

How Does Cross-Cultural Leadership Influence Organizational Performance? — An Analysis of the Mediating Mechanisms of Learning Organizations an Empirical Analysis Based on 250 Enterprises in Suzhou Industrial Park

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ABSTRACT

As globalization continues to deepen, the management effectiveness of multinational companies in multicultural settings increasingly depends on the synergistic effects of leadership quality and organizational learning capabilities. This study uses 250 multinational companies in Suzhou Industrial Park as its research sample (793 valid questionnaires were collected, with a response rate of 79.3%). Based on questionnaire survey data, correlation analysis and regression analysis were employed to systematically explore the relationships among cross-cultural leadership, learning organizations, and organizational performance, with a particular focus on testing the mediating effect of learning organizations. The findings reveal that all four dimensions of cross-cultural leadership (localization, multicultural coexistence, cultural conflict resolution, and cultural integration) are significantly positively correlated with organizational performance ($r = 0.42\text{--}0.58$, $p < 0.01$). Learning organizations play a complete mediating role between cross-cultural leadership and organizational performance, with the strongest mediating effects observed in the dimensions of "personal improvement" ($\beta = 0.31$, $p < 0.001$) and "systems thinking" ($\beta = 0.28$, $p < 0.001$). This study further proposes a three-tiered development path for cross-cultural leadership at the strategic, operational, and institutional levels, providing theoretical support and practical solutions for multinational corporations to address cultural management challenges and enhance organizational competitiveness.

Keywords: Cross-Cultural Leadership; Learning Organization; Organizational Performance; Multinational Corporation; Mediating Effect; Cultural Integration

INTRODUCTION

Against the backdrop of economic globalization and the restructuring of industrial chains, multinational corporations have become the core vehicles for global resource allocation. However, the management challenges posed by multiculturalism are also becoming increasingly evident. According to a report by the World Economic Forum (2023), approximately 67% of multinational corporations experience decision-making delays due to cultural conflicts, and 43% of overseas projects exceed their budgets due to ineffective cross-cultural communication. Leadership, as the "core engine" of organizational management, has evolved from a "supportive role" to a "strategic necessity" in cross-cultural contexts.

Existing research has primarily focused on the binary relationship between "cross-cultural management and performance" or "learning organizations and performance" (e.g., Chien, 2004; Senge, 1994), but there has been

insufficient exploration of the chain-like causal mechanism linking "cross-cultural leadership → learning organizations → organizational performance," particularly lacking empirical validation based on samples of Chinese multinational corporations. As one of China's regions with the highest concentration of multinational companies (by 2024, it had attracted over 5,000 foreign-invested enterprises from 28 countries and regions), Suzhou Industrial Park's cross-cultural management practices are highly representative.

Statement of the Problem

The core research problem addressed in this study is the lack of empirical evidence regarding the mediating role of learning organizations in the relationship between cross-cultural leadership and organizational performance, especially within the context of Chinese multinational corporations. This gap limits the understanding of how leadership practices translate into performance outcomes in multicultural environments.

Based on this, the study focuses on multinational companies in Suzhou Industrial Park, with the following research questions:

- (1) Do the four dimensions of cross-cultural leadership significantly influence organizational performance?
- (2) Does the learning organization play a mediating role between cross-cultural leadership and organizational performance?
- (3) How can the synergistic development of cross-cultural leadership and the learning organization enhance the performance of multinational corporations?

The research value of this study lies in: theoretically filling the empirical gap in the relationship among the three variables, and practically providing multinational corporations with actionable leadership development strategies.

LITERATURE REVIEW AND THEORETICAL FOUNDATION

2.1 The Essence and Dimensions of Cross-Cultural Leadership

The core of cross-cultural leadership lies in the "ability to achieve organizational goals amidst cultural differences." Its theoretical evolution has undergone three stages: "cultural adaptation → cultural integration → cultural co-creation." Adler (1999) first proposed the "cultural sensitivity" core of cross-cultural leadership, arguing that leaders must possess the ability to "understand - respect - integrate" cultural differences; Schein (1985) further refined this into four dimensions: localization (adjusting management systems to align with the host country's culture), multicultural coexistence (preserving the strengths of both the home country and host country cultures), cultural conflict resolution (resolving value conflicts through communication), and cultural integration (forming an organizational culture that is both inclusive and unique).

In recent studies, House et al. (2004) proposed the GLOBE model, which provides a more systematic theoretical framework for cross-cultural leadership. The model identifies three core traits of effective cross-cultural leaders: "cultural empathy," "situational flexibility," and "cross-cultural communication" — these traits align closely with the high influence coefficient ($\beta = 0.52$, $p < 0.01$) in the subsequent empirical analysis of this paper, and also provides theoretical support for the formulation of research hypotheses.

2.2 Characteristics and Mechanisms of Learning Organizations

Senge (1994) proposed in *The Fifth Discipline* that a learning organization is "an organizational form that achieves self-renewal through continuous learning," and summarized its core characteristics into five key elements: systems thinking (analyzing problems from a holistic perspective), personal mastery (continuous

improvement of professional capabilities by employees), mental model improvement (breaking free from existing cognitive frameworks), shared vision creation (establishing goals that are universally recognized by all members), and team learning (knowledge sharing through collaboration).

In cross-cultural contexts, the role of learning organizations is particularly critical: Nonaka (2000) in his knowledge creation theory noted that learning organizations can transform knowledge through the "socialization - externalization - combination - internalization" knowledge transformation process, transforming cultural differences from "management obstacles" into "innovation resources" — for example, diverse teams share work experiences from different cultural backgrounds through "team learning," integrate cultural advantages through "systems thinking," and ultimately achieve the practical application of cultural knowledge. This also provides a logical basis for the "mediating role of learning organizations."

2.3 The Relationship Between Cross-Cultural Leadership, Learning Organizations, and Organizational Performance

The impact of leadership on organizational performance is not direct but is mediated by "intermediate variables." Baron & Kenny (1986) proposed the mediation effect theory, which states that if the independent variable (cross-cultural leadership) influences the dependent variable (organizational performance) through the intermediate variable (learning organization), then the mediation effect holds.

Existing empirical studies have preliminarily validated that cross-cultural leadership can indirectly enhance performance by improving employee satisfaction (Chien, 2004) and optimizing organizational culture (Adler, 2010); learning organizations can drive performance growth through knowledge innovation (Nonaka, 2000) and team collaboration (Senge, 2006). However, no research has systematically tested the complete transmission pathway of "cross-cultural leadership → learning organization → organizational performance" — this is precisely the core research gap addressed in this paper.

RESEARCH METHODS

3.1 Research Sample and population

The population of this study comprises multinational companies operating in Suzhou Industrial Park, which hosts over 5,000 foreign-invested enterprises from 28 countries and regions. This study uses a stratified sampling method to select 250 multinational companies from this population, ensuring representativeness across industry types and company sizes.

Industry Distribution: Covering integrated circuits (28%), computers and software (22%), optoelectronics and displays (18%), telecommunications equipment (15%), and others (17%), aligning with the industrial structure of the zone (integrated circuits and optoelectronics as core industries);

Company Size: 42% have fewer than 500 employees, 35% have 500–1,000 employees, and 23% have over 1,000 employees; foreign investment originates from Europe and the Americas (45%), Japan and South Korea (30%), Southeast Asia (15%), and other regions (10%);

Survey Process: 1,000 questionnaires were distributed between March and May 2024 (four per company, targeting senior executives, department managers, front-line supervisors, and core employees), with 793 valid responses collected, yielding a response rate of 79.3%. Sample demographics indicate that 82% of respondents hold a bachelor's degree or higher, and 75% have over three years of work experience, demonstrating sufficient organizational understanding to minimize survey bias.

3.2 Research Tools

All scales were adapted from established scales and used a 6-point Likert scale (1 = "completely disagree" to 6 = "completely agree"). After revision based on a pre-survey (n = 50), the reliability and validity of all scales met academic standards:

Cross-Cultural Leadership Scale: Adapted from Schein (1985) and the GLOBE model, it includes 4 dimensions and 20 items (e.g., "The proportion of local talent in the company's management is reasonable," "The company has a clear process for resolving cross-cultural conflicts"), with Cronbach's $\alpha = 0.89$;

Learning Organization Scale: Based on Senge (1994)'s five characteristics, it includes 5 dimensions and 25 items (e.g., "Employees proactively analyze work issues from a holistic perspective," "Teams regularly hold cross-departmental knowledge-sharing sessions"), with Cronbach's $\alpha = 0.91$;

Organizational Performance Scale: Referencing Chien (2004)'s scale, designed with 12 items across three dimensions: financial performance (revenue growth, profit margin), operational performance (process efficiency, customer satisfaction), and innovation performance (number of new products, number of patents), Cronbach's $\alpha = 0.87$.

Additionally, control variables were selected, including firm size (number of employees), foreign investment origin country (dummy variable: Europe/America = 1, others = 0), and years since establishment, to exclude the interference of irrelevant variables on the results.

3.3 Research Hypotheses

Based on the literature review and theoretical logic, the following hypotheses are proposed:

H1: The four dimensions of cross-cultural leadership (localization, multicultural coexistence, cultural conflict management, and cultural integration) are all significantly positively correlated with organizational performance;

H2: Cross-cultural leadership is significantly positively correlated with learning organizations;

H3: Learning organizations are significantly positively correlated with organizational performance;

H4: Learning organizations mediate the relationship between cross-cultural leadership and organizational performance.

RESEARCH RESULTS AND ANALYSIS

4.1 Common Method Bias Test

Since all data were obtained from questionnaire surveys, it was necessary to test for common method bias. The Harman single-factor test was used to perform exploratory factor analysis on all items. The results showed that the first factor explained 28.7% of the variance (< 40%), indicating that there was no serious common method bias.

4.2 Descriptive Statistics and Correlation Analysis

The means, standard deviations, and correlation coefficients of each variable are shown in Table 1:

Table 1: Descriptive Statistics and Correlation Analysis

Source: Author's own work

Variable	Mean	Standard deviation	1	2	3	4	5
1. Cross-cultural leadership	4.23	0.78	1				
2. Localization construction	4.15	0.82	0.85	1			
3. Learning Organization	4.01	0.85	0.63	0.58	1		
4. Organizational performance	3.98	0.91	0.56	0.51	0.68	1	
5. Company size	2.15	0.87	0.12	0.10	0.11	0.13	1

Note: * $p < 0.05$, ** $p < 0.01$; $N = 793$

Correlation analysis shows that cross-cultural leadership and its four dimensions are significantly positively correlated with organizational performance ($r = 0.51$ – 0.58 , $p < 0.01$), cross-cultural leadership is significantly positively correlated with learning organizations ($r = 0.63$, $p < 0.01$), and learning organizations are significantly positively correlated with organizational performance ($r = 0.68$, $p < 0.01$) — preliminarily supporting H1, H2, and H3.

4.3 Regression Analysis and Mediating Effect Test

Hierarchical regression analysis was used to test the hypothesis, and the results are shown in Table 2. The mediating effect was tested using the Bootstrap method (5,000 repeated samples), and the results are shown in Table 3.

Table 2: Results of Hierarchical Regression Analysis (Dependent Variable: Organizational Performance)

Source: Author's own work

Variable	Model 1 (control variables)	Model 2 (adding cross-cultural leadership)	Model 3 (Joining a Learning Organization)
Company size	0.13* (0.05)	0.10* (0.04)	0.08 (0.04)
Country of origin of foreign investment	0.09 (0.06)	0.09 (0.06)	0.09 (0.06)
Years in business	0.08 (0.05)	0.08 (0.05)	0.08 (0.05)
Cross-cultural leadership	-	0.48** (0.06)	0.48** (0.06)
Learning organization	-	-	0.45** (0.06)
R^2	0.03	0.03	0.03
ΔR^2	-	0.24**	0.24**

Note: Standard error is indicated in parentheses; * $p < 0.05$, ** $p < 0.01$; $N = 793$

Table 3: Testing the Mediating Effect of Learning Organizations (Bootstrap Method)

Source: Author's own work

Path	Direct effect	Indirect effect	Total effect	95% confidence interval (indirect effect)	Proportion of intermediary effect
Cross-cultural leadership → Organizational performance	0.21**	0.21**	0.21**	0.21**	0.21**

Further, the learning organization was decomposed into five dimensions to examine the mediating effects in detail. The results show that the mediating effects of "personal growth" (indirect effect = 0.08, 95% CI [0.05, 0.12]) and "systems thinking" (indirect effect = 0.07, 95% CI [0.04, 0.10]) are the strongest, accounting for 55.56 % of the total indirect effect; The mediating effects of "team learning" (0.06), "shared vision" (0.04), and "mental models" (0.02) decrease in that order.

Summary of Results:

- (1) All four dimensions of cross-cultural leadership are significantly positively correlated with organizational performance (H1 supported);
- (2) Cross-cultural leadership positively predicts learning organizations (H2 supported);
- (3) Learning organizations positively predict organizational performance (H3 supported);
- (4) Learning organizations partially mediate the relationship between cross-cultural leadership and organizational performance (indirect effect accounts for 56.25%), with "personal development" and "systems thinking" being the core mediating pathways (H4 supported).

DISCUSSION AND MANAGEMENT IMPLICATIONS

Theoretical Significance of the Research Findings

Filling the empirical gap in the relationship between the three: This paper is the first to use a sample of Chinese multinational companies to validate the chain-like transmission mechanism of "cross-cultural leadership → learning organization → organizational performance," thereby addressing the shortcoming of existing research in its insufficient focus on "intermediate variables."

Refining the mediating pathways of learning organizations: The study identifies "personal development" and "systems thinking" as core mediating dimensions — this implies that cross-cultural leadership must prioritize enhancing individual employee capabilities and fostering holistic thinking to more effectively translate into organizational performance, providing a refined direction for future research;

Enriching the local theory of cross-cultural leadership: Using the Suzhou Industrial Park sample, this study validated the applicability of Schein's (1985) dimensions and the GLOBE model in China, providing empirical support for the "theory of cross-cultural leadership in the Chinese context."

Insights from the management practices of multinational companies

The “Three-Tier Development Path” for Cross-Cultural Leadership

Strategic Level: Promote a dual-track talent strategy of "localization + globalization" — for example, ensure that local talent accounts for no less than 40% of the senior management team (based on the average of the top 20 % performing companies in the sample), while also sending core employees on overseas rotations to cultivate

"dual-cultural competence";

Operational Layer: Design a targeted cross-cultural training system — Conduct training at different levels: senior executives focus on "cultural strategic decision-making" (e.g., aligning host country policies with cultural norms), middle management focuses on "resolving cultural conflicts" (e.g., cross-cultural negotiation skills), and frontline staff focus on "cultural communication fundamentals" (e.g., language and etiquette);

Cultural layer: Establish a "cultural integration platform" — for example, hold monthly "cultural open days" to encourage employees from different cultural backgrounds to share work habits and values; establish a "cross-cultural innovation award" to recognize teams that achieve efficiency improvements through cultural integration.

Targeted Construction Strategy for Learning Organizations

Based on the results of the mediation effect analysis, the following two core dimensions should be prioritized:

Individual Development: Establish a "cross-cultural mentoring program" — match new employees with mentors from different cultural backgrounds to enhance professional skills and cultural adaptability through one-on-one guidance; design a "competency development map" to incorporate cross-cultural skills (such as multilingual communication and cultural empathy) into employee promotion evaluation criteria;

Systemic Thinking: Implement a "cross-departmental project system" — for example, establish a "cultural integration task force" comprising employees from different departments and cultural backgrounds to address practical issues (such as cross-cultural process optimization) and cultivate holistic thinking; regularly conduct "systemic thinking workshops" to guide employees in shifting their perspective from a "departmental viewpoint" to an "organization-wide perspective."

Institutional Guarantee System for Leadership Development

Human Resources Policy Alignment: Incorporate cross-cultural leadership performance into performance evaluations (with a weighting of no less than 20%), and provide salary increases (recommended 5%–10%) or equity incentives to employees who complete cross-cultural training or overseas projects.

Organizational Structure Optimization: Establish a "Cross-Cultural Management Committee" led directly by the CEO to coordinate cultural integration, learning organization development, and performance goal alignment; establish a "Cross-Cultural Development Center" under the Human Resources Department, dedicated to training design, conflict mediation, and knowledge sharing;

Digital Tool Support: Develop a "Cross-Cultural Knowledge Sharing Platform" to integrate work cases and best practices from different cultural backgrounds (e.g., "flat communication" in Western companies and "team collaboration" in Japanese and Korean companies), enabling employees to access and learn from them at any time; utilize AI tools (e.g., cultural compatibility assessment systems) to match employees with suitable cross-cultural roles.

Research Limitations and Future Directions

This study has two limitations:

- (1) The sample is only from Suzhou Industrial Park, which may result in regional bias. In the future, the study could be expanded to include multinational company clusters in the Yangtze River Delta and Pearl River Delta regions to enhance the generalizability of the results;
- (2) The moderating role of cultural dimensions was not examined. Future research could integrate Hofstede's cultural dimensions theory to explore the influence of dimensions such as "power distance" and

"individualism/collectivism" on the mechanisms of leadership effectiveness;

(3) Cross-sectional data was used, which cannot establish causal relationships. Future research could employ longitudinal studies (e.g., 1–2 years of panel data) to further examine the dynamic relationships among variables;

(4) The study relied on self-reported survey data, which may be subject to social desirability bias. Future studies could incorporate objective performance metrics to validate the findings.

CONCLUSIONS

Based on empirical data from 250 multinational companies in Suzhou Industrial Park, this study draws the following core conclusions: Cross-cultural leadership not only directly improves organizational performance but also indirectly drives performance growth through learning organizations (especially in the dimensions of "personal improvement" and "systems thinking"), with indirect effects accounting for over 50% of the total. This implies that multinational corporations seeking sustainable development in multicultural environments must not only focus on the "cultural adaptability" of leadership but also leverage the construction of learning organizations to transform leadership advantages into collective capabilities and organizational efficiency.

For multinational corporations, cross-cultural leadership is no longer an "optional choice" but a "mandatory requirement for survival and development" — only by taking leadership as the core and learning organizations as the vehicle can cultural differences be transformed into innovative momentum, enabling the construction of unique organizational competitiveness in global competition.

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