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What Does It Really Mean to Be a "Global" Leader?

In today's global environment, external markets can account for more than half of a company's revenues and profits. As such, companies need to develop global leadership adequate to the task. An article coauthored by IESE's B. Sebastian Reiche defines the main features of global leadership and recommends strategies for developing a solid global framework.

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With foreign operations today often producing half or more of revenues and profits, companies are in need of global leaders who can operate effectively in those contexts.

Global leadership requires more than slapping the label "global" on anyone whose domain includes foreign operations, or on international assignees whose global leadership requirements vary significantly.

The *Journal of World Business* released a special issue in October 2012 on "Leadership in a Global Context," which features the article "Defining the 'Global' in Global Leadership."

Coauthored by IESE Prof. Sebastian Reiche, together with Mark E. Mendenhall, Allan Bird and Joyce S. Osland, the article attempts to define global leadership and identifies the core strategies for developing a global framework for business.

What "Global" Means

The first step is to understand what "global" means. The concept is so broad that unless it is carefully delineated and specified, people may understand very different things. There are also widely varying levels of global exposure that individuals and companies experience.

A framework for global leadership can help firms develop global management and leadership talent, not only to identify the tasks and competencies required by global leaders, but also to design programs that enable individuals to maintain and update social relationships with actors in different contexts.

Some multinational firms have begun to devise such programs, and their initial outcomes support the main tenets of the authors' proposed framework.

Global managers encounter more diversity, more boundary-spanning activities, more stakeholders, greater competitive pressures and volatility, increased complexity and ambiguity, and a greater need for behavioral flexibility and integration.

The authors propose three dimensions to identify who does and does not fit into the category of global leader: contextual, relational and spatial-temporal.

Context and Complexity

Research on global leadership agrees that global leaders are more influenced by context than domestic leaders. A domestic leader's familiar and experienced mind-set may not easily

accommodate global business challenges.

Understanding context is, therefore, paramount. A key characteristic of context — or the environment into which global leaders are plunged — is complexity.

The article mentions a recent IBM study of 1,500 CEOs representing 33 industries across 60 countries, which reported that complexity challenges them more than any other business variable.

Indeed, it is the level of complexity inherent in the leader's international responsibilities that determines the degree to which the term "global" should be applied to that leader.

This means considering to what degree they are embedded in conditions of multiplicity, interdependence, ambiguity and flux, all of which produce a multiplier effect.

Boundary-Spanning and Presence

In addition to complexity, leaders are confronted by varying degrees of flow in the boundary-spanning functions that their work roles require.

This relational dimension includes activities related to perspective taking, trust building and mediating. Yet it is the information flow between the global leader and other actors in the global setting that constitutes a core dimension of what it means to be a global leader.

To aid in such assessments, the authors propose two dimensions of flow that can be assessed: richness, i.e., frequency and scope of interactions; and quantity, i.e., the magnitude or number of channels the global leader must use to proactively span boundaries.

The third dimension that makes a leader "global" is the spatial-temporal one of presence. A higher degree of physical presence is relevant, as it confronts the leader not only with greater mobility requirements, but also with a larger range of emotions, interpersonal challenges, and social unpredictability and ambiguity.

A Broader Notion of Global Leadership

Global leaders are usually portrayed as individuals who occupy senior positions within organizations, but such a definition excludes the increasing number of people who are engaged in global work further down the organizational hierarchy.

Global leadership is also usually a team effort, where multiple leaders emerge. Accordingly,

the authors suggest that definitions of leadership should not be limited to position or authority.

The authors note that some multinationals have adopted the development of talent as a critical aspect of leadership, and one on which they now assess their leaders in addition to standard performance outcomes.

Furthermore, "collective growth" addresses leadership dimensions and processes that relate to corporate social responsibility in the global context.

Incorporating these aspects into the definition of global leadership brings it closer to describing the present reality in which increasing numbers of workers form part of a "world community," rather than merely referring to executives in a job that has "some international scope."

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