 0.88.

The factors in the formation of the fifth level of leadership are the following: authority (0.2), the rule of law (0.18), competition (0.15), individualism (0.12), entrepreneurship (0.1).

The levels of leadership development described in the article do not represent a single country. That is, the selected cross-national factors are not the characteristics of the country, but the level of leadership development. In a cross-cultural business environment, the authority of the leader appears to be the key factor in leadership development. That is, a leader is not just a person who manages processes, carries out the functions of managing a team, an organization. A leader at any level of development must be able to change the course of events and direct the processes in the organization.

4 CONCLUSIONS

We have determined the levels of leadership development by the following countries: Vietnam, North Korea, India, Kazakhstan, Mongolia, Ukraine, Russia, China, Sweden, South Korea, USA, Finland. Among them, the lowest level of leadership development is found in companies in Vietnam and North Korea - the first level. In India and Kazakhstan the second level of leadership development is predominantly formed. The third level is inherent in the management system of such countries as Mongolia, Ukraine, Russia, China; the fourth level is inherent in Sweden and South Korea. The highest level of leader development - the fifth -

is observed in the management systems of Finland and the USA. The established levels are the basis for determining the cross-cultural characteristics of leadership development in these countries.

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