



CULTIVATING LEADERSHIP FOR GLOBAL MARKET

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Abstract

The importance of business leadership is well articulated by the observation, An ineffective leader can make a success of a weak business plan, but a poor leader can ruin even the best plan. Leadership is valuable in the contemporary dynamic environment for the success and survival of organizations. Organizations face two major challenges in finding and developing leaders: First is to identify qualified candidates to fill current and future leadership positions, and second is to develop a comprehensive leadership program to cultivate and develop the leaders of tomorrow. That's why developing effective leadership by using a consistent talent management program at all levels across the organization can return significant business value. To identify, attract, fill, and retain corporate leadership talent, companies need leadership development programs focused on hiring strategies, employee development, and career and succession planning. This paper examines the efforts taken by various corporate to cultivate leadership by means of succession planning, career advancement activities and also analyzed the cost of leadership-turnover with the help of various cases. This helps to bring out the significance of cultivating competent leadership to tackle global issues of Global Market. In the current paper researcher focused on exploring the true leadership concept. Further the efforts made to understand the contemporary need of leadership with special reference to transformational leadership and principle centered leadership.

Keywords: *Leadership Turnover, Business Plan, Talent Management, Succession Planning, Global Market.*

Introduction

In the past, leadership development was focused on only a few individuals in the organization. Now organizations need a system-enabled way to unify methods of assessing and selecting leaders, executing programs to develop skills, and measuring the success of these programs. Now technology can be deployed to extend these practices across the organization and down into all levels of the organizational workforce. As organizations reach across borders, global-leadership capacity is surfacing more and more as a binding constraint. According to one survey of senior executives, 76 percent believe their organizations need to develop global-leadership capabilities, but only 7 percent think they are currently doing so very effectively¹ and some 30 percent of US companies admit that they have failed to exploit fully their international business opportunities because of insufficient internationally competent personnel².

Objective of Study

This paper aims to study fundamental concepts of leadership, need for contemporary environment with special reference to transformational leadership and principle centered leadership. Further efforts were made by the various corporate to cultivate the leadership for global market and understanding the cost of leadership turnover.

Methodology

Researcher used case based approach to study the significance of cultivating leaders for Global Market. Leadership development activities at: GE, Coca Cola, Wipro, was discussed. Further the Cost Associated with Healthcare Executive Turnover was discussed in detail to understand the effect of leadership turnover in the form of case studies. Thorough literature survey was done to understand the fundamental concepts of leadership, focused on transformational and principle centered leadership as the need of contemporary environment. Finally observations based on the entire work were logically discussed and findings and conclusion were drawn accordingly.

Literature Review

Harold Koontz and Heinz Weihrich define leadership as "the art or process of influencing people so that they will strive willingly and enthusiastically towards the achievement of group goals. In other words leadership is the ability to persuade others to seek defined objectives enthusiastically." The important features of leadership are as follows:

¹Developing the Global Leader of Tomorrow, a joint project of Ashridge Business School as part of the European Academy of Business in Society (EABIS) and the United Nations Global Compact Principles for Responsible Management Education (PRME), based on a survey conducted in 2008.

²Shirley Daniel and Ben L. Kedia, US Business Needs for Employees with International Expertise, Conference on Global Challenges and US Higher Education at Duke University, Durham, NC, January 23-25, 2003.



- Process whereby one individual exerts influence over others.
- Leadership is the use of non-coercive influence to shape the groups or organizational goals.
- It involves authority and responsibility in deciding the way ahead and being held responsible for.

Moral leadership concerns values require enough knowledge of alternatives, to make an intelligent choice. What constitutes good leadership has been a subject of debate for centuries. We usually label leadership "good" or "effective" when it moves people to a right place in which both they are genuinely better off. Good leaders accomplish this without trampling on the rights of others. To produce movement and change, leaders perform three basic functions:

1. **Establishing Direction** - developing a vision of the future and establishing strategies for producing change needed to achieve the vision.
2. **Aligning People** - communicating the direction and creating coalitions of people who understand the vision and are committed to its achievement.
3. **Motivating and Inspiring** - keeping people moving in the right direction despite major political, bureaucratic, and resource barriers. This is done by appealing to very basic, but often untapped, human needs, values, and emotions.

Key Elements of Leadership: The following are four important elements of leadership

- **Power:** It is the control a person possesses and can exercise on others. In other words, power is the capacity to affect the behavior of others. The six types of power are coercive, reward, legitimate, expert, referent and informative.
- **Fundamental understanding of people:** A good leader understands the individual needs, and motivates him/her in achieving goals.
- **Ability to inspire followers:** The ability to inspire followers to apply their full capability to a task. While the use of motivators is centered on subordinates and their needs, inspiration also comes from group heads.
- **Style of the leader and the work culture:** The strength of motivation depends on expectancies, perceived rewards, the tasks to be done and other factors that are a part of an environment or organizational culture.

Major talent management functions all play a part in a comprehensive leadership development program and can be well supported by a unified talent management technology platform. These functions include:

- Recruitment, to source leadership talent
- Assessments, to evaluate leadership capabilities both internally and externally
- Performance management, to monitor and make course corrections in developing leaders
- Succession planning, to avoid future leadership gaps
- Career planning, to enable employees to understand their leadership options and set development goals
- Development, to create a roadmap to fill skills gaps

A successful leadership development program begins with the alignment of leadership development with company strategy and an understanding of the type of leadership style(s) needed to execute that strategy. A continuum of steps positions an organization for current and future leadership needs. Following is the checklist for leadership development.

1. Determine the best leadership style for your organization
2. Identify current and potential leaders within the company
3. Identify leadership gaps
4. Develop succession plans for critical roles
5. Develop career planning goals for potential leaders
6. Develop a skills roadmap for future leaders
7. Develop retention programs for current and future leaders

Contemporary Leadership Needs

Transformational Leadership: Transformational leadership theory is a blend of behavioral theories and trait theories. Transactional leaders intend to direct the established goals by clarifying role and task requirements. They also appeal to followers' ideals and moral values and inspire them to think about problems in new or different ways. However, transformational leaders, who are charismatic and visionary, can inspire followers to transcend their own self-interest for the good of the organization.



The goal of transformational leadership is to “Transform” People and Organizations in a literal sense, efforts are needed to change them in mind and heart, enlarge vision, insight and understanding, clarify purposes, make behavior congruent, with beliefs, principles or values; and bring about changes that are permanent self perpetuating and momentum building³. Following are the characteristics of Transformational vs. Transactional leadership discussed by Stephen R.Covey in his Principle Centered Leadership book which helps us to understand and clarify the concept.

Transformational Leadership	Transactional Leadership
Builds on individuals need for meaning	Builds on individuals need to get a job done and to make a living
It is engrossed with purposes, ethics and values	It is engrossed with power, politics and benefits
This is oriented towards meeting long term goals without comprising human values and principles	This is short term and emphasis on data orientation
Focused on vision, mission and strategies for achieving them.	Focused on tactical issues.
Make utmost use of human resources.	Depends on human relations to lubricate human interaction.
Identify and develops new potential talent.	Fulfills role expectations by striving to work effectively within current system .
Aligns structures, systems to reinforce values and goals.	Supports structure and systems that reinforce maximum efficiency and guarantee short term profits.
Leads of new directions to organization.	Achieve organizational target.

Jack Welch is considered to be a transformational leader. He transformed GE into the biggest industrial conglomerate in the world. He pressured GE workers in plants and offices around the globe to drive themselves to meet ever-more-demanding efficiency standards. He spent more time on ‘people issues’ than on other things. According to Bernard M Bass, a transformational leader displays

- Charismatic Leadership,
- Inspirational Leadership
- Intellectual Simulation And
- A feeling that each individual follower counts.

Leaders who do this in a rapidly changing or crises-laden situation are transformational leaders.

Principle Centered Leadership⁴

Principle Centered Leadership introduces a new paradigm. In this approach we center our lives and our leadership of organizations and people on correct principle. Correct principles are like compasses and always pointing the direction to our lives when navigating the streams of our environment. Principles are not invented by us or by society. Principles are the laws of the universe that pertain to human relationships and human organizations. They are part of human conditions, consciousness and conscience. To the degree people recognize and live in harmony with such basic principles as fairness, equity, justice, integrity, honesty and trust, they move towards ether survival and stability on one hand or disintegration and destruction on the other hand.

Principle Centered leadership is based on the reality that we can not violate these natural laws with impunity, whether we believe it or not. These were proved effective throughout centuries of human history. Individuals are more effective and organizations more empowered when they are guided and governed by these proven principles. They are not easy and quick –fix solutions to personal and interpersonal problems. They are rather foundational principles when applied consistently become behavioral habits enabling fundamental transformation of individuals, relationships and organizations. Following are the characteristics of Principle Centred Leaders:

- They are Continually Learning
- They are Service Oriented

³Stephen R.Covey, *Principle Centred Leadership* by Pocket Book, 2002 ISBN-13:978-0-7434-6860-2.

⁴Stephen R.Covey, *Principle Centred Leadership* by Pocket Book, 2002 ISBN-13:978-0-7434-6860-2.



- They Radiate Positive Energy
- They Believe in Other People
- They Lead Balanced Lives
- They See Life as an Adventure
- They are Synergistic
- They Exercise for Self- Renewal

Case No. 1: Executive Development at GE⁵

Senior Professionals and Executives identified as having high potential and being capable of playing key roles in GE's businesses or functions attend courses in the executive development sequence. There they further develop the leadership skills necessary to run a global competitive business. These courses provide a significant development experience, emphasizing strategic thinking, executive leadership and cross-functional integration. Participants develop executive skills in relation to key businesses, such as developing business strategies, competing globally, managing diversity and globalization, leading teams managing change and advancing customer satisfaction. Although the scope of its activity is global, the focus of GE's commitment to excellence in leadership development is Crotonville, the world's first major corporate business school. Through Crotonville programs, GE employees tackle new business problems around the world and share their knowledge with the customer, suppliers, and colleagues throughout GE.

Case No. 2: Coca-Cola—Leadership Development Delivers the Goods⁶

Stevens J. Sainte-Rose, group HR director at Coca-Cola, says, "The uniqueness of Coca-Cola is in engaging consumers with the brand, so marketing talent is the key. Without the right people, we can't deliver the winning formula." Coca-Cola therefore embarked on a pioneering bespoke program to not only identify its rising marketing stars but also to plan their development, ensuring that the company had a strong pipeline of highly creative and innovative thinkers who could be the marketing leaders of tomorrow filling senior vacancies around the world. In developing a bespoke program, Coca-Cola chose to partner with international assessment consultancy SHL, which worked with Coca-Cola's talent professionals and senior marketing leaders to create a two-day development program for high-potential marketers aspiring to become senior marketing leaders.

Looking to its strongest-performing marketers, Coca-Cola developed a set of competencies to define the "ideal" skills and behaviors of a senior marketing leader. This was undertaken with the global backdrop in mind, to ensure that competencies were calibrated internationally, allowing for a level playing field that did not disadvantage any participants. Eight handpicked marketers were then chosen to undertake a two-day pilot in Europe. Although the pilot ran in Paris, Coca-Cola participants came from all over the world. The aim was for existing marketing leaders of the business to see and develop potential from as many geographies as possible, making selection of the best as equitable and as representative as possible.

The program was also designed to give participants an opportunity to bond and establish a global alumni network of supportive colleagues that would continue beyond the event. Extremely senior Coca-Cola marketers made up an observer panel alongside highly experienced occupational psychologists from SHL, proving Coca-Cola's commitment and dedication to the program. So successful has the development program been that Coca-Cola and SHL now run it every three to six months in locations around the world in an effort to ensure that Coca-Cola will never have to look outside its own talent pool to fill key strategic marketing positions vital to maintaining the iconic Coca-Cola brand image.

The company's mission is "to refresh the world ... in body, mind and spirit," and Coca-Cola accepts that to do this, its vision needs to include "being a great place to work where people are inspired to be the best they can."

Case No. 3: Wipro's Leadership Programme

Wipro Leadership Program is designed to identify the skills of the Wipro Leaders for his appropriate level in the organization. Each leader's skill is examined and a plan is developed to help develop on those skills and acquire new ones. WIBGYOR which stands for Wipro's Career Bands Gives You Opportunities and Responsibilities defines the behavioral competencies that need to be demonstrated. These competencies are defined role wise.

⁵ *The GE Ways: School for CFOs, CFO Magazine, December 01, 2000*

⁶ *SHL article entitled "The Coca-Cola Company Partners with SHL to Identify Future Senior Marketing Leaders," available on the SHL Website (<http://www.ceb.shl.com/uk>).*



Employees are assessed on these competencies during appraisal to encourage role based growth. Wipro is known for its innovation, values and its contribution to the community in the field of education. In addition at Wipro, employee development is carried out by building association with elite institutions and allowing employees to improve on their existing qualifications. For example Wipro leveraged the expertise of one of India's premier technical institutes - BITS Pilani, to coordinate its education program. The pedagogy and evaluation methodologies are chosen and implemented by BITS in consultation with Wipro's Talent Transformation division, the faculty is arranged by BITS and the MS degree is also awarded by the institute.

Case No. 4: The Cost Associated with Healthcare Executive Turnover⁷

According to a 2006 report from the American College of Health Care Executives, the median tenure of a hospital CEO is only 43 months, or about three and a half years. The direct and indirect costs of executive churn can be staggering. Consider a CEO who makes US\$200,000 a year. The direct costs of losing that person include everything from severance pay to recruitment fees and expenses, not to mention the next CEO's probable increased salary. According to one estimate, the final tally can be as high as two to three times a CEO's salary. Using the hypothetical CEO, that adds up to a median of US\$500,000. The costs do not end there. In many cases, other members of the senior leadership team: VPs, the COO, the CFO, and so forth follow the CEO out the door. The "2005 Study on Executive Turnover in Healthcare," from the University of Oklahoma, estimated that many on the existing leadership team will leave within a year of a new CEO's arrival. If a leadership team has eight members and four leave within the first year, the estimated direct cost of this turnover is US\$1 million (4 positions × 2.5 salary cost × US\$100,000 leadership salary = US\$1 million). Combine this with the direct cost of the CEO turnover, and the total bill is approximately US\$1.5 million.²²

Discussions & Findings

1. At GE potential employee who is capable of playing key role in business functions were developed in a sequential manner. There they further develop the leadership skills necessary to run a global competitive business. Major emphasize on strategic thinking, executive leadership and cross-functional integration, managing diversity and globalization, managing change and advancing customer satisfaction.
2. Coca-Cola believes marketing talent is key, only right kind of people deliver this winning formula therefore Coca-Cola embarked on a pioneering bespoke program to identify its rising marketing stars but also to plan their development, ensuring that the company had a strong pipeline of highly creative and innovative thinkers who could be the marketing leaders of tomorrow filling senior vacancies around the world.
3. Wipro Leadership Program is designed to identify the skills of the Wipro Leaders for his appropriate level in the organization. Wipro is known for its innovation, values and its contribution to the community in the field of education. In addition at Wipro, employee development is carried out by building association with elite institutions and allowing employees to improve on their existing qualifications.
4. The direct and indirect cost of leadership turnover is very high. Indirect cost includes loss of potential employees of leadership team who can be successor in the organization.
5. The goal of transformational leadership is to "Transform" People and Organizations in a literal sense, efforts are needed to change them in mind and heart, enlarge vision, insight and understanding, clarify purposes, make behavior congruent, with beliefs, principles or values; and bring about changes that are permanent self perpetuating and momentum building. Principle Centered leadership is based on the reality that we can not violate these natural laws with impunity, whether we believe it or not. These were proved effective throughout centuries of human history.

From the above mentioned various cases and the concept detailed, we observe that leadership is utmost important factor in the success and failure of the organization. Organizations are putting their best efforts and significant investment in Leadership Development Program.

A well-designed leadership development program is the key to identifying, attracting, filling, and retaining corporate leadership. Leadership development is a critical aspect of attaining optimum output from organizational talent management and requires the effective execution of many talent management practices. Technology applications can provide the enabling platform, including recruitment, assessments, performance management, succession and career planning, and development programs. The benefits of an optimized leadership program include:

⁷Daniel J. Sinnott, "Leadership Turnover: The Health Care Crisis Nobody Talks About," *Trustee Magazine*, July 2008 22 Ibid



- A pipeline of leadership talent
- Talent aligned with corporate goals
- Improved morale
- Increased retention
- Improved leadership skills
- Consistent measurement through development and performance management

Conclusion

All organizations need strong leaders in order to be successful. Talent management practices implemented with the support of robust technology applications can be effectively used to identify and develop leaders from all levels of the workforce who will best drive business performance in the global market. There is need of transformational as well as principle centered leadership in the contemporary environment in long run. To sum up cultivating leadership for Global Market is of utmost importance.

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