

Misconceptions about global leadership

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Having studied globalization for two decades, IESE Prof. Pankaj Ghemawat outlines — and debunks — five major misconceptions about global leadership.

Despite globalization's continued march, the extent of international integration varies widely across countries and companies, and generally remains more limited than is commonly supposed.

Exaggerated notions of what globalization means are also apparent in prevailing ideas about global leadership, [Pankaj Ghemawat](#) argues in the article, "[Developing Global Leaders](#)," published in *McKinsey Quarterly*.

Some training centers try to develop "transcultural" leaders who can manage effectively anywhere in the world as soon as they step off the plane.

Yet, according to Ghemawat, such a strategy is unlikely to bear much fruit.

Nor is on-the-job experience alone enough to develop a global leadership mind-set.

Global leaders must challenge some of the common misconceptions about globalization. By doing so, they will begin to see their company's global performance in a new light.

Don't believe the hype

Much of what executives take for granted about globalization is probably either untrue or at least wildly exaggerated.

To illustrate this, Ghemawat outlines — and debunks — five major misconceptions about globalization.

1. "Our company is already globally integrated"

Recognizing the extent of globalization in one's firm and industry is a crucial requirement for global leadership.

Global executives should start by asking themselves: How globalized are the people in my company? The answer is probably "not very."

The less globalized your workforce, the less likely it is to function effectively across the many divisions, obstacles and borders that exist in a global business.

For example, trust, so often described as the currency of leadership, declines sharply with distance. Research conducted in Western Europe suggests that people trust citizens of their own country twice as much as they trust people from neighboring countries, and that they place even less trust in people farther away.

2. "Most learning about global leadership comes from personal experience"

Executives' ideas about globalization are often exaggerated in part because they tend to live far more global lives than most of the world's population.

Rather than drawing too many conclusions based on their typically still limited time abroad, executives must weigh their personal experiences against an accurate global perspective as defined by conceptual frameworks and hard data. They will gain far more by doing this, and avoid costly mistakes.

To do this, they need to understand the myriad factors that shape international interactions in their business, by undertaking a structured examination of cross-country differences and their effects.

3. "Global leadership competencies are the same the world over"

Standard lists of global leadership competencies reinforce a one-size-fits-all view of global leadership, which is often inconsistent with the reality of globalization and the mix of work that global leaders do.

The diversity of roles that falls under the broad umbrella of "global leadership" calls for

substantial customization around that common base.

At the corporate level, this implies developing a portfolio of competencies, rather than having an interchangeable set of global leaders who have all met a single set of requirements.

Operationally, an ideal training program would include a geographic dimension, and prepare people for dealing with particular origin/destination pairs.

For example, a Japanese executive going to work in the United States would probably benefit from preparing for the higher level of individualism there.

Granted, customizing training and development efforts at the level of individual country pairs is likely to run up against resource constraints.

However, the fact that 50 to 60 percent of trade, foreign direct investment, telephone calls and migration are intraregional suggests that, in many cases, customizing at the regional level will be sufficient.

Put simply, firms will need a mix of regional and global leaders.

4. "Localization is key"

Rather than trying to fulfill the requirements of one-size-fits-all lists of global leadership competencies, some firms have embraced the opposite extreme of localization.

While it's true that some firms rely too much on expatriates and need to localize more, localization can be — and, in some cases, has been — taken too far.

Giving up on expatriation altogether implies giving up on building the diverse bench of global leaders that CEOs say they require.

Persistent distance effects, particularly those associated with information flows, do confirm the general wisdom: Global leaders need experience working for extended periods in foreign locations, as living abroad — in contrast with merely traveling abroad — creates permanent knowledge and ties that bind.

Extreme localization leaves no room for the development of leaders of this sort.

5. "Western multinationals will always attract the best talent"

While this may once have been true, local companies have raised their game, putting

increasing pressure on multinationals in local talent markets. A rooted cosmopolitan approach is critical for attracting and developing executives from emerging markets.

Furthermore, escalating competition for talent in growth markets makes it even more urgent for multinationals to diversify their leadership teams quickly.

One of the main advantages that local firms have over multinationals is that senior leadership positions are often given to local people. In effect, young recruits can draw inspiration from the fact that if they excel, they have a clear shot at rising to the top.

Incorporating more local talent will require a greater emphasis on developing people. Tight talent markets and overstretched education systems imply, frankly, that firms hire some people who are not up to the standards they would prefer to uphold.

Among the great strengths of India's IT firms is their ability to convert promising, but still relatively raw, talent into effective performers.

In sum, predictable biases rooted in widespread misperceptions about globalization are hampering efforts to develop capable global leaders. Addressing the global leadership gap must be an urgent priority for companies in expanding their geographic reach.

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