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TOWARDS DEVELOPING GLOBAL LEADERSHIP

Abstract

Rapid global expansion, shifting business models, international mergers and acquisitions, and ever-changing technologies all hold great possibilities. But nowhere is the dearth of leadership felt more strongly than in those organisations that are expanding their global reach. Corporate leaders are confronting a serious need for new ways of thinking and leadership.

This paper takes account of global leadership literature and presents the author's viewpoint. It explores the fuzzy nature of global leadership challenges to this commonly supposed proposition as there is persistent concern about the lack of globally competent personnel because most organisations are not confident that they have the leadership to address current and future needs. What can they do to improve? Organisations need to refocus on improving their development efforts with clear emphasis on recognising the reality of the complex global environment and developing much needed global perspectives early on.

The paper also presents some key learnings for India's business leadership on readiness for faster global reach and leadership effectiveness focusing on methods of global leadership development as the actualisation of human potential, observation, and experience.

Keywords: leadership development, global leadership, global mind set.

1. Background

In every aspect of their work, from internal processes and policies to legislation and ever-changing advanced technologies, and in the face of constant pressure from increased competition, growing cost pressures and global outsourcing, today's organisations find themselves faced with leadership challenges unimaginable a couple of decades ago. It is very

important to note that the availability of global leaders limits the growth not merely of an organisation, but also of an industry or a global economy. The sheer availability of resources is not an adequate guarantee of success. The rapid growth that certain developing economies are witnessing requires accelerated leadership-development cycles. This need is further accentuated by the imperative of meeting employees' aspirations for professional growth, which is decisive if they are to be retained in a talent-scarce market. While the concept of leadership and its development has yet to be divested of its haziness, globalisation and its challenges have prompted many firms to expedite capacity-building in multiple facets of their businesses. As organisations stretch across boundaries, global-leadership capacity is surfacing as an ineluctable challenge. The majority of organisations believe strongly that they must develop a global leadership mindset and capabilities. Yet because international aspirations very often exceed real internal capacities, very few are able to do so effectively.

While truly cross-border business opportunities do exist, their full exploitation has often been prevented by the internal complexity of figuring out how to build the necessary leadership capacities, rather than by questions of global-leadership development. The immediate and first step for global readiness taken by most firms is to produce a concise file detailing their diversity profile, culture, leadership-development programmes and workshops. Some of these components will have been devised by in-house L&D professionals and some by training vendors in the role of outsourced partners. Unfortunately, and for various known and unknown reasons, the content and delivery of such programmes is often unaccompanied by an international business vision or strategy and unnourished by expertise and acumen. It is thus important to explore how leaders and highly competent personnel in regional and domestic business scenarios fail to return promising results in a global context – despite having been put through development programmes that compel individuals to take a deeper look at how effective these efforts to develop global-leadership competences are. We may add that another rapid response taken by most firms is to adopt expatriate models with their fetish for the “right” global-leadership competences.

It is important to note that some multinationals face real and distinctive challenges on multi-stakeholder, political and economic issues in complex temporal, geographical and cultural contexts, which are all factors clouding the issues involved in growing a business abroad. However, a commitment to demonstrating much-needed leadership in the face of shared, cross-border

challenges and opportunities, and a greater appreciation of distances and differences, go a long way to help clear the fog surrounding the idea of global leadership. This paper highlights the need to reinforce the widely-accepted wisdom that core leadership competences will remain more or less the same across borders for any firm; the differences lie in style, organisation, positioning and deployment.

2. Leadership and Globalisation

Leadership is an extremely important phenomenon in determining the success of any organisation. Today, leaders increasingly have to deal with exceptionally complex realities, such as managing dispersed and diverse teams while at the same time battling the pressures entailed in implementing global strategies or navigating complex networks. While globalisation is indeed a business reality, several big firms are still not ready to meet the challenges it presents. While many executives from the business world strongly believed that organisations lacked capable leaders, they were not prepared for the challenges – from the very drastic changes in the way business operates to the global-leadership void – that would be thrown up by globalisation. In one sense, the leadership challenge has simply become more manifold, which perhaps explains why global leadership is still in vogue and therefore remains an elusive concept.

What do we mean when we say “it’s a small world”? Each successive occasion on which we use the phrase “it’s a small world” only reinforces, and serves to remind us of, this very reality as it is embodied in technological advancements, interconnected people and international trade. The feeling that lingers, though, is one of living in a “small world” that is so in only a metaphorical sense, or one of believing that distances and differences do not any longer matter and are only in the mind. So it is that we have come to terms with the reality of how people or events in different places around the world are connected. Ironically, perhaps, this very small world has been knocking at business doors for the last couple of decades and holding up a broad expanse of canvas promising numerous opportunities for every trade to grow and flourish in unexplored markets. However, the pace at which many firms are able to truly think globally has not been very encouraging due to a lack of a sense of direction and of leadership. Though many firms have developed workable global-leadership models to drive their business strategies, they have very often run aground because the education, teaching and training programmes they have established have been founded on

international aspirations that often exceed their real internal capacities. Measured by their impact on actual job performance and the bottom line, the performance of these programmes has often been abysmally poor.

However, most firms still believe that the central question concerns the competences, characteristics and skill set which business leaders need to develop to equip themselves for the complexities of globalisation. They therefore continue to invest billions of dollars in global-leadership development programmes. While a few existing or potential leaders might benefit from them, most senior business leaders will tell you that their curricula, approaches and case studies are far removed from realities on the ground. More than this, they are unlikely to help in the task of devising a strategy and vision, or of gaining in expertise and acumen. What we see is that the focus on competency can do no more than complement the “global mindset”, which is the key attribute for leaders if the global environment is to be serenely navigated. We are thus presented with an opportunity to apply a very different approach to leadership that can alter our thinking about globalisation and help us negotiate the business challenges it involves.

Even in an ideal environment, leadership remains a challenge. Globalisation has merely stiffened it. How, then, do we define and contain the new context? What is it about this context that has prompted several firms operating across borders to prepare their leaders to confront it? Is it fear of unknown, ambiguous and uncertain situations? Does it stem from a sense of inadequate preparation for expansion? In their explanation of popular myths surrounding global leadership, Angel Cabrera and her colleagues have suggested that “think globally and act locally” is a misleading description of global leadership. They argue that the global context is never local and state that “local events have global repercussions. Global events, local repercussions: this is the definition of a global world”. While not every global event has immediate local repercussions, the world is getting “smaller” at great speed and – directly or indirectly – impacting a lot more people on the earth. This context can perhaps be best illustrated by the familiar phenomenon, with which most leaders grapple, of volatility, uncertainty, complexity and ambiguity (VUCA). Though it originated in military circles in the late 1990s, it is an acronym that reflects today’s rapid and unstable business scenarios well. What does this mean for businesses and for developing economies about to go global? First, the so-called “small world” soon turned out to be a VUCA environment. As such, it introduced a pressing need to prepare leadership talent for the confrontation, and

placed HR and talent-management professionals under tremendous pressure to change the focus and methods of their leadership-development efforts.

3. Global Leadership-Development

In the main, the literature has distinguished between global leadership and leadership. While there have been several conceptualisations of global leadership, we found that the definition offered by Harris, Moran and Moran (2004), that is, being capable of operating effectively in a global environment while being respectful of cultural diversity, suited our perspective. Studies of global-leadership have tended to find explanatory value in competences for global leadership, which entails the traits, characteristics and skill set of successful global leaders, while neglecting the construct of leadership itself. Following a review of the literature on global-leadership, we found that it is a highly multi-dimensional and multi-contextual construct. We also found that almost all of the models devised for it in the literature rested on skills and competences, and were therefore much like the traditional trait-based approaches that have attracted a good deal of criticism. The studies that have addressed ways of dealing with the VUCA world have argued that the only way to deal with complexity is to develop managers around the competences required to work within complex environments. While it is logical that a bias towards a global skillset and competences would enable firms, through formal or informal development efforts, to help budding leaders sharpen their skills in this respect, it is not clear how specific competences such as digital confidence have found their way onto the list. This only reinforces the view that most of these competences are highly contextual and operate in a specific local context. There is a distinction to be made here, in our view, between a functional focus applied at a specific level and holistic leadership-development that applies throughout the enterprise. If the context is global, it is more important to appreciate and acknowledge the fundamental principles of developing a leadership mindset to suit the various contexts in which it will be exercised.

We therefore find meaning in seeing leadership as a universal construct and the global as merely a context. Leadership is a “principle” that encompasses high intra-personal and inter-personal awareness of transcendental human needs and potential. The dearth of global leadership is felt more strongly and keenly at organisations that are not clear about what it means to expand their global reach. They prioritise business strategy and a results-driven culture while paying little attention to human diversity,

cultural sensitivities or planning a global perspective for development. A number of recent accounts of global leadership, including Robinson and Harvey (2008), have claimed that traditional knowledge about leadership theory and development may no longer be effective in the global context. While this may be only partly true with respect to context, the universal and transcendental nature of leadership cannot be dismissed. In this regard, we find great value in Perlmutter's seminal work on the global mindset (1969), which distinguished three orientations to managing a multinational corporation: ethnocentric (home country orientation), polycentric (host country orientation), and geocentric (world orientation). Perlmutter's concept of geocentrism became the foundation for the construct of the global mindset.

We propose and strongly support such a global perspective or "mindset" approach to developing global leadership. In our understanding, the broad perspective that nullifies the actual distances and differences is to be found in the leaders' mindsets. In this way it is possible to comprehend the diversity of the workforce in all of its dimensions in a broad, macro and forward-looking worldview that topples barriers to opportunities and innovation and drives out the crippling mindset that rests on control and the issuing and execution of orders. The result is a (global) leadership focused on human potential, adaptability, creativity and action in a borderless context. How different is this from leadership development? In fact, there is no difference at all – other than the urgent need to go borderless which, after all, is the context in which global leadership must, by definition, be played out. To support our argument we turn here to Kefalas's (1998) framework of the global mindset, which introduced conceptualisation and contextualisation as terms. Conceptualisation describes a person who has a global view of the world, while contextualisation describes a person's capacity to adapt to the local environment. A person recording a high score on both dimensions was considered most global and a person recording a low score on both dimensions was considered least global.

Although business acumen would clearly suggest that balance is the key when it comes to these two dimensions, we strongly believe in proposing conceptualisation as an antecedent to a superior capacity for contextualisation. This is because we are still seeking adaptable global leaders to envision future realities who will not become too entangled in the present context of globalisation. Here conceptualisation acts as a blueprint for current business requirements that are actually acted out in a global, borderless context. It should be noted, though, that developing such

a global mindset is in itself complex and challenging as it may require an overarching cognitive and emotional perspective that is capable of reflexive transformation. This may well require taking risks, the readiness to make oneself vulnerable and the courage to constantly challenge one's own assumptions. This paradigm shift begins at the individual level and then spreads out to occupy a broad base at the level of the enterprise and society. A similar perspective has been proposed by Gupta and Govindarajan (2002) in their two-dimensional construct of integration and differentiation. Here, integration is understood as the ability to integrate diversity across cultures and differentiation as openness to diversity across cultures. In Gupta and Govindarajan's study, high scores for integration and differentiation are interpreted as meaning that an organisation or person has a global mindset. To this extent, "global" leadership development should be part of the strategic "plan" of any organisation seeking to flourish in the global market (Sloan, Hazucha & Van Katwyk 2003).

4. Imperatives for India's Business Leadership

With economic power shifting gradually from West to East, emerging India is increasingly gaining critical economic mass. While it received an initial boost from providing services to global businesses, the country now possesses several companies of its own that are beginning to expand beyond their traditional markets and become true multinationals and global competitors. They are achieving this by taking risks, by experimenting, by acquiring foreign companies and by increasing export volumes. In this way they are able to deliver innovation to both low-end consumers from the developing world and high-end ones in the developed world. These developments, which have seen a whole new breed of Indian multinationals emerge, have become much more pronounced over recent years. Multinationals operating in India have introduced considerable customisation to their products and services and acquired a deeper appreciation and understanding of their global customer base and global-value orientation. Nevertheless, there are still many global businesses grappling with the extremely diverse cultural, socio-economic and political environment of India. At the social level, the importance of family values and personal relationships can be overpowering, while difficult conditions that can deter big-ticket companies, such as bureaucracy, corruption, a slow economy, policy uncertainties and poor infrastructure, prevail in the market. Companies such as Unilever, Caterpillar, McDonald's and Samsung, which

possess the patience and stamina to take a long-haul view of market share, continue to reap the benefits of their risk-taking behaviour in these emerging economies. Others, though, remain too rigid to challenge their successful and established business models – especially when confronted with the many integration and assimilation challenges presented by the local realities of emerging markets. For Indian firms expanding overseas the tasks are clear: to overcome the leadership void and, as a precursor to mastering new skill sets appropriate to the global environment, to acquire a new global mindset.

Indian companies have made a number of big-ticket acquisitions in recent times and are continuing to devote a great deal of effort to identify overseas opportunities. Let us take a few examples. India Inc. has acquired many significant companies across the globe and has expanded its business successfully. Tata Steel, which is India's second largest steel company, acquired UK-based Corus at an outstanding price of USD 12.98 billion in 2006. Bharti Airtel, which is now the largest mobile network in India, is also expanding its global reach. In 2010 the company added 180 million new customers by acquiring an African mobile network provider called Zain Africa. Globally, Airtel is now ranked as the fourth largest mobile services provider in terms of customer base. A further example is provided by the India-based Narayana Hrudayalaya (NH), which is a socially responsible hospital chain taking steps to expand abroad. It was one of the first companies of its kind to collaborate with a large US healthcare group and establish hospitals that could serve the large number of medical tourists from the USA, Canada and the Caribbean that travel to Asia and Europe for quality healthcare at an affordable price. Given these trends, recognition for Indian medical specialists will surely significantly enhance the global reputation of Indian doctors and nurses. The world can learn a good deal from Narayana Hrudayalaya about providing medical care at an affordable price by studying its forays into the USA and Malaysia, which have demonstrated that low cost models need not compromise on quality.

Recent acquisitions, such as those of the Kashagan oilfield by the India-based ONGC in the oil and gas industry and of UK-based Jaguar Cars and Land Rover by Tata Motors in the automotive sector, have made it clear that an increasing number of Indian firms are expanding overseas. Both for global firms in India, and for Indian firms going global, this environment requires a new type of global mindset for leadership. Once they have acquired this, and once they are furnished with the necessary skill set, leaders will be in a position to reap the demographic dividends. Changing patterns of human-resource retention and succession planning are going

to be top priorities for these business leaders. While there may be a few companies with a long history and strong leadership that can thrive in this environment, many others will be required to struggle to reconcile the opportunities and risks to their businesses. This will almost certainly entail a complete reorganisation of their resources and leadership-development efforts towards a new, global mindset and new business aspirations.

If growing globally is about opening up to new cultures, accepting them and integrating with them, then Indians, with their high cultural flexibility and ability to work well in different environments, certainly meet its requirements. However, many senior business leaders in India are deeply rooted in an individualistic, result-driven culture and in patterns of transactional leadership. If a substantial proportion of the growth experienced by India is attributable to its age structure and changing demographics (a large proportion of the population are of working age), then critical leadership skills from global perspectives are the key to unlocking the country's demographic dividend and talent pool. As the entrepreneurial spirit gathers strength, the country will be in a better position to nurture a global mindset. With this in place it will be possible to install a system that can develop a reliable and self-regenerating supply of leaders of the correct, global character. It is through this brand of leadership with a mentoring approach and broader preparation for life, rather than through mere massive investment in skills and competency training, that India's youth will find opportunities for a meaningful future. The entrepreneurial spirit, the demographic dividend and the talent pool – these are the factors representing both the tremendous opportunity and the challenging complexity faced by Indian organisations. Whether India will be able to negotiate the difficulties and profit from the possibilities will very much depend on its leadership potential and how it manages its talent.

The deficits we have identified in global leadership mean that – in all of their operations – multinational companies now face a number of challenges to do with enhancing and maintaining leadership standards. The development of global leaders must start early in peoples' careers so that they begin to examine the needs of this interconnected world and its possibilities in a natural way rather than as part of a process of deliberate and formal development. Though leadership qualities, skills and practices may be deployed with an initial divergent focus that is well matched with the concentration at the regional and domestic level, they can grow substantially to take on a broader perspective. This will culminate in the eventual acquisition of truly global perspectives so that leadership potential is

transformed into leadership performance and effectiveness on a global scale. This will help bring about a more convergent, integrated, and comprehensive worldview for business sustainability.

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Abstract

W kierunku rozwoju globalnego przywództwa

Gwałtowna globalna ekspansja, zmiana modeli biznesowych, międzynarodowe fuzje i przejęcia, a także ciągle zmieniająca się technologia sprzyjają wielkim możliwościom. Jednocześnie nigdy wcześniej brak przywództwa nie był tak mocno odczuwany w przedsiębiorstwach, zwiększających obszary swojej działalności międzynarodowej. Liderzy korporacyjni stoją bowiem przed koniecznością zmiany drogi myślenia i sposobu przewodzenia.

W artykule wzięto pod uwagę literaturę przedmiotu poświęconą globalnemu przywództwu, a także zaprezentowano opinie autora w tym zakresie. Szczególną uwagę zwrócono na brak jasno określonej istoty globalnego przywództwa, która rozmywa się poprzez powszechnie panujące przekonanie, że brakuje kompetentnych globalnych pracowników, gdyż większość organizacji nie jest pewna co do tego, czy ma pracowników obdarzonych cechami przywódczymi, którzy sprostają aktualnym i przyszłym potrzebom organizacyjnym. Co zatem powinno się stać, aby zaradzić tej sytuacji? Przedsiębiorstwa muszą ukierunkować się na nowo na poprawę własnych działań rozwojowych,

ze szczególnym naciskiem na rozpoznanie złożoności globalnego środowiska, i czym prędzej przyjąć perspektywę globalną.

W artykule zaprezentowano także najważniejsze wnioski i praktyki przywódcze stosowane w Indiach, skupiające się na gotowości do szybszego zwiększania zasięgu międzynarodowego oraz na efektywności przywódczej, opartej na metodach rozwoju przywództwa globalnego poprzez aktualizację potencjału ludzkiego, obserwację oraz doświadczenie.

Słowa kluczowe: rozwój przywództwa, globalne przywództwo, mentalność globalna.