Can Enterprise Competency Models Reflect Global Leadership?

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One of the points of concern raised by Holt and Seki (2012) is the adequacy of competency models in capturing the essential aspects of global leadership. Indeed, this is a major dilemma facing organizations that increasingly need to manage their leadership talent globally: How can they have commonality in leadership expectations yet also account for the key differences? We would like to offer some thoughts about different types of global leaders and the implications for competency models, based on our practice and research with leaders (global and not) in organizations around the world. We will describe the pressures leading organizations to a desire for a common competency framework and offer suggestions about how to implement them in a way that respects the differences needed.

Global Business in the Shrinking World

Julia Hanna (2011) recently interviewed Christopher Bartlett about his current thoughts about global organizations and leadership, 2 decades after his seminal book coauthored with Sumantra Ghoshal (Bartlett and Ghoshal, 1992). According to Bartlett, the three goals of multinationals (global scale efficiency; sensitivity and responsiveness to national differences; and leveraging

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the world for information, knowledge, and expertise) have not changed in the past 20 years, but being able to develop and diffuse innovation rapidly around the world has become much more important. Technology has been the key enabler of this tighter integration across the enterprise, on multiple planes. The use of communication technology clearly has shrunk the ''distance'' between global organizational sites, enabling the exchange of information and innovation in real time. It has also pushed the levels of interface down significantly within an organization; it is no longer only the most senior leaders that work with far-flung operations, but individuals at all levels of the organization are now working with multiple time zones. Moreover, globally implemented ERP (enterprise resource planning) systems enable supply chain and financial management at an enterprise level, and talent management systems are beginning to follow suit.

As a result of all of these dynamics, organization structures have a much greater number of global roles; these roles include more geographically and culturally diverse relationships, and the result is more speed and more complexity in both business issues and relationships. Our experience consulting with multinationals has shown that, 20 years ago, more of them operated as separate business units, by business or geography, but today many more are matrixed, with global functions supporting each geography, rather than functions contained within the geography. Consequently, despite the fact that the different globalization strategies described by Bartlett and Ghoshal (1992) remain, more of

the functional leadership roles (e.g., supply chain, R&D, legal, HR) are global, and there are also more global temporary projects to build processes that will work globally. These global roles, both formal roles and temporary projects, require working with people in different locations, time zones, and cultures, virtually and in person. And the amount of information to be integrated and kept up with is accordingly exponential, which also has significant implications for leaders.

This tighter global integration on the business side drives the need to manage leadership talent globally. The drivers include the quest for talent from across the globe, as embodied in Bartlett's quote that ''Companies can no longer assume that all the smart people in the world are born within a 20-mile radius of their headquarters'' (Hanna, 2011), enabled by the feasibility of enterprise technology. Together, these have created a pressure within organizations to standardize, creating a single shared ''system of record'' for corporate people, data, which in turn has created pressure for a shared, common language of leadership—a common set of competencies. Although historically local control created greater independence, now the shared services create both a global commonality and transparency for talent management, and talent management data analytics aggregate all global leaders together without the thoughtful and sensitive analysis that can be applied by local knowledge and awareness.

Different Types of Global Leaders

Within this context, though, there remain many types of global leaders. Bartlett and Ghoshal (1992) propose four globalization strategies: *multidomestic, global, international, and transnational,* each based on how they balance corporate integration with responsiveness to local markets. Sloan, Hazucha, and Van Katwyk (2003) propose global leadership roles linked to each of these strategies.

- *Market responsiveness leader:* focuses on ensuring that the product or service fits a specific market. This leader is typically referred to as a country or region manager and the role is most applicable in a *multi-domestic* globalization strategy, where local responsiveness is much more important than corporate integration. Success for these leaders requires intimate knowledge of their specific markets—their language and culture, socioeconomic climate, customer segments, and talent pools—as well as strategic marketing expertise relevant to defining, developing, positioning, and pricing offerings to deliver distinctive value to customers and gain competitive power in the marketplace.
- *Global efficiency leader:* focuses on efficiency in coordinating people and processes in different places. This leader is often referred to as a business line manager, and the role is most applicable in a *global* globalization strategy, where corporate integration, and the significant cost reductions and operating efficiencies it provides, is much more important than local market responsiveness. To be successful, these leaders must have broad global knowledge, deep product/service expertise, strategic insight to exploit opportunities and manage risks across national and functional boundaries, and the systems design and managerial skills needed to coordinate activities and link capabilities across all of those borders.
- *Worldwide learning leader*: focuses on capturing, sharing, and developing best practices globally. This type of leader tends to be a *functional manager* (e.g., leading global HR, R&D, finance, marketing, etc.) and is most applicable in an *international* globalization strategy, where corporate integration and local responsiveness are balanced, and neither is maximized. These leaders must have the specialized knowledge, strategic insight, and lateral

influencing skills necessary to scan the global environment for specialized intelligence and best practices, cross-pollinate knowledge, and distribute innovations and learning across national borders.

- *Corporate integration leader:* focuses on integrating and balancing multiple markets and/or business lines. This role is necessary in a *transnational* globalization strategy—the most costly, complex, and challenging strategy—which attempts to maximize both local responsiveness and corporate integration. This kind of leader, referred to by Bartlett and Ghoshal as the *corporate manager*, plays the most complex and comprehensive role in a global business. They must define a coherent, unifying global business strategy and clarify and align leadership responsibilities—country, business, and functional management—at all levels of the organization. In addition to the highest levels of strategic business planning, they must have significant skills in organization design, leadership talent development, and cross-organization and cross-cultural communication and influence.

Implications for Defining and Implementing Competencies

Given these significant differences among roles, the key question is whether it is possible to develop competencies that take into account both the commonality and the differentiation needed. Organizations that wish to avoid or overcome competency overload aim for parsimony in their competency models: They want to use the smallest number of competencies that will give them the differentiation they need to cover different roles. However, that frequently leaves them with too few competencies or data points to make meaningful analyses. They frequently also aim to use the competency frameworks to create some commonality in expectations, to avoid ''competency chaos''—the creation

of similar competencies, with the same name but different definitions—and to create common expectations, which they can use to help move leaders from one role, perhaps a less global one, to another role, perhaps global. Therefore, it is important to know if it is possible to use the same competencies for global and nonglobal leaders, and for local leaders across countries; to be simple without being simplistic.

In a review of global leadership competencies where they attempted to map the types of global leadership roles to competencies, Sloan et al. (2003) concluded that many competencies that are necessary for leaders in general are also important for global leaders. Broadly, the competencies can be grouped into four categories: thought leadership, results leadership, people leadership, and self/personal leadership.

- *Thought leadership.* Managing paradox is a key challenge of leadership and what makes it a lifelong journey: how to balance people and results, customers and profits, speed and quality. Leaders must constantly make choices in priorities and style. Some situations call for more direction, others more collaboration; some require fast decisions, however imperfect, others must be carefully tested to address critical risks. As Bartlett points out in the recent interview (Hanna, 2011), there are inherent tradeoffs between global scale and local sensitivity, which is a paradox distinctive to global leaders. In addition, the more global the role, the higher the volume and complexity of information that the leader must take into account.
- *Results leadership.* Planning, organizing, and distributing work through a complex organization is increasingly important for all leaders but especially for global leaders who have to coordinate work across multiple organization levels and national boundaries. Cultural differences in preference for structure and risk add a level of complexity here.

- *People leadership.* Understanding individual differences in motivation, aspiration, and expectation is important for all leaders who deal with our increasingly diverse workforces. Building relationships across distances and cultures, face to face and remotely, are key challenges. Communicating well orally and in writing, using words and tone and humor that will not be misinterpreted is also needed.
- *Self/personal leadership.* This includes core characteristics that are less immediately visible, such as learning orientation, adaptability, integrity, and values. It can be more controversial than behavior, frequently not included in competency models, and perhaps more culture bound. This less visible element gains more attention when a scandal comes to light, or when a leader simply cannot make the transition to a new situation. This is a core element of effective and ethical leadership and important to ensure a good match between the individual leader's values and those of the organization, and should not be overlooked for leaders, whether global or not.

In some cases, the general leadership competencies must be more fully developed to be effective in a global role. For example, *influencing* across cultures and distances is more complex than influencing in a more homogeneous environment, as are *shaping strategy* and *planning*. In addition, *inquisitiveness*, *Ability to Deal with Complexity*, *ability to communicate in local and corporate languages*, and *sustained mental and physical energy* may be important in specific global roles. They also identified two competencies that are unique to global roles: *global business perspective* and *cultural sensitivity.*

Research on the transportability of competencies across cultures shows that, with

the proper precautions, the same competencies can be used to measure leadership in different countries. An early part of the GLOBE study (House et al., 1999) showed that there are universal positives and universal negatives in leadership, along with a few that are culturally contingent. Kowske and Anthony (2007) tested this by comparing importance ratings of competencies across 12 countries. Consistent with House et al., their results indicate broad commonality: There is similarity in the rank ordering of importance, and all but one of the 288 means (24 competencies $\times$ 12 countries) was rated at least a three "very important" on the 7-point scale. However, they also found significant mean differences and distinguishable patterns between the countries, based on their scores on the discriminant functions. This indicates that, although there are nuances in the relative importance of specific competencies, this common set of competencies was very relevant across all 12 countries.

The implication of both of these lines of research—comparing global and nonglobal leaders, and leaders across countries—is that it is possible to have competency models that work for both global and nonglobal leaders. This is tremendously helpful from both a talent data and talent management system perspective, allowing for fewer discrete leadership models and a simpler path to consolidating multiple systems into universal systems of record.

Despite the commonality of what is required for leaders, the precautions to be taken to ensure that the competency model will be effective include:

- Develop the model with a team that includes people from different cultures and languages. "Exporting" a model developed in one location or part of the business is likely to miss some important aspects and risk being perceived as corporate imperialism.
- Consider a subset of the competency models that apply to different types of roles when developing the overall

framework, and allow users to choose the subsets that are most relevant to specific roles.

- Ensure that the language is clear and as simple as possible so that it can be understood by nonnative speakers and easily translated into other languages. For example, one of our models included the label ''organizational savvy.'' We found that the word ''savvy'' was not readily understood by people with English as a second language, or even in other parts of the English-speaking world, so using a more descriptive term such as ''political sensitivity'' is better. Having nonnative English speakers on the team helps to ensure that the language stays clear and easily translatable.
- Focus behavioral descriptions on outcomes (e.g., establishes good relationships with peers) rather than the process of getting to the outcome (e.g., has lunch with colleagues, has drinks with colleagues, buys gifts for colleagues), which is more contingent on the culture.
- Ensure that the descriptions, both at the competency and at the behavioral levels, have clear and precise anchors to ensure the global fidelity of the data.
- Provide guidance about how to use the model and how to take cultural differences into account. For example, interview guides that are to be used by leaders who interview many people from different cultures may include tips on how to recognize one's own biases and how to adapt one's style to the interviewee, while still aiming to elicit behaviors that are core for the organization.

Conclusion

In summary, based on research and practice, we believe that it is possible to identify a set of enterprise competencies that work across different types of global and non-global leadership roles, and across countries. There are many different types of global leadership roles, and it is important to define the specific responsibilities and results expected of a role in order to identify the key competency requirements. Yet, because global leaders are still leaders, albeit in a multicultural context, many of the same competencies still apply; however, a few more may be needed, some may be needed at a higher level, and care should be taken to ensure that they are defined in a way that is easily understood in different languages and cultures.

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