

Few organisations remain untouched by globalisation and, not surprisingly, its impact on organisations, their strategies, structure, culture and talent has attracted increasing attention. In particular, the development of globally competent leaders has been widely recognised as a critical factor in the future success of multinational companies where a shortage of talent is an increasing constraint on the implementation of their global strategies.

At PSi we have been researching and consulting in this area for over 10 years and have found an increasing interest and willingness to invest in the development of global talent generally and global leadership in particular. However, in some organisations, there is still a lack of understanding of the difference between global and domestic leadership and their development.

The difference is not only, or indeed primarily, important as a theoretical distinction; the things global leaders do are distinctive as is their mindset, capabilities and cultural awareness. So what is it global leaders do that those who work in a purely domestic environment do not? Research has approached this question from a number of different perspectives but the common theme is that global leaders deal with greater complexity. Lane (2009) for example defines this complexity as reflected in four areas of activity:

Multiplicity – the number and type of issues across a range of dimensions e.g.: competitors, customers, government, regulation.

Interdependence – amongst a host of stakeholders: socio-cultural, political, economic and environmental systems.

Ambiguity – in terms of understanding causal relationships, interpreting cues and signals, identifying appropriate actions and pursuing plausible goals.

Flux – in terms of quickly transitioning systems, shifting values and emergent patterns of organisation structure and behaviour.

Ghemawat (2008), a Harvard Professor, takes a different but complementary perspective describing the challenge of global operations as linked with the complexity of operating across borders defined in the four categories of:

Cultural – e.g. language, customs, religion and ethnicities.

Administrative/Political – e.g. laws, trading blocs, colonial ties and currencies.

Geographical – e.g. physical distances, lack of land borders, time zones and climates.

Economic – e.g. income levels, cost of natural resources, the nature and cost of human resources, infrastructure and information.

By comparison, Caliguiri (2006) approaches the distinctiveness of global leaders through her research defining what global leaders do. The following tasks were found to be 'common among - and unique to - those in global leadership positions'.

-  Work with colleagues from other countries
-  Interact with external clients from other countries
-  Interact with internal clients from other countries
-  Sometimes communicate using a second language
-  Manage and motivate geographically dispersed and diverse employees and teams
-  Develop strategic business plans on a worldwide basis
-  Manage a budget on a worldwide basis
-  Negotiate in other countries or with people of different nationalities
-  Manage foreign suppliers and vendors
-  Manage risk on a worldwide basis

While many leaders engage in similar activities, it is the scale, complexity and context of global leader activities that sets them apart from their domestic counterparts. Definitions of global leadership reflect this, for example Mendenhall et al (2008) propose the following:

Global leaders are individuals who effect significant positive change in organisations by building communities through the development of trust and the arrangement of organisational structures and processes in a context involving multiple cross-boundary stakeholders, multiple sources of external cross-boundary authority, and multiple cultures under conditions of temporal, geographical and cultural complexity.

Organisations need to undertake leadership skills assessments for global leadership characteristics as part of their leadership development and talent management processes. In this way they can ensure they recruit and develop talented people with a particular set of knowledge, skills, abilities, personality and motivations that equip them to fulfil global roles. While investing in effective global leadership is clearly a competitive advantage for multinational companies, not all domestic leaders have the ability, potential or indeed, desire to take on these global responsibilities.

PSi have been researching and consulting in this area for over 15 years and we have applied our knowledge and experience to develop practical tools and services. We understand the distinctive global leadership context and capabilities that need to inform leadership development and competency frameworks.