Leadership Competencies in the New Global Frontier

An Analysis of Emerging Trends

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Abstract

The purpose of this research study is to explore the requirements of leading in the current global environment. The existing studies indicate that typically companies do not have enough leaders, with global competencies and competition for these resources will be enhanced more in the future. Research on this area is still scarce and that adds more value to the study. The research would use a simple validated and popular global competency framework to rank the competencies to enable organizations to evaluate and build systems that develop the required competencies. People in leadership positions with experience in handling international assignments, Vpresidents, Directors, CEO of small firms and Head of L&D departments were the participants in the study. The findings of this study will be of use to human resource development (HRD) professionals in facilitating self-reflection and reflection with others – core processes for the learning and development of global mindset. Initiatives that
will incorporate self-reflective and reflective processes will allow the participants to make meaning of their learning. The findings of this study could inform leaders preparing to work in global environments and HRD professionals called to develop learning environments to foster environments and practices, which nurture leaders with the required competencies.

**Keywords:** Global Leadership Competencies, Global Mindset, Knowledge Worker, Metacognition

**INTRODUCTION**

Leadership today is defined more in terms of competencies.[1],[2]. A competency is defined as a capability or ability. It is a set of related but different set of behaviors organized around an underlying construct called ‘intent’[1]. Leadership in the 21st century is influenced by external drivers as globalization[3], technology[4], downsizing[5], and diversity[6],[7]. Corporate global expansion strategies have come to stay to take advantage of synergies that may arise from such combinations. However a haphazard approach to global leadership development has left many multinational organizations with critical gaps in their talent pool of global leaders. To enable organizations to strengthen their global leadership bench through the development of more systematic and rigorous talent management practices, we must first highlight the fact that global leaders are a unique breed compared to other line leaders. Consequently, it is important to cull out the distinctive capabilities that global leaders require. A research report by Mercer, echoes critical concerns about leadership competencies currently in organizations.

- Current leadership capabilities not aligned with current or emerging business requirements
- Weak bench of leadership talent ready to step into key roles
- Shortage of potential succession candidates for mission-critical roles
- Insufficient bench strength to support business growth and meet future demands.

Clearly the need to find and develop people who have the ability to lead in a multilingual, multicultural world is bedeviling many of the HR leaders who contributed to the discussion. This comes at a time when many organizations are still struggling to understand how their companies should operate globally. Amidst this struggle in the global economy is the growing realization that knowledge work and knowledge workers are the primary sources of economic growth for individual forms and nations. Thus in the 21st century, the ability to build, share and leverage knowledge will replace the ownership and control of assets as a primary source of competitive advantage[8].

One of the fundamental questions asked by scholars and business leaders today is, “How can a company prepare to effectively compete in the hypercompetitive, complex, global environment of the 21st Century?” One of the central precepts in the management literature is the necessity to have a well developed, experienced management team at the helm, or in other words, experienced, well prepared executives[9]. The paper attempts to review and understand global leadership.
competencies from the lens of various conceptual models.

LITERATURE REVIEW

Managerial Competencies for Global Leadership

It has further been suggested that among the required soft skills associated with effective cross cultural experiences, the expatriate should be able to communicate verbally and non-verbally, take action amidst insufficient, unreliable and conflicting information, to inspire trust and confidence and view problem solving and to view problem solving as a social process involving consensus and interpersonal influence rather than correct answers[10].

According to Ronen (1990)[11] relational characteristics (tolerance for ambiguity, non-judgementalism, behavioral flexibility, interpersonal skills, cultural empathy & low ethnocentrism) and motivation (interest in overseas experience, willingness to acquire new patterns of attitude and behavior) as the most important predictors of expatriate success. Recognize that people are different not inferior which is a hard thing for lot of people to grasp[12]. Firms in global alliances that depend upon flexibility and adaptability to local markets, require their managers to possess appropriate leadership styles to address effectively different value systems and cultures[13],[14]. That is, leaders are facing new leadership challenges as they enter global markets. Furthermore, as globalization is intensifying, leaders have more chances to live and work with the people coming from very diverse cultural origins including differences in language, norms, and lifestyle [15]. (Zakaria, 2000). Culture shock management was one of three chief competencies for expatriates, as important as adaptation, interpersonal relationship[16]. In order to improve and manage the people on a global scale, leaders are inevitably required to rethink their leadership [17] (Higgs, 1996) and understand their local manager’s leadership practices. Above all, when a leader is facing the challenge of globalization, effective leadership style becomes one of the most important factors in maintaining competitive advantage and in supporting firm performances. It is necessary for a leader to understand the leadership of individual managers and their potential to influence competitive advantage [18].

Knowledge Power Replacing Positional Power

Positional power as emphasized by traditional theories will be replaced by knowledge power derived from information and knowledge[19]. their knowledge is not important. However, [20], argue that, because knowledge has driven the economy to be knowledge based, the workforces have responded and educated themselves to meet the requirement. Of course, as people transition from being labor based to being knowledgeable workers, the workforce as a whole demands that its knowledge and capability to think are the workers’ greatest and most valuable assets that corporations must appreciate and utilize. Thus, leaders are challenged not only mechanically on how they lead, but also more importantly on a
deeper level, on their mindsets and beliefs about people. Today, leaders are forced to replace the old top down approach with an innovative learning system, such as learning communities’ approach to meet the demand of the knowledge worker as a learner and creator of breakthrough knowledge[20]. Furthermore, leaders are challenged to move away from the instructional approach, which operates from the idea that leaders know best, workers are unintelligent, and knowledge can only be instructed from the leader to the follower. Instead, leaders must rely more on a platform of collaboration that states that everyone (leader and followers) has knowledge to contribute toward the success of the organization [21]. The driving force of knowledge forces leaders to come to grips with the realization that they must create and foster the culture of learning organizations that engages knowledge workers in the co-creation and co-learning of knowledge with leaders to solve problems and seize opportunities, both for workers and organizations alike [22]. The knowledge-based globe necessitates that leadership effectiveness be measured on the ability to re-construct knowledge and the intellectual property embedded in knowledge workers, both from an individual and a community level [23]. Knowledge workers are described as adult learners who are living knowledge repositories and who render their knowledge not to an assigned leader, but to a community of other knowledge workers to create mutual benefits[24]. The leadership conceptual framework by Kouzes & Posner (1995), identifies 5 fundamental leadership practices. The practices are: challenging the process, inspiring a shared vision, enabling others to act, encouraging the heart, and modelling the way.

The Shifting Economic Landscape

The networked economy requires that companies rethink and refocus their leadership

| Environment Transitions : A Challenge and Coping Strategies Source : Harvey & Buckley,2002 [26] |
|---|---|
| **20th century** | **21st century** |
| High percentage of manufacturing industries | A high percentage of service industries |
| Emphasis on functional expertise | Emphasis on management processes |
| Domestic market | Foreign market and cultures |
| Legitimate authority in hierarchical organizational structure | Virtual team and network organizational structures |
| Clearly defined operating procedures | Fluid and reactive operating procedures |
| Well defined industry boundaries | Ill defined industry boundaries |
| Fairly constant market | Fairly turbulent market |
| Bricks & Mortar | Virtual offices |
| Communication, slow and unreliable | Communication, instantaneous and continuous |
| Technology growth emerging | Technological growth exponential |
| Many employees with similar responsibilities and skills | Many employees with unique responsibilities and skills |
development practices to accommodate the shift to new, relationship-oriented business models. The new age leaders will have to be boundaryless thinkers, network builders, diplomats, interpreters, champion learning and develop next generation leaders [25]. The table outlines environmental transitions and the need for leaders to gear up to the contingencies.

**OBJECTIVES**

The main objectives of this paper are:-

1. To identify recent trends in research in Global Leadership Competencies.
2. To identify competencies most important for performance in the current environment.

**Research Gaps**

Literature review has suggested that global leadership competencies are arrived at as dichotomies rather than as continuums. Emphasis should shift from trying to define new set of competencies to defining and measuring their ideal level in individuals. More longitudinal and comparative research is needed to understand the relationships and causalities between different competencies, their paths of development and impact of different development models [27]. (Jokinen, 2004). The research on global competencies have been dispersed and a more synergistic approach is needed with a comprehensive theoretical framework to understand the process and interactions underlying the development of a global leadership potential. Apparently there is a missing consensus of global leadership competencies. Global leadership research is a nascent field with limited research on correlation between sustained excellence and high global competency of modern leaders. Studies on transactional leadership [28], transformational [29], have dominated the majority of studies.

**EMERGING CONCEPTUAL MODELS**

**Global Competency Index**

Sets the conceptual stage for developing multiple leadership intelligences. The GCI attempts to pull together several theories...
of intelligence into one index of the most important leadership competencies. GCI focusses on leadership competencies for high functioning global leaders and presents six leadership intelligences.

**Intellectual Intelligence (IQ):** To cope with high task demands, leaders are expected to have high IQ attributes of analysis, logic and reason[31]. (Chin et al.,2006).

**Emotional Intelligence (EQ):** Successful leaders must use EQ to recognize, understand and manage themselves and others emotional states to solve emotion-laden problems and regulate behavior.

**Cultural Intelligence (CQ):** In a study by Livermore(2010), ninety percent of leading executives from 68 countries named cross cultural leadership as the top management challenge[32].

**Meta cognitive Intelligence (MtQ):** Called it as the ability to understand oneself[33].

**Existential Intelligence (XQ):** A path where global leaders bring individual and global organizational action into alignment with a larger sense of purpose[33].

**Moral Intelligence (MQ):** Exercise of one's will and morality and preserving the sanctity of other living creatures and the world they inhabit.

**Global Management Competencies Model:**

Bucker & Poutsma [34]

A model which was developed after a survey into the global mindset construct [35] the cultural intelligence construct(Early/Ang,2003), the intercultural effectiveness construct [36] and the cultural competence construct [37].

Global management competencies according to this model is considered as the ability to monitor, integrate and direct the knowledge, skills, and motivations, together forming behavioral repertoires, which are the building blocks of our behavior in an environment of business- and cultural - complexity. Their conceptual model is positioned in a context of behavior where behavior is defined as the function of knowledge, skills, motivation together forming behavioral repertoires. Cultural and global strategic behavior are the outcome of the model. It is defined as global strategic and cross-cultural behaviour, which is relevant for working in a strategically and culturally complex environment. Finally, this behaviour is evaluated in terms of its effective performance[38].

The model in Figure 2 consists of an upper circle, containing the metacognition variable, and a lower circle containing the variable(s) behavioural repertoires, knowledge, skills, and motivation. Knowledge, skills, and motivation can be perceived as learning outcomes. Cognitive outcomes are defined as skill based outcomes and affective outcomes as learning outcomes[39] [40]. Cognitive outcomes include the acquisition of (declarative) knowledge, knowledge organisation (mental models) and knowledge strategies (metacognition and self-insight). Knowledge development is closely related to skill development. Skill development
is defined as a transition from declarative knowledge to procedural knowledge, followed by skill compilation and subsequently skill automaticity[41]. Skills are goal oriented automated pieces of behaviour, freeing resources for other actions.

Motivation (attitudes and preferences) is described here as an internal state of mind that influences choices in terms of personal action (Gagne 1984). Motivation is described, in terms of attitudes, as an internal state that affects behaviour [42], as a willingness to put effort into behaviour supporting certain goals. ‘Metacognition’ in the upper circle, is a component reintroduced in the cultural intelligence literature but going back to earlier authors, such as [43] Flavell (1979). Mindfulness, another term introduced in the cultural intelligence debate (Thomas 2006), is characterised by making active distinctions and differentiation. A person who demonstrates mindfulness engages in the process of creating new categories by making finer and finer distinctions [44] (Langer 1983). Mindfulness is a state of alertness and lively awareness that is manifested in active information processing, characterised by the creation and refinement of categories and distinctions and awareness of multiple perspectives [44] (Langer 1983). It is, however, a cognitive concept, focusing mostly on knowledge and awareness, less on skills and motivation. Metacognition is defined as an individual’s knowledge of and control over his or her cognition [43] (Flavell 1979) over thinking and learning activities (Swanson 1990). The term metacognition is used to refer to both the knowledge of one’s own cognition and its regulation[45],[46]. Metacognition includes planning, monitoring, and revising goal appropriate behaviour [47]. Individuals differ in their ability to take advantage of an environment in which they can structure their own learning [48]. Individuals with greater metacognitive skills are expected to learn more effectively because they monitor their progress, determine when they are having problems, and adjust their learning accordingly[49]. There is general consensus that metacognition involves (1) the ability to consciously monitor one’s knowledge processes and cognitive and affective, motivational states and (2) regulate these processes and states in relation to an Objective [50].

Figure 2: Global Management Competencies Model © Bücker & Poutsma

Leadership Competencies in the New Global Frontier
Managing Paradoxes

Global leaders face increasing numbers of dilemmas and contradictions every day, requiring them to deal with paradoxical ambiguity in real time. This can cause great discomfort for Western leaders who were trained in rational analysis and decision making. Holding contradictory concepts in mind can be unnerving for Westerners who assume they must make a choice, whereas Asians tend to be more comfortable embracing both ends of the paradox. There is no consensus among management scholars or interculturalists about the most important paradoxes facing leaders, especially global leaders. And there are no common frameworks. Nine paradoxes for expatriates, in four categories were identified. Table 1, elaborated more of them [51]:

**Cultural Intelligence:** having stereotypes and seeing exceptions, being powerful and powerless, being free of own cultural norms and restrained by host-country customs;

**Mediation:** promoting idealized company values and realizing they do not exist, feeling caught between contradictory demands of headquarters and subsidiary;

**Self-identity:** giving up some homecountry values and finding others grow stronger, becoming more cosmopolitan and more idiosyncratic; and

**Cautious Optimism:** thinking well of host nationals and being savvy about being taken advantage of by them, feeling at ease anywhere and belonging nowhere.

Global Leadership Competencies Model: Chin, Gu & Tubbs, 2001[54]

Global leadership competencies develop over a long period of time[52]. If research can identify the most important leadership behaviors, practitioners can perhaps shorten the process of developing the most important competencies[53]. The GLC model hypothesizes that the levels are learned in a predictable sequence as described below. “At the lowest level of the pyramid the individual begins with a state of global leadership deficiencies. In other words, it is difficult to move to the next level higher in the hierarchy until one has moved through the lower level. In addition, through negative experiences, it is possible to have individuals ‘backslide’ and move from a higher level on the pyramid to a lower level. At the highest level of the pyramid, an individual can achieve some level of global leadership competencies” [54]. In other words, various stages are involved for a successful adjustment (Sanchez et al., 2000). The pyramid levels (from lower to higher) are: (a) ignorance, (b) awareness, (c) understanding, (d) appreciation, (e) acceptance/internalization, and (f) transformation [54]. A better understanding of the stages involved will help in the successful adjustment to a foreign environment and the development of a global mindset [55].

DATA MEASUREMENT

The competency framework used here in this study is based on a model of leadership competencies developed in the summer of
Table 1: Paradoxes for Expatriates

<table>
<thead>
<tr>
<th>Paradox</th>
<th>Description</th>
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<tbody>
<tr>
<td>Performance: Strategic &amp; Operational</td>
<td>Global leaders must operate from a long-term perspective in pursuing strategic opportunities. At the same time, they must ensure that all the day-to-day operating details are planned and managed</td>
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<tr>
<td>Taking charge and Empowering</td>
<td>Global leaders must take charge and exercise control over groups of people. At the same time, they must engage and empower employees to implement what needs to be done.</td>
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<tr>
<td>Relationships: Relationships Results and Relationships</td>
<td>Global leaders must focus on achieving organizational goals and bottom-line results. At the same time, they must build relationships with a variety of stakeholders to create alignment and foster collaboration</td>
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<tr>
<td>Listening and expressing</td>
<td>Global leaders must ask questions and listen to a variety of perspectives. At the same time, they must express their own point of view with clarity</td>
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<tr>
<td>Culture: Global and local culture</td>
<td>Global leaders must operate with a global, cosmopolitan mindset. At the same time, they must be sensitive to local markets and needs</td>
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<tr>
<td>Common group and uniqueness</td>
<td>Global leaders must pay attention to common group characteristics and respect cultural differences. At the same time, they must try to see and appreciate the unique qualities of each individual</td>
</tr>
<tr>
<td>Agility: Agility Open mind and decisiveness Consistency and versatility</td>
<td>Global leaders must be open to others’ ideas with a nonjudgmental attitude. At the same time, they must analyze data and make decisions, often without consulting others. Global leaders must be anchored in their own values so they can provide clear and consistent direction to others. At the same time, they must operate with versatility in adapting to p.</td>
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<tr>
<td>Orientation: Orientation Humility and confidence Doing and being</td>
<td>Global leaders must be humble about their own accomplishments, limitations, and mistakes. At the same time, they must convey absolute self-confidence that attracts Others to follow and trust their leadership. Global leaders must consider what they do, taking action to make things happen. At the same time, they must consider Who they are, being mindful of their energetic presence</td>
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Source: Osland and Osland (2006)
2012 by Bersin & Associates analyzed assessment data provided by global assessment provider, SHL. It is so selected because it reflects the underlying competencies as defined in various models. Bersin & Associates developed the competency framework based on their study of three sets of leaders – executives, midlevel and first-level managers. They evaluated the competency data across these three levels of leaders in 10 countries, using SHL’s existing leadership capability model. The 10 countries are Australia, Belgium, China, Denmark, India, the Netherlands, Norway, Sweden, the U.K., and the U.S. Each country was selected based on the size of its economy and the availability of data, ensuring that we had adequate data from which to draw valid conclusions. The minimum sample size in each country was 1,000 participants. In total, their sample represented data from 30,576 individuals.

Respondents in senior managerial positions in Multinational corporations of repute like Reddy Labs, Novartis, Mars International, operating in India were asked to rank the competencies on a scale of 1-5 in the order of importance. The participants included those in the position of directors, VPresident of multinational corporations, in Pharma, Consumer HealthCare, Independent CEO’s

<table>
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<th>Table 2: Leadership Competencies</th>
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<tbody>
<tr>
<td>Leading and deciding</td>
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<tr>
<td>Supporting and Cooperating</td>
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<tr>
<td>Interacting and presenting</td>
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<tr>
<td>Analyzing and interpreting</td>
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<tr>
<td>Creating and conceptualizing</td>
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<tr>
<td>Organizing and executing</td>
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<tr>
<td>Adapting and coping</td>
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<tr>
<td>Enterprising and performing</td>
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</tbody>
</table>

Source: Bersin & Associates 2012 [56]
of midsized firms operating in a global environment, IT and ITES in the age group of 30-35 and who have handled global assignments to understand the most vital competencies required for leaders operating in a global scenario. The survey was administered to 40 participants who have had substantial exposure to global assignments. The rank allotted by a majority of them is taken into consideration.

Table 3: Ranks Assigned for Competencies

<table>
<thead>
<tr>
<th>Competency</th>
<th>No of persons</th>
<th>Rank</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leading and deciding</td>
<td>38</td>
<td>1</td>
<td>95</td>
</tr>
<tr>
<td>Supporting and Cooperating</td>
<td>35</td>
<td>3</td>
<td>88</td>
</tr>
<tr>
<td>Interacting and Presenting</td>
<td>35</td>
<td>2</td>
<td>88</td>
</tr>
<tr>
<td>Analyzing and interpreting</td>
<td>38</td>
<td>1</td>
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<tr>
<td>Enterprising and performing</td>
<td>35</td>
<td>2</td>
<td>88</td>
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</table>

DISCUSSION OF RESULTS

Leading and Deciding, Analyzing and Interpreting, Creating and Conceptualizing and Organizing and Executing are ranked as the foremost competencies required for leaders operating in a global level. Adapting and Coping, Enterprising and Performing and Interacting and Presenting follow the next in order. Supporting and Cooperating ranked third, perhaps as the leader had to brave many a storm to get new ideas through. Global leaders must ask questions and listen to a variety of perspectives. At the same time, they must express their own point of view with clarity [51]. The results are also in alignment with Bersin and Associates survey on Global Leadership Competencies, that an Individualistic style is what typically characterizes leaders of late in India and US with a high people orientation typical of Norway, Denmark, Sweden & Netherlands. Individualists are more strongly focused on task-related than on people-related aspects of the job. They prefer not to engage with the personal concerns of others and tend not to act in a directive manner. They are open to expressing their own opinions and may seek to take an independent advisory role within the group. Some of the observations are also recorded to enhance the interpretation of the results:

- “I moved them around a lot. A lot of the behaviors are situational, role based and leadership level based. I looked at it from my role own role and here is what I believe is critical for success, Setting the direction, influencing team towards that direction and driving through to execution. The biggest gap I have seen is that a lot of people have great ideas however very few act on them (less than 1%) and the successful ones are not the ones with the best ideas but the ones who execute on a good or even a slightly mediocre idea.
really well. And this is happening even at the very top levels.”

- Competencies become critical basis the role a person plays.

CONCLUSION

Today’s leaders are under a microscope and face a daunting set of complex business issues. With the current economic volatility, and the speed of social and technological change, the challenges facing leaders are greater than ever. The pressure is heightened by the worldwide visibility of failed leadership in the press and through social media. The greatest business opportunities and also the greatest challenges are global – and demand leaders who can move the company forward in the face of these challenges.

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