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The Role of Human Resources in Developing Diverse Leadership Paradigms

Abstract

[Excerpt] As US-based companies continue to expand internationally, it is critical that the HR function plays a major role in developing a leadership paradigm that can be effectively leveraged by the entire company and considers diverse or “non-western” styles of leadership. HR must be mindful of three key considerations when establishing this leadership paradigm. First, they should aim to create a standardized model of leadership across all regions the company operates within. Second, and just as importantly, the model must be flexible enough to allow leaders in different regions to make adjustments based on cultural differences, different regulatory and economic environments, available talent, and other factors that may influence the way business is conducted in that region. Finally, HR must ensure that the leadership paradigm is fully aligned with other internal HR processes, the firm’s overall strategy and goals, and the type of culture the firm values. Establishing a global leadership paradigm for expanding firms is a complex issue. HR professionals have the opportunity to add value by giving their companies a competitive advantage through global leadership, an increasingly critical element of success for expanding multinationals.

Keywords

HR Review, human resources, leadership, culture, globalization, standardization

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Comments

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CORNELL HR REVIEW

The Role of Human Resources in Developing Diverse Leadership Paradigms

Randy Markush-Hallman

As US-based companies continue to expand internationally, it is critical that the HR function plays a major role in developing a leadership paradigm that can be effectively leveraged by the entire company and considers diverse or “non-western” styles of leadership. HR must be mindful of three key considerations when establishing this leadership paradigm. First, they should aim to create a standardized model of leadership across all regions the company operates within. Second, and just as importantly, the model must be flexible enough to allow leaders in different regions to make adjustments based on cultural differences, different regulatory and economic environments, available talent, and other factors that may influence the way business is conducted in that region. Finally, HR must ensure that the leadership paradigm is fully aligned with other internal HR processes, the firm’s overall strategy and goals, and the type of culture the firm values. Establishing a global leadership paradigm for expanding firms is a complex issue. HR professionals have the opportunity to add value by giving their companies a competitive advantage through global leadership, an increasingly critical element of success for expanding multinationals.

HR must play a major role in creating this leadership model. As HR transitions from an administrative, functional role to a proactive business partner, the function must continue to find ways to add value. Global leadership development has recently become that opportunity. HR professionals have the proper understanding of the business and organizational behavior, as well as the requisite problem-solving skills and creativity to help organizations navigate the complexities of global leadership. The ultimate goal of the Human Resource function is to help the company achieve its goals by attracting the best people and motivating them to perform at their best. To fulfill this mission, HR must first focus on the leaders. In an increasingly globalized economic world, more companies are expanding to non-Western and emerging market countries. It is vital to consider these diverse leadership styles when developing a leadership paradigm for the entire company. The HR function is well positioned to be a key player in establishing this global paradigm.

HR should focus on standardizing processes such as leadership development (which is an ongoing process) because of the many benefits it can provide a company. It improves efficiency by creating a global language of leadership that leaders across the company can use to effectively communicate with each other. Standardization also creates economies of scales, allowing companies to save money on global initiatives. For example, it may be cheaper to bring all leaders from around the globe to the company’s headquarters for a single training program than for each country to run their own program through individual vendors. Another benefit of standardization across regions is that

leaders can leverage each other's skills and experiences. Having a common leadership model, for example, can allow leaders across regions to discuss potential improvements to the system or advise each other of things to be cautious of. They build off of each other's experiences, both good and bad. To the extent HR is able to systematize the global leadership model, the firm will be able to realize some of these benefits.

Despite the need for common practices across the firm, it is also important for HR to allow flexibility in the model so that it can be adapted for different regions. Many countries have different labor laws that directly affect HR practices. There are also cultural norms that influence interpersonal etiquette, communication styles and the way business is conducted. For example, some Western cultures may value leaders who are firm and direct, while Asian cultures may find this rude and inappropriate. It would therefore not be appropriate for a global leadership competency model to include "Firmness" or "Directness". There are also very practical differences between regions that must be taken into consideration. There are a much higher number of educated, experienced leaders in the US than there are in emerging markets, such as India. The local talent supply may factor into a company's approach to leadership in a specific region, and the global model must allow for this. HR should be the one responsible for determining when standardization is appropriate and when local interpretation and modification is necessary. As a guideline, HR should think globally and act locally, bearing in mind that the balance of standardization versus localization is dynamic and dependent on many factors.

HR must also be mindful that the leadership paradigm established is internally, externally, and culturally aligned with the company and its strategy. Internal alignment is when HR processes work together complementarily and synergistically. The leadership model must be designed in a way that supports the rewards program, the talent strategy, and the training programs, for example. To ensure external alignment, HR should look at the firm's strategy and make sure the leadership paradigm works in conjunction with that strategy. If a firm is competing in a fast paced tech start up market, it would be sensible to develop leaders who are comfortable with risk and ambiguity as opposed to leaders who are focused on long term strategy and controlling risk. If a firm has two different growth strategies in Germany and Brazil, the leadership model of these two countries should reflect these different goals. Finally, after the first two forms of alignment have been achieved, HR should focus on cultural alignment. This is the most complex form of alignment, but can have the most dramatic effects on the company as a whole. The leadership paradigm should help contribute to making the company the type of place that the CEO and CHRO have envisioned. It should complement and add to the culture that the firm wishes for its employees, clients, recruits and the public. As companies expand across the globe and into emerging market countries, it is key that increasingly diverse leadership models remain aligned with the company's current practices, strategy and culture.

When HR is effective in developing a strong leadership paradigm, the results can be significant. For example, GE's global leadership institute in Crotonville, NY is "often described as the epicenter of GE culture" (GE). Here leaders from around the world are

brought together in state of the art facilities to exchange ideas, problems and best practices. They leave with a better understanding of the GE leadership culture to bring back to their respective countries. They are also able to leverage each other's past successes and failures as they learn. These lessons can be especially beneficial to leaders in emerging markets that are beginning to establish or grow the business and may be facing many new challenges.

McDonalds is another company where HR has created a competitive advantage through a well-developed global leadership development program, known as LAMP (Leadership at McDonalds Program). As of 2007, LAMP had a presence in the US, Canada, Latin America, Australia, Indonesia, and Ireland (Williams-Lee and Broz). In addition to this global program, McDonalds also runs a European Leadership Development Program, an Asia-Pacific, Middle East, and Africa Leadership Development Program, a China Leadership Development Program, and a Germany Leadership Development Program (Williams-Lee and Broz). Having a combination of global and regionally based development programs has allowed McDonalds to create a global leadership standard while providing individuals with practical skill development and knowledge that is relevant to their region. Using talent management metrics and overall business results, McDonalds has demonstrated a high return on investment from this globally integrated leadership development approach.

As multinational companies move into emerging markets, it is especially important that they execute leadership initiatives correctly. Emerging markets are particularly challenging environments. There are constant regulatory changes as the economy grows. Labor markets may be tight, and skilled talent is in high demand. Cultural and language differences can be a huge barrier if the leaders are not natives. Though challenging to navigate, these dynamic, untapped markets can be great additional sources of revenue for those companies that are able to succeed. Emerging markets also provide access to new cultures and knowledge bases from which we can all learn. Just as we have strong leaders in the US, there are strong leaders in Brazil, Russia, India, and China. HR's role is to facilitate the exchange of knowledge between these individuals, and help them all perform to the best of their abilities. Companies that can effectively leverage their HR function to create a strong global leadership paradigm will be at an advantage as emerging markets become the new economic playing field and culturally appropriate leadership becomes more critical than ever. ✕

[Randy Markush-Hallman](#) graduated from Cornell's School of Industrial and Labor Relations in 2014 with minors in Law & Society and Inequality Studies. During his time at Cornell, he served as President of Cornell's chapter of the Society for Human Resource Management (SHRM), as Vice President of Programming for the West Campus Program Council and as both the Recruitment and Social Chair for his fraternity, Delta Kappa Epsilon. He has held several roles in various HR functions at global Fortune 500 countries, and spent time before his senior year advising on employment matters for a large hotel chain in Africa. Randy currently lives in New York, NY and works as a Business Analyst in Deloitte Consulting's HR-Transformation practice.

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