

Leadership in the Context of Globalization: The Need for a New Leadership Model

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Abstract

The paper aims to critically analyse different aspects of leadership in chaos in complexity through understandings of leadership from different approaches (organisational and global approaches): levels of leadership in association with organisational complexity and its role in building a sustainable organisation; globalization and implications for leadership. Thereby, the paper applies those concepts to identify global leadership competencies which are essential, universal and timeless for effective implementing leadership in the new era. Based on the existing literature as well as the challenges leaders have to face from both approaches, this study proposes an integrative model of leadership in the context of globalization. As a result of being combined between the components of both organisational and global approaches and the identified global leadership competences, the model might be used as a reference model for future studies.

Key words: Leadership, globalization, leadership model.

1. Introduction

The study of leadership has been an ongoing process for many, many years and has been broadly defined as a process of social influence. According to Yukl (1998), leadership, unlike management, is not dependent on position, title or privilege. Leadership is an observable, understandable, and learnable set of skills that can be mastered by anyone that is willing to take the time and make an effort to learn them. The term leadership is not a simple one to understand as Bass suggested in 1990 that there might be as many definitions as there are authors on the subject (Kreitner & Kinicki, 2001). Especially, leadership has become more complicated when it goes outside the context of organisation into the context of globalization. Prewitt et al (2011) indicated that the globalization trend has overwhelmed many organisations and challenged their leaders to understand and adapt to the various communities across the globe. This has significantly changed the way many organisations have trained their employees. While employees tend to be provided with newer equipment and software, the need for developing their managerial and leadership skills seems not to be properly concerned as they should be (Prewitt et al 2011). The question is that: what is needed to compete, succeed, and to continue to grow as an organisation in our global world? Thus, the need for developing a workable and realistic model for global leadership and identifying the competencies that are required to successfully implement the leadership model is imperative.

2. Literature review

2.1 Leadership in organisational context

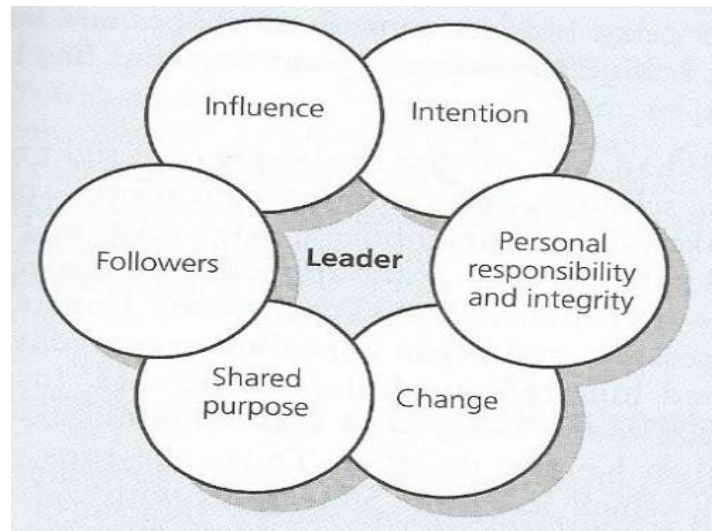
What is leadership?

As the nature of leadership itself is complex, defining leadership has been a complex and elusive problem largely (Daft 1999). Initially, the term leadership was understood as almost synonymous term with management. Then, leadership and management were clearly differentiated although they are closely related. Daft (1999) defined leadership as an influence relationship among leaders and followers who intend real changes that reflect their shared purposes.

From a similar point of view, Champoux (2011) considered leadership as an influence process, including two dimensions: (1) the leader's intention to affect the behavior of at least one other person; the extent to which the target of the influence effort perceives the behavior as acceptable.

To provide a sufficient view of what leadership is; Daft & Pirola-Merlo (2009) identified the six key elements which are involved in the leadership process (See Figure 1).

Figure 1. What leadership involves



(Source: Daft, RL & Pirola-Merlo, A 2009, *The leadership experience*, Cengage Learning)

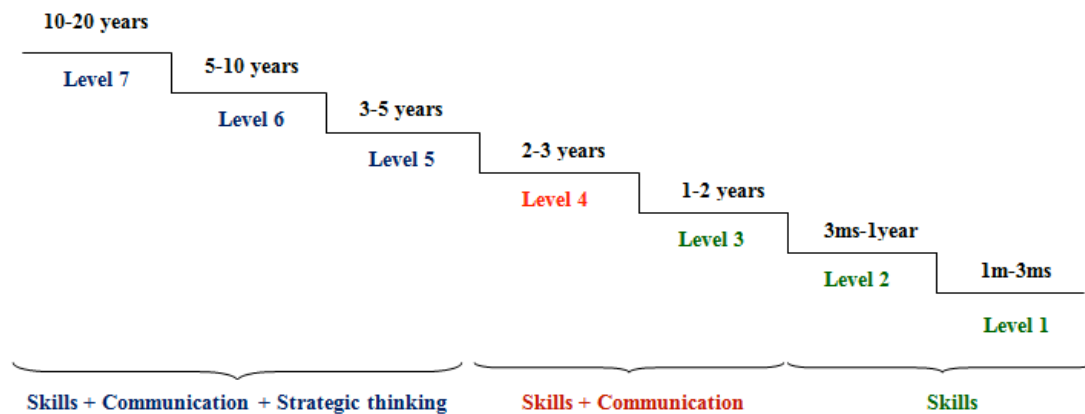
From organisational perspective, the world of organisations is changing rapidly as a result of recent emergent trends such as: globalization, deregulation, E-business, telecommunication, and virtual teams (Daft & Pirola-Merlo 2009). Concurrently, these changes have raised new challenges for leadership to be effective in the twenty-first century. Therefore, it requires leaders to do leadership in a new-paradigm mindset which allows them to be more flexible and adaptive in facing environmental changes. The new realities are outlined in the table below.

Figure 2. The new reality for leadership

OLD Paradigm	NEW Paradigm
Stability	Change and crisis management
Control	Empowerment
Competition	Collaboration
Uniformity	Diversity
Self-contredness	Higher purpose
Heroism	Humility

(Source: Daft, RL & Pirola-Merlo, A 2009, *The leadership experience*, Cengage Learning)
Leadership and levels of organisational complexity

In terms of organisational context, it appears that there are many levels of complexity and each level requires a different understanding of leadership and management to be interpreted and applied (Allsop 2014). From this point of view, Jaques (1991) studied and developed an understanding of seven levels within the firm and the management implications, which was elaborated in his book *The Requisite Organization* (1997) (Refer to Figure 3).

Figure 3. Levels of complexity “Time span of discretion”

(Source: Jaques E 1991, *The Requisite Organization*, Cason hall, Arlington)

As can be seen from the figure, the emphasis of level 1 is on the management of routine and generally known tasks. Moving up to level 2 is first line supervisor and work group leader who gathers information and resources, and provides the capability for level 1. The next level is the level of middle management who integrates the functional areas into whole of organisation applications (Allsop 2014). The most difficult level within the organisation is level 4 - general management because they are under pressure of both accomplishing strategies and policies from higher levels and communicating with operational levels. From level 5 to level 7 is about integrating operations of the organisation with the external environment, thinking big, thinking outside at global level (Allsop 2014). Particularly, the highest level is for individuals who can change the nature of the way the society operates. Put it simply, each level has a different process of information and different ways of thinking, they “reproduce themselves at a higher level of complexity. Therefore, leaders need to think of a whole system and grasp the nature of self organizing systems at every level of complexity in order to be effective leaders.

Leadership and building a sustainable organisation

As mentioned earlier, organisational contexts are becoming more and more complex. Thus, for leaders to adapt to the rapidity of change and build sustainable organizations, they need to have a (Allsop 2014). One of the biggest challenges leaders have to face is the complexity in decision-making, including: right versus right decision, long-term versus short-term, community versus self-interest, part truth versus truth, comparison versus justice (Allsop 2014). On the other hand, as change is inevitable, it has created uncertainty for leaders and leadership in various areas such as market forces, mergers and acquisitions, restructures, technology and infrastructure progress, HR availability and diversity (Allsop 2014). Internally, the emergence of complexities in their own workplaces requires leaders to make sense of the complexities rather than rely on work and life experience or skills. It appears that strategic leadership is becoming even more important than management for the long- term sustainability of the firm. From the organizational perspective, sustainability could be achieved when leadership is able to provide vision, direction and purpose as the environment changes; build sustainable systems at every stage within the total supply chain; understand the resource based view framework; and create sustainable competitive advantage (Allsop 2014).

2.2 Leadership in the context of globalization

Globalization – A new phenomenon

The emergence of new trends such as information technology revolution, cross- cultural in business activity, concerns about social responsibility and the environment have brought the world together as never before, which resulted in globalization (Dalglish & Miller 2010). Therefore, one of the simplest definitions of globalization is that it describes the increased pace of economic and cultural interconnectedness between different countries.

However, the concept of globalization is still challenging and debated and there is no black or white answer for the extent, cause as well as the effect of globalization (Nankervis et al 2011). While some scholars consider globalization as a special factor impacting the range of technological change that has enabled finance, information and goods to spread much faster than before, others focus on the globalization changes such as global warming, the move to global markets, the outsourcing of jobs, and potential disease epidemics (Campbell 2015).

On the one hand, these changes bring a number of significant challenges to effective leadership as they raise the diversity in organisations. On the other hand, they enable leaders to lead in a new world (globalised world) and give leaders an opportunity to understand and practice global leadership (Allsop 2014). According to Osland et al (2006), the term “global” is complex itself as it encompasses geographic reach, cultural reach, and intellectual reach. Thus, the question how to handle the challenges of global diversity has become the most concerned topic. Daft & Pirola-Merlo (2009) suggested that leaders need to develop cross-cultural understanding, build networks and understand geopolitical forces; particularly, consider the socio-cultural environment and its effect on leadership actions.

Implications for leadership

It is evident that leadership plays a very important role in creating flexible and adaptive organizations. Change is inevitable, especially in today's global environment. The research has shown that a major factor in the failure of organisations to adapt to changes is the lack of effective change leadership. Hence, the more understanding about environmental as well as organisational changes would lead to the more effectiveness for leadership in responding and leading those changes (Daft & Pirola-Merlo 2009). In fact, organisational changes are more complicated than ever before as they can be planned or unplanned. Concerning with this problem, many scholars have come up with a number of models/frameworks to help leaders to understand and plan change in organisations. One of the most noticing models is Kotter's eight-stage framework which indicates eight steps for leading change, including: establishing a sense of urgency, creating guiding coalitions, development of a vision, empowering actions, generating short-term wins, consolidating gains, and anchoring the new approaches in the culture (Dalglish & Miller 2010). From another perspective, Daft & Pirola-Merlo (2009) supposed that creating a learning organisation is an effective way to respond to changes. Therefore, many leaders are transforming their organisations into a learning organisation, a fluid, flexible system which has the capability of continuous learning and adaptation. Noticeably, leaders are dealing with a dual change to not only maintain efficient performance, but also become a learning organisation. The solution for a dual change is to embrace new technology, foster creativity & innovation, and use after-action reviews (Daft & Pirola-Merlo 2009). There are five elements leaders have to concern when creating an innovative organisation with innovative individuals; they are alignment, self-initiated activity, unofficial activity, diverse stimuli, and within-company communication. In terms of identifying different responses to change, the attitude investigation indicated that there are four types of responding group, including: creators, adaptors, reformers and maintainers (Allsop 2014). Thus, for leaders to be effective leading change, they firstly need to understand the reason people resist change and then use communication and training, participation and involvement to overcome resistance. With the other groups, it is potential for encouraging and supporting creativity so that both of the followers and organisations can be more responsive and ready for change (Daft & Pirola-Merlo 2009).

Another implication for leadership is to concentrate on building the team and talent development. As stated by Daft & Pirola-Merlo (2009), teamwork has emerged as a fundamental change in the way work is organised. There are more and more organisations recognising that the best way to meet the challenges of higher quality, faster service and customer satisfaction is through an aligned, coordinated and committed effort by all employees. Therefore, leaders are defined as team builders and talent developers in order to achieve organizational outcomes (Allsop 2014). According to Daft & Pirola-Merlo (2009), a team is a unit of two or more people who interact and coordinate their work to accomplish a shared goal or purpose. In general, teams are built by leaders through distinct stages from forming, storming, and norming to perform. The challenge for leaders is to help the teams get through these stages successfully. To build an effective team requires the leaders to have a holistic approach which considers size, diversify and interdependence of a team; and follow three principles when leading teams: (1) sharing purpose and values; (2) admitting mistakes in team leadership; (3) providing support and coaching to team members (Daft & Pirola-Merlo 2009).

Recently, the advances in technology as well as changing employee expectations and the globalization of business resulted in two new types of teams: virtual and global teams, which lead to more challenges for team leaders. To create effective teams, leaders need to build connections in physical and virtual space, select skilled members, set the rules for teams, handle conflict, manage diversified languages & cultures, and establish a shared culture of the team.

2.3 Developing a new model of leadership

Identifying global leadership competencies

According to Campbell (2015), there are nine basic leadership competencies which are divided into two groups. The first group includes six competences covering the major tasks of organisational leadership. These six must be present and well executed. Especially, the organisation and its membership will eventually suffer without these competences. The second group consists of three competences which represent personal characteristics necessary for successful individual leadership. These three are vital characteristics of being a successful leader. Interestingly, these ones cannot be delegated or shared, but can be unique among different leaders. Without them, no matter how skilled leaders are in the other six components, they will have trouble focusing the attention and activities of their organisation's members. Those basic competencies are discussed below.

- Vision - Establishing the direction of the organisation.

This competency is defined as setting a forward direction in a persuasive manner that both organises and motivates people to accomplish organisation's goals. To become a successful visionary requires leaders to create new projects, products, and programs and then find the necessary resources to carry them out. Resources are imperative as without them a vision is merely a fairly tale. In order to effectively face the complexity of globalization, vision also requires thinking beyond national and cultural boundaries. The process of establishing the vision for an organisation needs to be shared or sometimes must be shared. For instance, in a university where the faculty is central in planning the university's future or in a hospital setting where the medical staff is equally central (Campbell 2015).

- Management - Setting specific goals and finding necessary resources for achieving them.

While vision identifies a tone and direction for the organization, this competency represents the muscular strength of the organisation. Management is to define specific goals, to make work assignments, to develop metrics for measuring progress or for detecting problems, to install performance appraisal systems and to establish accounting principles. This competency also helps the organisation effectively adapt to environmental changes (Campbell 2015).

- Empowerment - selecting and developing subordinates who are committed to the organisation's goals.

Empowerment aims to find good people, then bring out the best in them and develop them to become future leaders. This competency requires a leader to be perceptive, encouraging, supportive, a good coach, and a good mentor. Particularly, they have to not only create an effective, motivated and creative workforce, but also to make it better over the years. The facts have shown that any organisation that cannot attract, develop, and retain effective, motivated people will have a short half-life (Campbell 2015).

- Diplomacy - Forging coalitions with important internal and external constituencies: peers, superiors, subordinates, potential allies, and other important outside decisions makers.

This competency is to understand and analyse external factors which may have considerable influence on what the organisation can achieve in the future. Therefore, diplomacy necessarily requires a broader, longer and fuzzier focus than do the normal day-to-day challenges. The leaders have to identify potential allies who are necessary or are going to contribute to the organisational development in the future or flanks which will need to be protected. Importantly, the creation of enemies should be avoided as in some cases, people who think differently than you today may prove to be some of your most effective allies tomorrow. In regard to the growing importance of global markets and contacts, some portion of the leader's diplomacy energy should be devoted to individuals and organisations of differing cultures and nationalities. The fact that most organisations are becoming bigger in size and more complex in operation also challenges leaders to be diplomatic in such larger circles.

Besides, organisational environments, especially factors from the external environment are uncertain, so therefore, small diplomatic steps need to be taken today in preparation for the journeys of the future (Campbell 2015).

- Feedback - Observing and listening carefully to clients, customers, voters, employees, students, team members and then sharing the resulting information in a manner that those affected can accept as beneficial.

This competency involves data about the performance of the organisation on important metrics – such as customer characteristics and satisfaction is collected and reported honestly and data about the performance of specific individuals is collected and shared in an appropriately private way. The aim of collecting and sharing this information is to help both groups and individuals improve and further develop their strengths as well as to acknowledge and deal effectively with their weaker points. Thus, such information should be used in an instructional, coaching style (Campbell 2015).

- Entrepreneurialism - Finding future opportunities, or a higher probability of other desirable, or the creation of beauty through mechanisms.

This competency is mainly focused on creativity and innovation, on bringing in new ideas for future activities and making them work. Hence, the core ability to be required are thinking out of the box to see and take opportunities, concurrently identifying and managing risk as in normal, new ideas rarely work perfectly without failures. One of the essential characteristics of leaders they must have themselves is durability – the ability to lose, then to lose again, and then to lose better after taking lessons from previous losses. Moreover, being courageous is also necessary when leaders have to make important decisions in association to organisational changes. Normally, innovation can be sought from outside sources such as advertising agencies, research laboratories, or specialised think tanks, but in some specific cases, leaders play an important role in creating/making innovation themselves (Campbell 2015).

- Personal style - Setting an overall organisational tone of competence, optimism, integrity, and inspiration.

Personal style is one of the main component parts impacting the success or failure of a leader. No matter how competent leaders are in carrying out the first six competencies, they still must set an appropriate tone for the organisation. This competency requires a leader to be personally competent and effective with an appropriate amount of experience; to be credible and optimistic; to have a sense of humility, a sense of servant leadership in providing people around them with an energising role model (Campbell 2015).

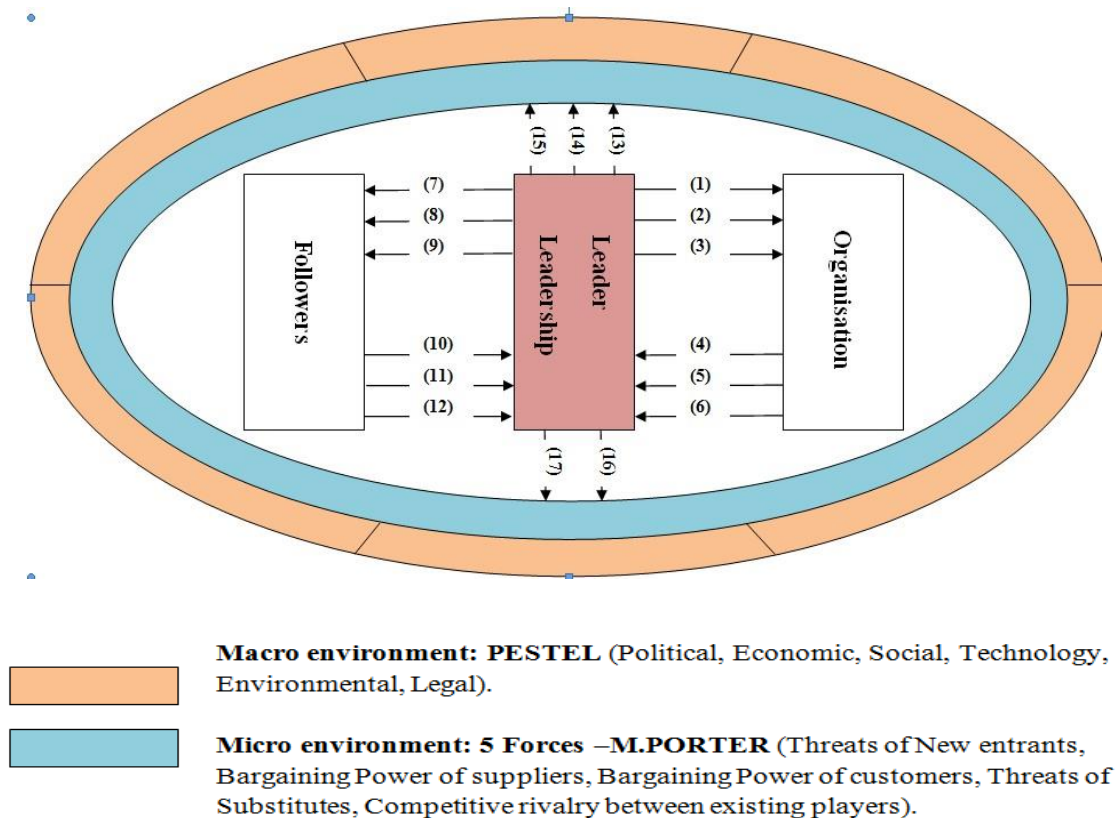
- Personal energy - Living a disciplined, wholesome lifestyle with the necessary energy and durability to handle the physical demands of leadership.

This competency is about the need for personal health which provides leaders with the necessary physical energy for carrying out those competencies above. The life of a leader is not easy, but demanding - it is neither for the frail of heart nor for the weak of constitution. The energy of the leader represents the energy of an organization, thus, they need to be seen as energetic, as capable of hard work over long hours, as effective, calm, and motivating even when under obvious stress. Especially in the global context where leaders likely have to work outside of the normal comfort zone, the physical health pattern is becoming more and more important (Campbell 2015).

- Multi-cultural awareness - Being experienced and comfortable when working with diverse individuals in organizations that cut across geographic, demographic, ethnic, and cultural borders.

This competency, which is essentially an amalgamation of many of the above competencies, is where an appreciation of globalization is most important. The world has become more and more complex resulting in a wider range of individuals and situations we meet in an earlier, simpler time. Not only work-life but also everyday life has significantly changed, those changes include: travelling to distant places, communicating through other languages, working with people from different cultures, thinking both through daily contacts and through the pervasiveness of the media. Therefore, one of the keys for effective leadership is to be especially aware of the necessity for multi-cultural awareness (Campbell 2015).

To conclude, all of those nine competencies are important and they are all needed for the sustainable development of the organisation. Just one of them is lacking could lead to leaks and flounder on the leadership boat.

Developing a new model of leadership

(1) Understanding the Resource Based View of the firm (2) Applying Design Theory for Value Creation (3) Building an organizational community (4) Levels of organisational complexity (5) Cultural diversity (6) Organisational change (7) Building teams (8) Developing talent of team members (9) Sharing the power with others (empowerment)	(10) Enhancing/Underscoring leader's shortcomings (11) Various styles of followership (12) Influencing by follower power (13) Leading ethically (14) Building sustainable organisation (15) Building multicultural organisation (16) Leading and CSR (17) Developing and implementing Social Enterprise
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In concerning to create leadership models, many scholars and researchers have come up with a wide range of models providing the insights as well as applications of leadership in different circumstances. This new model is based on the integration of the components of substitutes for leadership and full range of leadership theories. Especially, the frame is constituted upon three major components, including: external environment (both macro and micro environment), organisation and followers. As can be seen, the orange circle represents the macro environment which impacts leadership through political, economic, social, technology and environmental factors. Although these macro factors do not directly influence leadership, they play an important role in creating a basis where leadership can be implemented and developed. In comparison, the light-blue circle represents micro factors such as threats of new entrants, bargaining power of suppliers, bargaining power of customers, threats of substitutes and competitive rivalry between existing players. These factors need to be properly concerned in the process of doing leadership as they are supposed to be directly influenced the relationship between leadership efforts and the organisation's outcomes.

The inside of those two circles is the main part of the model, it represents interactions between leadership and the organisation and its followers. From the old perspective, the main focus when studying leadership is to analyse how it could impact the organisation in an effective way and concurrently investigate how the organisation challenges its leadership. With the aim of providing a comprehensive view of leadership in the context of globalization, this new model proposes another vital part which is followers. The followers' outcomes are influenced through the process of building teams, developing talent of team members and empowering. In parallel, followers also contribute to the effectiveness of leadership by enhancing leader's shortcomings, showing various styles of followership and using power to influence leaders. Moreover, the relationship between leaders and followers is also intersected by the situational variables which are playing the role of moderators between leadership behaviours and subordinates' work outcomes.

2.4 Implications

The proposed model and its components can be used for not only global managers, but also local managers who find themselves working increasingly with global organizations. It is undeniable that one of the key factors contributing to the success of an organization in a global context is the competitive edge. In particular, to outperform rivals, requires managers to use the toolkit that is available and suitable to them. Put it simply, the better the toolkit, the greater the probability of success. Another key factor impacting the success of an organization is to understand the environment in which it operates. The more managers can analyse and understand the environment, the more opportunities they can take. Therefore, the proposed model with mentions to macro and micro environments as well as their influences in association to lead effectively and achieve organizational goals can be seen as a noticeable point. This point also helps managers to have a more comprehensive view of leadership in the context of globalization; to see what resources or chances they can explore from the environment; to see what threats they have to face with; then, to integrate their strategy into the global context.

Besides the noticeable point mentioned before, there are also two important lessons here for managers when applying this proposed model. Firstly, it can be highly instructive for managers facing global assignments to think about how they conceptualize leadership and managing people. Managers can apply this model as a useful tool to check the reality of leadership they have practiced if it is effective or not through clarifying some questions, such as: Are they actually managers doing their jobs towards the global context? Do they take a universal or normative or contingency approach? Are there any limitations of their own approach regarding the success of their organizations? Finally, is there a better or a broader way to do leadership? The model indicates a two-way relationship of how managers lead their organizations and concurrently how organizations impact managers through levels of organisational complexity, cultural diversity and organisational change. Understanding the model and spending time considering just what leadership means can go a long way towards preparing managers for success in upcoming global assignments.

Second, having good managers and strategies does not always assure that the organization is outperforming its opponents. Many studies have shown that one of the core competitive advantages is human resource - they are subordinates, staff, and employees. This requires managers to build effective teams, find and develop talent of team members, and share the power with others (empowerment). The more effectively the subordinates work, the higher probability of success the organization can achieve. With the notice that some other leadership models seem not to mention to followers and followership in association to effective leadership, this model proposes managers to consider the influences of followers in parallel with doing their leadership. Followers clearly play a very important role in both accomplishing assignments and motivating managers to attain organizational goals. Put it simply, for managers to be well prepared before doing leadership or doing their assignments, the understanding of followers and their influences must come first.

In closing, it is undeniable the simple fact that leading is a challenging job, especially in the context of globalization, but it can also potentially be very rewarding. For many managers, it does not happen easily. Managers are born, but global managers are made, not born. It is inadequate when considering leading as a natural process because to become a global manager requires a continual learning process.

3. Conclusion

To conclude, leadership is a complex term and differentiated from management by playing different roles in organisations. As a result of recent emergent trends, especially the impact of globalization, leadership is transforming from traditional leadership to globalised leadership. Thus, for leaders to be more flexible and adaptive in facing environmental changes, they need to have understanding of complexity and practise leadership in a new-paradigm mindset. By analysing different approaches about leadership, it appears that an effective leadership is an integration of many factors such as personal traits, behavioural characteristics, leadership style and circumstances. From the organisational perspective, leadership plays a very important role in building sustainable organisations, creating flexible and adaptive organizations under the pressure of change, and building working-teams within organizations. When it comes to the global level, a leader needs to develop cross-cultural understanding, build networks and understand geopolitical forces; particularly, consider the socio- cultural environment and its effect on leadership actions.

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