Model for Global Leadership Development in Multinational Corporations (MNCs)

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Abstract
This concept paper aims to provide a theory-based integrative framework for global leadership development in MNCs, which operate in intensively competitive and progressively expanding markets. Two key management theories and related published literature are extended to the contemporary field of global leadership to develop the proposed conceptual model. Accordingly, based on the transformational leadership theory, it is proposed that the global leadership competencies of high-potential employees in MNCs can be developed by line managers who manifest transformational leadership, which is a . Furthermore, it is suggested that this development of global leadership competencies in high-potentials occurs as a result of psychological empowerment experienced by the high-potential subordinates of transformational leaders, with the support of the psychological empowerment theory. The conceptual model based on the arguments proposed is presented in the paper. The paper's originality lies in the fact that two theoretical lenses not previously used in the context of global leadership development are used to propose a model for global leadership development in multinational corporations.

Keywords: Global Leadership, High Potentials, Line Managers, Multinational Corporations (MNCs), Psychological Empowerment, Transformational Leadership.

Introduction
Globalization represents the structural making of the world, characterized by the free flow of technology, physical, and human resources across national boundaries in an increasingly complex, ever-changing business environment (Kochtcheva & Kochtcheeva, 2020). Although the effects of globalization are not limited to business, they continue to change the marketplace and how organizations do business. These changes entail enormous challenges to organizations, requiring them to focus on sustainable sources of competitive advantage to remain as able players in the market. Achieving sustainable competitive advantage results from the possession of relevant capability differentials that competing firms will have difficulty duplicating (Ávila, 2022). The possession of inimitable superior talent
is thus considered a major source of sustainable competitive advantage for organizations (Hiltrop, 1999; Kaliannan et al., 2023; Prahalad, 1983).

Since a group of McKinsey consultants coined the phrase 'war for talent' in 1997 (Festing & Schäfer, 2014), talent management has increasingly gained the attention of the practitioner community and academia (Kaliannan et al., 2023). This represents a paradigm shift from traditional practices of gaining competitive advantage for organizations to ranking talent management practices high on the corporate agenda for achieving organizational excellence (Gallardo et al., 2020). Talent management in most organizations involves identifying the key positions in the organization and creating a pool of high-potentials to occupy those positions (Cascio & Collings, 2022). High-potentials are employees who can assume greater responsibility, demonstrate high-level contributions to organizations, and have the potential to move up to an identified top management position within a given time frame (Haro et al., 2023). Under talent management, most organizations use internal pools of high-potential talent to identify promising leaders and train them to take over leadership positions in the future (Kabalina & Osipova, 2022). Developing and retaining future leaders is not only a talent management priority but also an overall business necessity in today's context.

Future leaders of organizations emerge from today's high-performing employees (Spina & Spina, 2021). The general expectation of organizations is that current high-performing employees will demonstrate leadership potential and become leaders in the future (Day et al., 2021). Hirschfeld et al (2008), define leadership potential as a representative summary of an individual's leadership behaviour in a context similar to those in which they would be engaged in the future. Contrary to the expectations of organizations, in reality, only a few high-potential employees become competent leaders once they take over leadership positions.

The internationalization of economies and the globalized business context emphasize that today's corporate leaders need to be global leaders possessing global leadership competencies, irrespective of the extent to which the business regime expands (Mendenhall et al., 2017). As such, there is a clear need for leaders who can think and operate globally, and thus, the challenge of developing global leaders emerges (Liu et al., 2021; Mendenhall et al., 2017). Black and Morrison (2020), highlight that understanding the need for global leadership is a critical success factor not only for large MNCs but also for smaller companies, which are increasingly being affected by globalization.

Due to this significance of leadership in the organizational setting, organizations today not only focus on making their current leaders globally competent but also have gone one step further to focus on developing the next generation of leaders (Caliguri & Dragoni, 2014). Some of the initiatives adopted by MNCs toward global leadership development of high-potentials include developmental assignments, providing specialized learning, coaching, and mentoring, providing multisource feedback, and sending employees for leadership training (Armstrong, 2020; Osland et al., 2018). Despite these efforts, most organizations today have failed to cultivate the leadership talent required from their junior managers (Conger & Benjamin, 1999; Stahl et al., 2020). The best-intentioned succession management strategies of organizations have been unable to develop the globally competent leaders required by
current market dynamics (Turner & Turner, 2019). Thus, much work needs to be carried out on 'global leadership succession' by organizations under talent management, as most organizations have failed to develop comprehensive systems for identifying, selecting, and developing global leadership talent.

Although there is a vast amount of practitioner literature and limited academic literature on high-potential employees e.g., Kabalina & Osipova (2022); Kehoe et al (2023); Spreitzer et al (1997), to the best of our knowledge, none have addressed the issue of failure of high-potential employees in leadership positions due to a lack of global leadership competencies in the MNC context. The practitioner literature on the topic highlights the existence of this problem, but they do not present a theory-based explanation for the issue. Most of the existing research on developing leaders with global leadership competencies is limited to descriptive essays based on small-scale samples, using the consulting experience of authors and covering one or two countries. Therefore, much research needs to be done on essentially every aspect of global leadership development. Research on global leadership competencies are dispersed, and there is a need for more synergistic research with comprehensive theoretical frameworks to understand the processes underlying the development of global leadership potential (Jokinen, 2005; Reiche et al., 2017). Most researchers have observed the lack of global leadership competencies among high-potential employees in MNCs as a severe problem but have come up with only leadership training as the solution. They have not considered other alternatives. In most MNCs, the issue remains despite the efforts to provide high-potential employees with leadership training opportunities.

Given the need for global leaders in the business context and where talent management practices of organizations have not been entirely successful in developing people with such profiles, this conceptual paper is directed toward addressing the above lacuna in the stock of knowledge. It presents a comprehensive theoretical framework for developing global leadership competencies within high-potentials in MNCs. Accordingly, the following paragraph explains the purpose of this paper in more detail, followed by explanations of the theories used to develop the framework.

**Purpose of the Paper**

This theory development paper aims to elucidate the aforementioned explained issue, mainly using transformational leadership theory (Burns, 1978; Bass, 1985), which states that transformational leaders contribute to follower leadership development. Thus, the paper attempts to create a synergy between a leadership theory and the novel construct of global leadership. In addition, the literature indicates that empowerment is one primary way of developing leaders. Thus, it is proposed that the psychological empowerment of high-potential subordinates resulting from working under transformational leaders would mediate the relationship between the transformational leadership of line managers and the global leadership competencies of their high-potential subordinates, according to both transformational leadership theory and psychological empowerment theory (Spreitzer, 1995). The scope of the paper lies within the domains of talent management, leadership, and international human resource management (IHRM).
Transformational Leadership Theory

The construct of transformational leadership, the model, and the theory emerged with the seminal work of Burns (1978), followed by (Bass, 1985). Later, it was supported by the work of Kark and Shamir (2002), Bass and Avolio (1990; 2000), Conger and Kanungo (1988), and many others. These scholars identify transformational leadership as a developmental leadership model because it explains how transformational leaders develop followers. According to Lowe and Gardner (2000), because of this focus on followers, transformational leadership theory has been the most frequently researched leadership theory over the past 20-30 years.

Transformational leadership theory is, on most occasions, referred to as a model Groves & La Rocca (2012), is often identified as a value-based leadership model in which transformational leaders try to influence the value system of their followers, as explained by the dimension of transformational leadership: idealized influence (Bass & Steidlmeier, 1999). Transformational leadership motivates subordinates to perform beyond expectations, focusing on the common good and realizing the organizational vision at the sacrifice of their self-interests (Bass & Avolio, 2000). This leadership model comprises five dimensions, namely attributed charisma, behavioural charisma (later combined into one as idealized influence), inspirational motivation, intellectual stimulation, and individualized consideration (Hinkin & Tracey, 1999).

Scholars in the field have also identified this model as an outcome-based leadership model, as it emphasizes the powerful outcomes that transformational leaders produce by executing their leadership process (Groves & La Rocca, 2012). Accordingly, numerous reviews and empirical studies exist on a range of follower, team, and organizational outcomes of transformational leadership. Certain studies highlight the futuristic developmental orientation of transformational leaders, where they encourage their subordinates to envision and prepare for more attractive and challenging future states, which differ largely from the current state of affairs (Bass et al., 2003). Using the above theoretical explanations as a basis, how the theory can be extended to global leadership development in MNCs is discussed in the following section.

Line Manager’s Transformational Leadership and Global Leadership Competencies of High-potential Subordinates

With the greater need for MNCs to develop and possess global leaders, it is possible to argue, based on transformational leadership theory, that having a supervisor/line manager with transformational leadership would create a globally competent leader in the MNC context. According to this theory, transformational leaders demonstrate behaviours that transform and inspire followers to perform beyond expectations for the greater good of the organization (Avolio et al., 2009). Bass (1985), states that this theoretical explanation is based on symbolic leader behaviors demonstrated by transformational leaders, such as visionary, inspirational, emotional, ideological, and moral behaviors. The theory suggests that transformational leaders increase followers’ aspirations and activate their higher-order values (e.g., altruism) such that the followers identify with the leader and their mission/vision, feel better about their work, and then work to demonstrate extraordinary performance (Avolio, 1999; Bass, 1985). In addition, the theory suggests that transformational leaders contribute to followers’ leadership development and convert followers into leaders (Bass,
These leaders create a change within followers by transforming their attitudes, beliefs, and values instead of simply gaining compliance (Rafferty & Griffin, 2004); thus, followers tend to develop leadership and show performance with passion.

Although significant progress has been made in studying transformational leadership using transformational leadership theory, several areas still deserve further attention and discussion (Avolio et al., 2009). For example, although it has been confirmed that transformational leadership contributes to follower leadership development, there is a lack of research that extends this argument to different contexts. Hence, this paper attempts to make that move by extending this argument to global leadership development in the MNC context. As MNCs suffer from a shortage of leaders who demonstrate global leadership competencies, it is vital to have supervisors who can change their followers and develop them into the kind of leaders demanded by MNCs. Transformational leaders can do this by influencing the perceptions, cognitions, decisions, and behaviours of their subordinates (Bass, 1985). The transformational leader inspires, intellectually stimulates, and individually considers followers and their performance (Bass, 1999). These behaviours of transformational leaders would transform high-potential employees in MNCs to reach their full potential and achieve the highest level of performance, including demonstrating leadership capacity. According to transformational leadership theory, transformational leaders empower followers to recognize the importance of their work and develop their competencies (Bass, 1985). This view of Bass implies that transformational leaders could stretch high-potential subordinates to reach their maximum capacity, whether in job performance or in demonstrating leadership competencies (Dvir et al., 2002). In the case of high-potentials who need to be groomed as future leaders, transformational leaders envision expanding their current responsibilities and developing their leadership capacity. Then, these subordinates would make better global leaders in the future, leading themselves and others according to the demands of the MNC context.

Goldsmith and Walt (1999), confirm that it was a historical notion, even before the emergence of transformational leadership theory, that present leaders should help, mentor, and develop future leaders. The Accenture Institute for Strategic Change (2001), has also identified the need for present-day leaders to persuade their followers to be global leaders through the power and value of ideas without using command and control, and this notion is associated with the dimensions of transformational leadership. Thus, it is implied that extending the argument in transformational leadership theory to suggest that transformational leaders can produce global leaders in the MNC context is justified.

Accordingly, the following proposition is proposed:

Proposition 01: Line managers’ transformational leadership positively impacts the global leadership competencies of high-potential subordinates

Psychological Empowerment as a Mediator

According to transformational leadership theory, follower development also occurs through autonomy and empowerment (Graham, 1988). The same is confirmed by Bass and Avolio (1990), who state that transformational leaders enhance followers’ capacity to think independently and develop new ideas. Based on transformational leadership theory, it could
also be argued that transformational leaders develop their followers and help them to become future leaders through psychological empowerment.

Spreitzer’s psychological empowerment theory identifies psychological empowerment as a psychological state that focuses on how employees think about and experience their work (Vacharakiat, 2008). Empowered individuals believe in their roles, feel confident, and become eager to succeed by embracing development and growth. The basic proposition here is that individuals feel psychologically empowered when they view their work environment as providing opportunities rather than constraints on behaviour. This empowered psychological state gives confidence and competency to an individual to be successful at present and in the times to come. According to psychological empowerment theory, empowered individuals demonstrate certain behaviours and competencies expected of leaders, especially in the global context. Leaders significantly contribute to creating this work environment, leading to empowerment (Avolio et al., 2004). Hence, an argument can be extended to the MNC context: transformational leaders empower their high-potential subordinates, enabling subordinates to demonstrate the competencies expected from leaders, which are global leadership competencies.

Furthermore, previous empirical evidence identifies psychological empowerment as a consequence of transformational leadership e.g., Givens (2011); Seibert et al (2011), and as an antecedent of one’s leadership (e.g., Spreitzer et al., 1999). As explained above, based on transformational leadership theory, psychological empowerment theory, and prior empirical studies, it could be proposed that psychological empowerment becomes a consequence of supervisors’ transformational leadership and an antecedent in developing global leadership competencies among high-potential subordinates in the MNC context.

Accordingly, three propositions could be established as follows:

**Proposition 02:** Line managers with transformational leadership psychologically empower high-potential subordinates reporting to them.

**Proposition 03:** Psychologically empowered high-potential employees develop global leadership competencies.

**Proposition 04:** Psychological empowerment mediates the relationship between a line manager’s transformational leadership and the global leadership competencies of high-potential subordinates.

Based on the propositions developed in the article, the conceptual model can be presented as shown in Figure 1.

![Figure 1 – Proposed conceptual model](image-url)
Implications of the Paper

Theoretical Implications

In a situation where a special type of corporate leaders have emerged—due to globalization, namely, global leaders —the accumulated knowledge base on global leadership and the volume of ongoing global leadership research—is surprisingly limited compared to its importance (Morrison, 2000). This paper adds to the knowledge of this emerging concept by merging it with leadership and management theories. Furthermore, this article provides a theoretical framework and lays the foundation for further empirical work on high-potential talent management and global leadership development.

At a time when the number of research articles reported using new leadership theories (e.g., transformational leadership, transactional leadership, authentic leadership) is minimal, the propositions in this paper are mainly established using transformational leadership theory, which belongs to the genre of new leadership theories. Based on the view presented by Dvir et al (2002), that transformational leaders contribute to followers' performance and development and reach their full potential, this article argues that transformational leaders develop global leadership competencies of high-potential employees. By establishing a relationship between line managers' transformational leadership and global leadership competencies of high-potential subordinates, this paper goes beyond the traditional notion of leader development through training to emphasize the less-noticed role of the line manager in follower leadership development. The Accenture Institute for Strategic Change (2001), highlights the need to develop new models for leadership development (as in the present study), where leadership models of the past provide very little guidance for creating models for the future. In that case, the model proposed in this paper would be a significant guide in developing tomorrow's generation of leaders.

As we integrate psychological empowerment into the model, it becomes a novel model for which further empirical studies could be directed. Previous studies e.g., Spreitzer et al (1999), have identified the relationship between psychological empowerment and leadership development. However, as presented here, they have not considered psychological empowerment as an antecedent of developing global leadership competencies within a potential leader. Spreitzer et al (1999), identified this void in the literature examining the possible consequences of psychological empowerment, and this article addresses that gap in a conceptual position. Many studies in the past have used psychological empowerment as a full or partial mediator e.g., Chen & Chen (2008); Knol & Van Linge (2009), mediating the relationship between different variables. Furthermore, other studies have identified it as a consequence of transformational leadership e.g., Avolio et al (2004); Boonyarit et al (2010), and as an antecedent of leadership behavior Spreitzer et al (1999), but no studies have used psychological empowerment as a mediator between transformational leadership and the global leadership competencies of followers. Thus, by using it in this model, a new conceptual view of the field is introduced. Thus, besides its main contribution to leadership and talent management literature, the article also contributes to the nomological network of psychological empowerment in the workplace.
Managerial Implications

Effective leadership is the key to sustained business success. Thus, developing influential leaders with adequate competencies has recently become essential (Liu et al., 2021; McCauley & Palus, 2021). Since the 2000s, companies, especially MNCs, have seriously considered their employees’ leadership competencies to be a source of sustainable competitive advantage (Palalic & Ait Sidi Mhamed, 2020). In this scenario, developing globally competent leaders is a significant concern for members of corporate boards. Thus, today’s CEOs are highly concerned with recruiting, training, and developing leaders who will be needed in the future.

Although most locally operating firms focus on developing present-day leaders, MNCs look at developing future leadership (Chongcharoen et al., 2019). Literature confirms the importance of increasing the leadership talent pool or the future leaders of MNCs. Thus, this conceptual paper focuses on developing the next generation of leadership, a highly focused topic within leadership development in organizations (Conger & Benjamin, 1999; Day et al., 2021). The successful development of the next generation of leaders requires creating a talent management system in an organization supported by management (Rezaei & Beyerlein, 2018). This indicates the joint contribution required from the line managers and the HR departments in successfully implementing a talent management system and highlights the significant role of transformational leadership of supervisors in developing high-potential subordinates into leaders. According to Kaliannan et al (2023), talent and leadership remain scarce. Given this situation, this article will provide insight for practicing managers on developing future leaders within MNCs by moving away from the traditional belief that the responsibility of developing and training people solely lies with the HR managers in organizations by emphasizing the greater responsibility lying in the hands of supervisors.

Accordingly, the present paper helps organizations understand the role of line managers in developing their high-potential subordinates directly through transformational leadership behavior and psychological empowerment.

Conclusion

This paper presents a new conceptual model based on the theories associated with leadership and management. It explains the factors contributing to developing global leadership competencies among high-potential employees. Accordingly, using transformational leadership theory, a proposition is established for the relationship between line managers’ transformational leadership and global leadership competencies of high-potential subordinates. Furthermore, it is also suggested that psychological empowerment can mediate the relationship between transformational leadership and global leadership competencies of subordinates based on psychological empowerment theory.
References


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