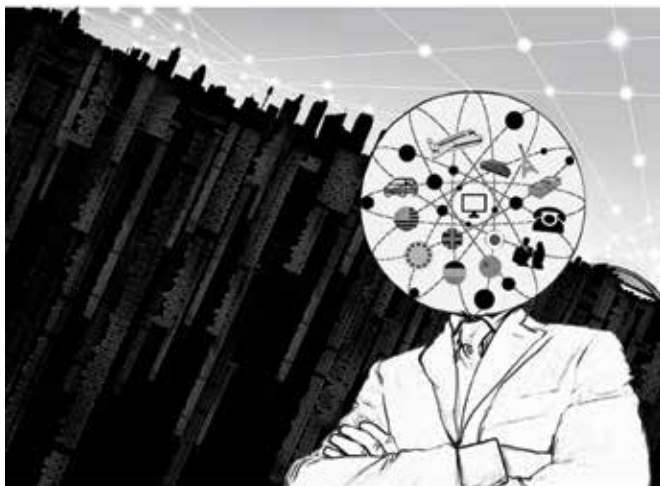# What is Global Leadership?

By B. Sebastian Reiche, Mark E. Mendenhall, Allan Bird, & Joyce S. Osland

While it has become common to call for global leaders to address the many challenges that internationally operating organizations face, it is much less clear what we actually mean when referring to *global* leaders or what the scope of *global* leadership entails. This article elaborates a framework for understanding the globality in leadership, focusing on three distinct yet interrelated conditions of *global* leadership: contextual, relational and spatial-temporal. We also highlight the critical elements of leadership in a global environment and discuss implications for the design of global leadership development activities.[1]

As businesses continue to expand their operations beyond their home borders, the topic of attracting, maintaining and developing people who can successfully perform in such a global environment is receiving more and more attention. Indeed, global leadership has become the buzzword of the 21st century: business news don't go without a column on how to lead global markets; talent development professionals focus on enhancing global leadership skills; and organizations keep looking for executives with a global leadership mindset. Over the past two decades, the academic world has also examined the phenomenon, specifically working to understand what the necessary attributes of global leadership are. However, despite the growing attention brought to the topic and several scientific contributions made to understanding it, there is no common conception of what we mean when we refer to global leadership. Specifically, there is no common understanding of 'global,' which posits a risk to knowledge development in the area. Without clear and commonly accepted definitions, the work done in the academic domain becomes increasingly fragmented, and cannot be summarized into a common body of new knowledge nor translated into practical implications.

Given the abovementioned lack of a common understanding of global leadership, and its possible limitations for advances in the field, our intent was to fill this gap and specifically elaborate on the *global* dimension of global leadership. By developing a conceptual model of *global* leadership, we help to focus future research efforts while avoiding conceptual pitfalls that have slowed the progression of other, similar fields in international management.

A conceptual framework of *globality* in leadership

Due to a lack of clear consensus concerning what *global* means, there is confusion about the boundaries of the global leader designation, making it difficult to specify who does and does not fit into this category. In an attempt to create more clarity, in our conceptual framework we focus on three critical dimensions that address the contextual, relational, and spatial-temporal elements of *global* leadership[2].

Complexity – the contextual dimension

Complexity, referring to the contextual aspect of global activities, is the first dimension. Indeed, both scholars and practitioners agree that global business activities are characterized by increased complexity. For example, in a recent IBM study[3], 1,500 CEOs representing 33 industries across 60 countries reported that complexity challenges them more than any other business variable. This complexity arises from operating in multiple geographical markets, engaging in multifunctional activities (e.g. multiple product lines), and dealing with heterogeneity in terms of different businesses, countries (cultures, legislations), and tasks. In other words, compared to domestic leaders, global leaders function in many different contexts across cultures, geographies, and socio-political environments. Hence they should be prepared to think, act and communicate differently based on a given situation, rapidly accommodating global business challenges. Therefore, complexity is determined by the environment in which global leaders operate and live. Although naturally different, environments that drive complexity share four common conditions: multiplicity, interdependence, ambiguity, and flux.

The first condition, *multiplicity*, refers to the variability of competitors, customers, governments, and stakeholders that global leaders have to confront in their work roles. A complex environment does not just reflect the number and frequency of people and entities that need to be dealt with; it is also about the difference in these people and entities. In other words, for domestic leaders complexity involves simply 'more,' but

global leaders have to manage situations characterized by 'more' and 'different' counterparts. This is the multiplicity aspect of complexity in global leadership.

Another characteristic of the complexity condition of global leadership is *interdependence*. Interdependence reflects the rapid, worldwide movement and interconnectedness of capital, information, and people. No successful and sustainable business nowadays functions in a vacuum, especially if it is a global business. Further, technology allows for rapid and easy linkages within and across companies, industries and nations, and is used to remain competitive and cope with challenges of the rapidly changing external environment. For example, technology has allowed for an increase in telework and virtual teams, which are deployed by global companies to work more cost and time efficiently, while also meeting the preferences of the contemporary nomadic workforce and keeping in line with trends towards a flexible work environment.

The third characteristic of complexity is *ambiguity*. Apart from supporting interdependence, modern technologies also result in huge amounts of information and data, which eventually creates uncertainty. The multitude of information and its rapid change make outcomes become more and more unpredictable, blurring the relations between actions and outcomes. However, ambiguity goes beyond uncertainty. First, it is not only about the amount of information, but also about its clarity, which refers to the inherent vagueness of meaning, accuracy, and reliability of data. Second, ambiguity is associated with the nonlinearity of relationships. Non-linearity occurs when events and the outcomes associated with them are inherently non-proportional in nature – in other words, when two plus two does not equal four anymore. This happens because the components and behaviors that are an input into the system cannot be separated any longer as they function and change in an interactive fashion. Within the global context, nonlinearity

in systems strips information of any form of long-term predictability for global leaders; discrete groupings of data cannot be relied upon to guide them to logical decision paths that will enhance productivity over the long term. Third, ambiguity is characterized by equivocality – a condition when multiple interpretations of the same facts are possible. This is driven by both lack of information clarity and the nonlinear relationships. Interestingly, leaders' uncertain responses to equivocality may further contribute to increases in ambiguity. Given the greater dynamics and higher diversity of the global environment, global leaders can be argued to live in a world of heightened, nonstop ambiguity to a greater degree than domestic leaders.

The four characteristics of complexity: *multiplicity, interdependence, ambiguity, and flux*, produce a multiplier effect, which reflects the inherent context of global leadership.

Along with multiplicity, interdependence, and ambiguity, the final characteristic of global complexity is that of *flux*, a situation in which everything is in constant change. Flux is both a result of, and a nonlinear catalyst of complexity.

Taken together, all four characteristics of complexity produce a multiplier effect, which as we propose conceptually reflects the inherent context of global leadership. Now, coming back to the boundaries of the term of *global* leadership, complexity by itself should not differentiate global from domestic leaders. For example, holding a senior managerial position with job responsibilities that reach beyond the domestic context should not necessarily qualify a person as a global leader. We argue that 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. The conditions of multiplicity, interdependence, ambiguity, and flux should be explicitly assessed.

Flow - the relational dimension
Another common condition of being global comes from the assumption that global leaders have to cross a variety of boundaries, both within and outside the organization. We see such boundary spanning as an important aspect of being global and it hence also conceptually differentiates *global* from domestic leadership. To name a few, these boundaries can be seen to exist between cultural, linguistic, religious, educational, political and legal systems. Given these multiple boundaries, it is important to create linkages that enable the flow of essential knowledge and information across them. Hence, flow is a fitting label for our boundary-spanning dimension of global leadership, and it refers to information exchange through mul-

tiple and various types of channels between actors and across boundaries. Moreover, we argue that global leadership activities reflect a higher degree of flow requirements. We propose to assess the degrees of flow based on richness and quantity of flow. Richness comprises the nature of the information flow, and can be thought of in terms of three qualities: frequency of information flow, the volume of information flow, and the scope of information flow that are necessary to effectively perform one's role. Quantity refers to the magnitude or number of channels the global leader must use to proactively boundary span in his/her role.

Presence – the spatial-temporal dimension
A third defining condition of *global* is presence. It reflects the spatial-temporal dimension, and indicates the degree to which an individual is required to physically move across geographical, cultural, and national boundaries, and not just communicate across them via virtual technologies. In other words, it

is the amount of actual physical relocation that a person needs to engage in to interact with key stakeholders that are situated in various locations around the world. For example, expatriates are individuals that usually require substantial presence to be effective in their jobs. However, not all expatriates are necessarily global leaders, as they may lack significant levels of flow and complexity – or because they differ in the levels of presence they experience. For example, a short-term expatriate, while possibly holding a high-ranking position characterized by high complexity and flow, typically only has a low level of presence, because he/she would relocate only once to a host country for a short amount of time, and would repatriate at the end of the assignment. Expatriates with a high degree of presence comprise extreme international business travel, particularly if it includes travel to a variety of locations. As such, presence increases the valence of the degree of *global* in comparison to being localized either in one's home or host country, which does not require much physical relocation.

Degrees and components of global leadership

The three conditions in our conceptualization of *global* provide guidelines for identifying global leadership positions, however they do not imply a single profile of global leaders. We urge against a 'one-size-fits-all' conceptualization of global leadership, and propose to differentiate leaders according to the degrees of complexity, flow and presence that their work roles require. Let's consider three different examples.

First, consider an expatriate that is posted to manage a regional headquarters. This expatriate's responsibilities involve managing an entire region, which includes different types of subsidiaries with different entry mode strategies or markets. All of that indicates a fairly high level of complexity. Likewise, the expatriate will need to regularly travel within the region, which requires a high degree of presence. By the same token, the degree of flow will be medium as the scope and degree of information exchange is limited to a specific region of the world, though it may involve a range of issues, from the strategic to the operational.

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A second example would be the head of a global IT function. This person is working within one company area and holds mainly functional responsibilities, which can probably be placed at a medium level of complexity. Also, presence is expected to be low to medium, as this employee would experience less frequent travel. However, being the head of global IT implies a need to interact with subordinates, (internal) customers and other stakeholders across a wide range of cultures, which reflects a medium to high degree of flow.

Finally, consider a person leading a global virtual team. This person manages people that are geographically dispersed, which creates a complex context, hence indicating a medium to high level of complexity. At the same time, the person would perform less frequent international travel (medium presence) yet require daily interactions with people from different cultures (high flow). The example of leading a global virtual team is useful as it highlights the importance of explicitly differentiating between flow and presence.

In summary, all three examples have some scope of 'globality' in their roles; however, the degree of global activities and responsibilities are clearly different. Among the three roles discussed, the global IT manager would have the lowest while the expatriate at regional HQ the highest degree of global leadership.

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While our conceptual framework mainly addresses the conditions in which *global* leadership emerges, it is also important to consider the content of *leadership* in such a global environment. We acknowledge that there has been a myriad of studies and books on the topic of leadership but we would specifically like to highlight the following notions of leadership. First, we view global leadership as both a state and a process. In fact, leadership, especially leadership in a global setting, is not simply a specialized role but rather a social influence process, for example influencing others to adopt a shared vision. Second, we would like to particularly emphasize the importance of a shared vision, as we see it being critical to leadership. Naturally, leaders should have goals, and strive for competitive advantage and positive change; however, only a shared vision captures the level of superordinate goal that leadership processes and leaders should try to achieve. Third and finally, global leaders need to proactively develop their follower and contribute to collective growth. Leadership is not a value-neutral process: it has potential to both damage and edify those that are involved. This aspect of our definition focuses scholars and practitioners on expanding their conception of performance outcomes from "meeting one's numbers" to also "developing one's people." In fact, some multinationals have adopted the development of talent as a crucial aspect of leadership on which they assess their leaders in addition to standard performance outcomes.

Managerial implications of our concept

While our conceptual framework brings clarity to the notion of what *global* leadership means, thus enabling for better

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dialogue between researchers, our work has several direct managerial implications.

Foremost, our framework can provide direction to organizations in their design of global leadership development programs. As the framework suggests, global leadership positions involve functioning in complex situations, engaging in high amounts of boundary spanning activities, and managing physical relocations. Hence, future global leaders should be exposed to complex situations that involve dealing with different and multiple stakeholders, running joint projects between organization and its customers, getting used to regular intercultural encounters, and coping with rapidly changing conditions. One way to translate this into a training context is to use assessment and development centers that model complex global tasks and situations that need to be addressed through simulations, role plays and case studies, bringing together talent from different parts of the organization. Similarly, programs for global leadership development should promote linkages of information and knowledge across boundaries. This requires that companies design programs that enable individuals to not only establish but also maintain and update social relationships with people in different contexts. For example, repeated rotational assignments, cross-border meetings with both internal and external stakeholders, and recurring development programs that rotate between different company locations may facilitate the maintaining and refreshing of social linkages across borders. Finally, it is necessary to provide frequent relocation experiences. While organizations acknowledge the role of expatriate assignments for providing global leadership development experiences, it is important to offer individuals a mix of different assignment forms through which they can develop global leadership skills and identify the degree of global leadership responsibilities they feel comfortable pursuing in the future.

It is important to understand that the scope of the *global* dimension may not necessarily be the same for all staff. For example, the complexity of the task environment may be greater for an inpatriate that is transferred from a small foreign subsidiary into a multinational's HQ than for a parent-country national being sent to a small sales subsidiary abroad. This example implies that the pure act of relocating an employee abroad does not necessarily benefit the development of global leadership skills. This is why different parts of an organization will need to collaborate more closely in the design of global leadership development programs to ensure that talent, no matter where it is based, obtains similar developmental experiences and can ultimately take on the necessary global leadership challenges. EBR

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