


*Original Research*

# Leadership Communication and Performance of Multinational Enterprises: A Case of Business Development Organization, East Africa, Tanzania

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## Abstract

Multinational Enterprises (MNEs) are companies that operate in multiple countries, and their performance is critical to the global economy. This study explores the relationship between leadership communication and organizational performance in Business Development Organisation (BDO) East African multinational enterprises, employing a mixed-methods research design. The quantitative phase, utilizing a structured survey, reveals a consensus among respondents (67.6% strongly agree, 32.4% agree) that well-established leadership communication helps in articulating an organization's vision and goals and 78.7% agree that effective leaders' communication builds support for workers' strategic initiatives. Both the quantitative and qualitative findings underscore the significance of leadership communication in promoting a collaborative organizational culture that improves performance. The research recommendations include business training centres should focus on targeted leadership training that fosters open communication, and continuous refinement of communication strategies.

**Keywords:** Leadership, Multinational, Performance, Tanzania.

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## Introduction

Multinational Enterprises (MNEs) are companies that operate in multiple countries, and their performance is critical to the global economy (Le et al., 2023). According to the United Nations Conference on Trade and Development (UNCTAD., 2020), the Americas, including North and South America, are home to some of the world's largest and most influential multinational enterprises that have high performance in different parts of the world. These MNEs are known for applying effective communication to promote innovative and entrepreneurial spirit among workers and their companies in general, which has led them to invest in various regions around the world, Africa inclusive (Amofa et al., 2019).

Since Multinational Enterprises (MNEs) are important players in the expansion of global economies (Yang et al., 2020), effective communication can help these MNEs and other organizations in general to manage their operations across multiple countries and cultures (Chen et al., 2017). On the other side, governments can implement effective communication to support policies and regulations that promote effective strategic leadership in multinational companies (Denis et al., 2017). In addition, policymakers will be able to develop policies that encourage the development of effective leadership skills for business leaders.

In developing countries Tanzania inclusive, the globalization of markets has led to a growth in the number of multinational enterprises (MNEs) operating in emerging markets (Wang et al., 2017). Although operating globally, MNEs in developing countries such as Tanzania must navigate a variety of challenges related to the local business environment, including global inequalities, disparities in access to quality education and employment opportunities, as well as all other social and economic inequality which may affect their performances (Alshumaimeri et al., 2019). To address these challenges, MNEs need effective leadership communication that can help them identify and capitalize on growth opportunities, and increase their performance while also addressing the needs of local communities (Vasconcellos, Cunha, & Rocha, 2018).

### *Statements of the problem*

Effective leadership communication is essential for optimizing the performance of multinational enterprises in different parts of the world, Tanzania inclusive, fostering a shared vision, and aligning diverse teams towards common organizational goals (Shannon, 2018). One factor that has been identified as potentially influencing the performance of MNEs in SSA such as in Tanzania is the leadership style that focuses on effective communication (Webster et al., 2022). In this, leaders engage in transparent and inspiring communication, ensuring that employees are motivated and well-informed, contributing to a cohesive and high-performing work environment (Zehir, 2011).

However, the reality of the performance of multinational enterprises such as Business Development Organization (BDO) East Africa which is located in Tanzania remains not known due to varying challenges based on the local business environment (Alshumaimeri et al., 2019). This is because developing countries face communication breakdowns,

cultural differences, and hierarchical barriers that hinder the seamless flow of information and the establishment of a unified organizational vision (Odell & Näsberg 2020). Consequently, leaders may face challenges in effectively conveying their messages across diverse teams, impacting employee engagement and overall organizational performance.

Empirically, Several studies have investigated the contribution of strategic leadership to the performance of MNEs. Such studies among others include the study by Shannon, (2018); Zhang (2019); Han et al. (2020); and Odell & Näsberg (2020). However, most of these studies have not exclusively focused on the contribution of leadership communication on the performance of MNEs, particularly, in the context of Dar es Salaam, Tanzania. This study therefore aims to address the empirical gap in the contribution of leadership communication on the performance of multinational enterprises (MNEs) in Tanzania, with a particular focus on BDO-East Africa, a company operating in Dar, Es Salaam.

## **Literature Review**

This section presents an overview of the theoretical framework and a brief of the empirical literature.

### *Theoretical Literature Review*

The study utilized the Transformational Leadership Theory, a widely used organizational behaviour and leadership theory, to examine the impact of strategic leadership on organizational performance. It emphasizes adapting leadership to different cultural contexts and promoting cross-cultural communication and collaboration in multinational enterprises. The theory suggests that effective leaders inspire and motivate their followers to achieve higher performance by appealing to their higher-order needs, such as self-esteem, self-actualization, and personal growth. Transformational leaders create a shared vision, develop trust, and respect, and provide individualized support.

The theory suggests that leaders, through their charisma, vision, and communication skills, can influence followers' behaviour and motivate them to achieve higher performance levels (Chen et al., 2017). The Transformational Leadership Theory, despite its potential weakness of overemphasizing the leader's role, has been widely applied in various contexts, particularly in multinational enterprises, to study the impact of strategic leadership on cross-cultural communication and collaboration.

This study uses Transformational Leadership Theory due to its relevance to the research topic and existing literature on strategic leadership in multinational enterprises. It emphasizes leadership's role in driving organizational performance through cross-cultural communication, and collaboration, guiding the development of effective leadership strategies.

### *Empirical Literature Review*

A study by Kim and Lee (2018) examined the relationship between communication effectiveness and organizational performance. The results showed that effective communication significantly influences organizational performance. The study suggests

that communication practices need to be aligned with the organization's strategy to achieve optimal performance. In a study by Li and Wang (2018), the impact of communication on employee job satisfaction and organizational commitment was analyzed. The literature is relevant to the study results, as it revealed that effective leadership communication, significantly affects job satisfaction and organizational commitment. The study highlights the importance of clear and open communication in creating a positive work environment and fostering employee loyalty. Despite revealing the importance of effective communication on employees' performances, these studies have not exclusively focused on multinational companies.

Another study by Gopalakrishnan et al. (2018) explored the impact of communication on innovation in organizations. The results showed that effective communication enhances innovation capabilities in organizations. The study suggested that organizations need to encourage communication and collaboration among employees to foster innovation. A study by Singh and Kumar (2019) examined the contribution of communication in enhancing supply chain performance. The results indicated that effective communication among supply chain partners positively affects supply chain performance. The study emphasized the importance of communication in managing complex supply chain operations. All these studies continue to disclose the importance of effective communication in improving organisational performances, however, they have drawn their experiences from Asian Countries whose business environment may be different from that of Tanzania.

In a study by Akbar et al. (2021), the impact of strategic planning on organizational agility was analyzed. The results revealed that effective strategic planning positively influences organizational agility. The study highlighted the importance of developing a clear and focused strategic plan to enable organizations to respond quickly and effectively to changing market conditions. A study by Zehil (2011) on the effects of leadership style on organisational culture, observed among others that effective communication had a positive significant association with the performance of multinational companies. All the literature reviewed reveals the importance of effective leadership on organizational performance, however, the empirical gap remains on the contribution of effective leadership on the performance of multinational companies particularly in the local context of Tanzania; a knowledge which is important for a mutual global trading system.

## **Methodology**

### *Research Approach*

The study used a mixed research approach, combining qualitative and quantitative methods, to understand the contribution of leadership communication on the performance of multinational enterprises. In-depth interviews with key stakeholders and surveys were employed in data collection. The mixed method approach enhanced the validity and reliability of the findings, providing rich insights into individual experiences and perceptions while providing objective and measurable indicators of the firm's performance (Jafari et al., 2023).

### *Research design*

This study used a cross-sectional research design to collect data from a diverse group of respondents at a specific point in time (Malik & Taneja, 2018). This design is cost-effective compared to longitudinal research and allows for simultaneous data collection from multiple locations, saving time and resources (Assiri et al., 2023). It is particularly useful for studies on multinational enterprises.

### *Study area*

The study focused on BDO-East Africa, a global organization with 164 countries of operation, in Dar-Es-Salaam, Tanzania. The organization works with thousands of local and multinational corporations, particularly in East Africa, sharing resources, methodologies, and technology.

### *Study population*

This study surveyed 148 employees at BDO-East Africa in Dar es Salaam, including senior executives and those with direct experience in strategic leadership practices. The population included daily operations and strategic direction development, as well as those in the executive committee.

### *Sample size*

This study involved 148 employees at BDO-East Africa in Tanzania, using Yamane's Formula to calculate the sample size. A simple random sampling strategy was used to select respondents from the target population. A purposive sampling strategy was used to select key informants, based on their expertise, knowledge, or experience related to the research topic. This strategy provided valuable insights into the research topic and generated a comprehensive understanding of the issues investigation (Rahman, 2023). The sample size was obtained using Yamane's Formula as follows;

$$n = \frac{N}{1 + Ne^2}$$

Where at 95% confidence interval,  $e = 0.05$

For population size ( $N$ ) = 148 from;

$$n = \frac{148}{1 + 148 (0.05)^2}$$

$n = 108$

### *Data Collection Methods*

#### *Questionnaire*

The study used questionnaires which were distributed to employees at various levels of a multinational enterprise to gather data on their perceptions of strategic leadership and

performance. The approach included both closed-ended and open-ended questions, providing objective and measurable data on the performance of the enterprise and employee perceptions of leadership communication (Bryman, 2016).

### Interview method

Key stakeholders, including Chief Executive Officers (CEOs) and managers, were interviewed at BDO - East Africa to learn more about their perspectives on leadership communication and the performance of multinational enterprises. Open-ended questions were used to collect the qualitative data in person, over the phone, and email. This method helped to pinpoint the effects of leadership communication on the performance of multinational enterprises by offering insightful information about the experiences and views of individuals within multinational corporations (Sperber et al., 2023).

### Documentary Review

Documentary analysis was employed to gather data from secondary sources, including leadership communication reports, to provide objective and measurable indicators of a multinational enterprise's performance.

## Results and Discussion

This section presents the findings and discussions from a thorough analysis of the information collected on the contribution of leadership communication on the performance of Business Development Organization (BDO), which serves as a measure of the effectiveness and success of business development initiatives.

### *Demographic profile*

This section analyzes the social demographic characteristics of respondents, including age, gender, education, and industry they work in.

### Age of respondents

Table 1 reveals that the majority of respondents (66.6%) fall within the age range of 25 to 44 years, with the highest percentage (33.3%) in both age categories. This demographic distribution provides insights into the study respondents that were of varying ages, thus, providing complimentary opinions regarding the subject of the study.

Table 1. Age of respondents (n=108)

Age categories	Frequency	Percent
18-24	21	19.4
25-34	36	33.3
35-44	36	33.3
45-54	15	13.9
Total	108	100.0



Understanding the age distribution can inform the design of leadership development programs on how to address the needs and preferences of different age groups.

### Gender of respondents

The gender distribution of respondents in a study is important as it ensures the inclusiveness of both males and females. In this study, the majority (75.0%) were male, while a smaller portion (25.0%) were female, see Table 2.

Table 2. Gender of respondents (n=108)

Gender	Frequency	Percent
Male	81	75.0
Female	27	25.0
Total	108	100.0

Understanding these gender dynamics can help identify potential biases or variations in leadership effectiveness, for this study, it would help in understanding the potential gaps or strengths in leadership communication practices.

### Education level

Table 3 reveals a distribution of educational levels among 108 participants that include high school diplomas (15.7%), associate degrees (10.2%), bachelor's degrees (45.4%), master's degrees (17.6%), and doctorates (11.1%).

Table 3: Education level of respondents

Levels	Frequency	Percent
High school diploma	17	15.7
Associate Degree	11	10.2
Bachelor Degree	49	45.4
Masters Degree	19	17.6
Doctorate(PhD)	12	11.1
Total	108	100.0

This distribution provides insights into the impact of educational attainment on perceptions of strategic leadership's impact on performance with a particular focus on communication. Higher educational levels are often associated with advanced analytical and critical thinking skills, which can be used to inform leadership development programs. Understanding how employees interpret communication strategies can help leaders tailor messaging to resonate effectively across the workforce.

### Industry of respondents

The industries represented in Table 4, include healthcare, education, manufacturing, technology, retail, finance, and consultancy. The findings show the following

distribution: healthcare (9.3%), education (21.3%), manufacturing (23.1%), technology (12.0%), retail (10.2%), finance (13.0%), and consultancy (11.1%).

Table 4. respondents' industry

Industries	Frequency	Percent
Healthcare	10	9.3
Education	23	21.3
Manufacturing	25	23.1
Technology	13	12.0
Retail	11	10.2
Finance	14	13.0
Consultancy	12	11.1
Total	108	100.0

Industries like healthcare and technology often prioritize innovation, while healthcare may prioritize patient-centred approaches. Understanding how strategic leadership practices align with industry-specific demands can provide insights into adaptability and the effectiveness of leadership communication across different sectors.

#### *Leadership communication and performance of BDO East Africa multinational enterprises*

The findings of the study have revealed that BDO East Africa's leaders' communication behaviours significantly impact their organization's performance. This is evidenced in Table 5, by 67.6% of the responses that strongly agreed and 32.4% agreed that leaders articulate their vision and goal to other workers through communication; none of the respondents disagreed on the matter. This means leaders at BDO East Africa play a crucial role in aligning employees with the organization's mission, as they effectively communicate the organization's vision and goals to the employees.

Similar findings were revealed in an interview with one key informant from BDO who said that “we foster open dialogue to enhance effective communication to all the employees to ensure we all work together towards attaining our organizational goal”. Another key informant said, “We often try to refine the company communication strategies to ensure a conducive environment for successful job execution”. These findings imply that the leadership style at BDO practices effective leadership communication to enhance organisational performances as it enables both leaders and employees to strive towards a common organisational goal.

The findings of this study are in line with the findings of Kim and Lee (2018), who emphasized the importance of effective communication in fostering employee alignment with organizational goals. They also align with the observation by the World Economic Forum (2019) that businesses whose leaders effectively communicate with employees in discussions about their tasks, thoughts, and viewpoints concerning matters associated with products, services, clients, and the business landscape cultivate an inclusive culture that yields positive outcomes.



The importance of effective leadership is also emphasized by Shu (2022) that communication is a significant link for enterprises to revive employee resources and achieve development. Likewise, Chirwa and Boikanyo (2022) observed that more strategies including business strategy can be implemented successfully when the information that is communicated within the organisation is credible. All these findings imply the need for multinational companies to employ effective leadership communication styles to promote their performances. The same was observed by Zehir et al., (2011) that effective leadership contributed to business performance in multinational companies in Turkey.

Further findings in Table 5 revealed that a substantial number of respondents (78.7%) agree and some (5%) strongly agree that leaders are communicating to build support on workers' strategic initiatives. This emphasizes the importance of leadership communication in fostering a collaborative environment where employees feel connected to and supported in their strategic endeavours. This finding aligns with the findings of Musheke and Phiri (2021) that effective communication has a positive effect on organizational performance, and it is important for companies' leaders to inspire their organizations to learn and innovate (Robertsson, 2019).

The interview session with a company supervisor indicated that there are times when employees would come up with new market strategies to increase sales abroad as he said that *"employees are allowed to write proposals on new strategies that they think a company should apply to increase sell and production"*. The finding shows that leaders can interact freely with employees and employees have the freedom to express their views on strategies for improving business performance of the company. This finding concurs with the findings of Zehir et al., (2011) that through proper communication from their company leader, employees consider the company their second home, eventually, they feel a strong sense of commitment and they work very hard-working to fulfil their daily responsibilities. Through hard-working employees, they can come up with innovations that can improve the company's performance.

Generally, both qualitative findings and quantitative findings indicate that BDO East Africa's leaders have successfully conveyed their strategic vision, fostering a shared sense of purpose and direction among employees, and highlighting the importance of effective leadership communication in achieving organizational objectives.

Table 5. The contribution of communication to performance

Statements	Strong agree		Agree		Neutral		Disagree		Strong disagree	
	Frequency	percent	Frequency	percent	Frequency	percent	Frequency	percent	Frequency	percent
Leaders articulate their vision and goal to other workers through communication	73	67.6	35	32.4	0	0	0	0	0	0
Leaders are communicating to build support for workers' strategic initiatives	5	4.6	85	78.7	12	11.1	6	5.6	0	0

## Conclusion, Recommendations and Area for further studies

### *Conclusion*

The study analyzed the contribution of leadership communication on the performance of BDO East Africa, a multinational enterprise, revealing a significant relationship between leadership communication and performance outcomes. Overall, the study establishes a clear connection between leadership communication and organizational performance at BDO East Africa. The evidence presented indicates that the leadership style at BDO is characterized by a commitment to effective communication, fostering a culture that enables both leaders and employees to work collaboratively towards shared objectives. As organizations continue to navigate the complexities of the global business landscape from their local business environments, this study provides valuable insights into the significance of leadership communication in driving performance and fostering a cohesive and goal-oriented work environment.

### *Recommendation*

The study recommends that leaders in multinational organisations adopt comprehensive communication strategies in their leadership styles. This involves establishing platforms for idea-sharing and collaboration and refining messaging to communicate the organization's purpose and value. Leaders should also cultivate a culture of open communication through open dialogue and idea-sharing between leaders and employees, and implement mechanisms that allow employees to propose new strategies, providing a platform for diverse perspectives and fostering a collaborative environment.

Business training institutes should implement targeted leadership training programs that focus on enhancing communication skills. The emphasis should be on the importance of clear articulation of vision and goals, as well as the ability to communicate effectively to build support for strategic initiatives.

### *Area for further studies*

While this study provides valuable insights into the contribution of leadership communication on organizational performance at BDO East Africa, several areas for further research need to be explored:

There is a need to conduct empirical studies to investigate specific communication channels and styles that contribute most to the perceived effectiveness of leadership communication in multinational companies; this intends to offer a detailed understanding of the communication dynamics that can enhance performance improvement.


More empirical studies can be conducted to exclusively focus on examining the effects of leadership communication on employee engagement and innovation in multinational companies. This will foster strategies for promoting creativity among employees.

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