

# **Distinguishing Between Leaders and Leadership in Global Business**

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## **ABSTRACT**

*Most global business leaders at the President or Chief Executive Officer level in an organization have at least considered their individual leadership styles and abilities to lead subordinates to achieve the organization's goals in the future. It is much rarer to find a company which has considered and then effectively implemented leader and leadership concepts and provided clear guidance on how managers of a firm should act as they do business in the global arena. This paper explains the distinguishing elements between leaders and leadership. A part of leadership is the close connection between the leader and the follower. Leadership is the ability to express a vision, influence others to achieve results, encourage team cooperation. However, leadership must be done by a leader.*

## **INTRODUCTION**

As global business has grown and evolved rapidly, a manager is probably considered a leader, and if a leader is not yet a manager, he or she could eventually become a manager in the future. Undoubtedly, a successful leader creates an opportunities that help the business grow and survive. The literature selected for this research paper, first is to distinguish the leader and leadership. The second purpose is to support the influence of leader and leadership in running global business. The third purpose is to support an understanding of leader and leadership concepts which help ensure success in global business.

The broad concept of leadership is a delicate combination of the process of leadership, the person of leader, and the specific job of leadership. Although the concept of leadership can be distinguishable and definable separately from our understanding of what and who leaders are, the phenomenon of leadership can only be known and measured in a particular situation of a leader doing a job. This paper examines the distinctions between the process of leadership, the person of leader, and the task of leadership.

This study also examines the effect of leadership on global business in order to help executives from global corporations tailor their behaviors and execute their leadership abilities for their organizations.

## **LITERATURE REVIEW**

### **Leader**

A leader has to implement a personal agenda, and the organizational agenda. The personal agenda consists of the goal close to the leader's heart. The organizational agenda establishes the framework within which all work is done. Employees must know what is to be done, when it is to be done, and their part in making it happen. The good leader must be able to state the agenda in a few sentences that everyone can grasp. Moreover, a leader needs to have a pragmatic and understandable operating

philosophy. The framework of an operating philosophy is created from learning, innovating, and deciding. "A leader may not recognize the personal characteristics that cause people to follow him or her, but the followers respond to those characteristics" (Crosby, 1997).

Since the process of leadership cannot be separated from the person as leader, the following traits and talents are required for an individual who will adequately fulfill the role of leader: character, charisma, switching mindsets, and know-how.

1. Character: Sheehy (1990) argued that character is the most crucial and most illusive element of leadership. As applied to human beings, it refers to the enduring marks in our personality which include our inborn talents as well as the learned and acquired traits imposed upon us by life and experience.
2. Charisma: The function of a charismatic leader is the vital part of leadership. Charismatic leaders are able to express themselves fully. They also know who they are, what their advantages and disadvantages are, and how to completely use their advantages and compensate for their disadvantages. Moreover, they know what they want, why they want it, and how to communicate what they want in order to gain cooperation and support from others (Bennis, 1989).
3. Switching mindsets: The leaders' success in confronting challenges rests entirely on the leaders' ability to change mindsets, create new realities and thereby see new alternatives and possibilities. A mindset is a consistent but unexamined framework of assumptions and viewpoints about the nature of reality as it pertains to business. It is a lens or a filter that controls your mind, your thoughts, your perceptions and your actions. Through switching leaders' mindsets, leaders could alter the entire range of business actions and solutions available to achieve new success in leadership.
4. Know-how: Leadership in different areas requires different technical expertise. Bennis (1989) stated that leaders must possess "business literacy" (p.89). That is, leaders must have knowledge of and be experts at what they are doing. Leaders must have horizontal and vertical knowledge of how the business works and a full understanding of what is required to do the task well.

## **Leadership**

Crosby (1997, p. 2) said that, "Leadership is deliberately causing people-driven action in a planned fashion for the purpose of accomplishing the leader's agenda" (p.2). Leadership means that a leader is selecting people carefully and steering them in his direction. Leadership is a clear agenda, a personal philosophy, enduring relationships, and worldliness. However, leadership must be done by a leader. "Leadership is the accomplishment of a goal through the direction of human assistants. The man who successfully marshals his human collaborators to achieve particular ends is a leader" (Prentice, 2005, p.151). Rost (1993) defined Leadership as "a power and value laden relationship between leaders and followers who intend real changes that reflect their mutual purposes and goals" (p. 102).

All forms of leadership must use power. However, power needs not be coercive, dictatorial or punitive to be affective. Instead, power can also be used in a non-coercive manner to orchestrate, mobilize, direct and guide members of an institution or organization in the pursuit of a goal or series of objectives (Thomas, 2011).

Peters and Waterman (1982) stated that "The real role of leadership is to manage the values of an organization" (p. 255). All leadership is value laden. Also, all leadership, whether good or bad, is moral leadership. Leadership is a process of influence which involves an ongoing transaction between a leader and followers (Hollander, 1978). Leadership, however, does not exclusively reside in the leader. Rather it is a dynamic relationship between leaders and followers alike. Leadership is always plural; it always occurs within the context of others.

Leaders and followers intend real changes. All forms of leadership are essentially about transformation (Rost, 1993). Transformation is about leaders and followers intending to pursue real changes actively. Leadership is not about maintaining the status quo; it is about initiating change in an organization instead. The process of leadership always involves a certain number of transactional changes.

The important requirement of the leadership process is for leaders to remember the followers to pursue their mutual purposes and goals. Through education and training, leaders must serve as effective teachers or mentors to make their followers co-responsible in the pursuit of their mutual purposes and goals (Nanus, 1989).

Leadership is an extension of the leader's beliefs. A highly personal core competence is only from within the leader. In leadership and the customer revolution, Rick Tate (2003) said "Leadership touches the heart and soul."

## **Global Business**

There are various opinions about the success or failure of global business that should be considered by businesses hiring leaders from various parts of the globe. Varying opinions are detailed in literatures and journals. Stiglitz critiques global business based on the role played by multilateral institutions and their principal shareholders in pressing developing countries to liberalize their economies. Gilpin (2001) argues against globalization and the fall of the nation-state. He asserts that nation-states continue to be the major actor in both domestic and international affairs and have not been displaced by other players such as non-governmental organizations, regional forums, and international federations. Bhagwati (2004) and Gilpin (2001) examined on "economic globalization" defined as international integration, foreign trade, foreign investment, cross-border migration, and technological diffusion. Although global business may have reduced the main differences between management practices, such as leadership styles, other research shows that management and leadership styles are still highly shaped by culture (Mehta, 2003). "It has long been recognized that what is acceptable behavior in one culture may not be acceptable in another culture" (Casimir & Li, 2005, p. 275). House (2004) suggested that "... as economic borders come down, cultural borders could go up, thus presenting new challenges and opportunities for business" (p. 5). In some group environments where no leader had been appointed, a de facto leader may emerge based on skills or abilities such as knowledge of the area or the ability to speak the native language (Mehta, 2003). Javidan and Carl (2005) indicated that power distance, i.e., the desire to regard members of the society as equals (Hofstede, 1980), is the most important determinant of leadership style.

Spreitzer, Perttula, and Xin's (2005) research examined global business and leadership effectiveness in Taiwan and the United States and produced results which concluded leaders that scored high on setting a vision, appropriate role-modeling, and intellectual stimulation were viewed as less effective by superiors who were more traditional, such as those found in a collective society, than by supervisors that were less traditional. They cite this evidence as a reason for multinational businesses in both nations to recognize that valued leadership traits in one society may not be valued in another (Adams & Graban, 2011). Spreitzer et al. also note that business cannot "just transfer constructs and theories developed in a Western context and assume they will work the same way in cultures with substantially different value sets" (2005, p. 222).

Other factors that impact the integration of global business leaders in a company include several human resource development characteristics such as career management, performance assessment, education, and training (Clem, & Mujtaba, 2011). These characteristics are related to developing

employee capability and productivity which are important to ensuring performance (Hoogenboom, Bannink, & Trommel, 2010). Chen, Liaw, and Lee (2003) conducted a study of 117 manufacturing firms in Taiwan using questionnaires and reviewing company financial statements. They concluded that human resource development has a significant correlation to high productivity and thus to the firm's long-term competitive advantage. Business leaders incorporating human resource development techniques are more likely to succeed than leaders who use limited or do not use human resource development techniques.

## **DISCUSSION**

Leadership and management are not the same things. One can be a leader without being a manager. Conversely, one can manage without leading. Nevertheless, logistically these two jobs often overlap. The important difference between managers and leaders is in their commitments and visions. If a vision goes too far, no matter how necessary it is, leaders will not accomplish their goals. At the very least, the visions of leadership must offer direction as well as hope in pursuing the goals. "A manager is concerned with how decisions get made and how communications flow; a leader is concerned with what decisions get made and what he or she communicates (Robin, Bartlett and Miller, 1990)." It implies that leaders are involved in strategy and that managers are more concerned with the operational side of a given enterprise. In addition, management and leadership are two distinct ingredients in the life of every organization. Leadership is not just good management, but good management is part of the overall job description of every leader.

Through their conduct and policy, leaders must try to make their followers aware that they are all stakeholders in a conjoint activity. Without their involvement and commitment, leaders and followers could not attain their mutual purposes and goals. Therefore, the achievements of an organization are the results of the combined efforts of each individual.

Leaders, no matter what kinds of particular professions, never escape conflict; they confront it, exploit it and ultimately take responsibility for the choices and decisions they made (Burns, 1979). Also, no matter whether the results are successful or not, leaders must assume full responsibility for their choices and commitments. Especially when they promise certain kinds of change and cannot bring about that change, they must be willing to take full responsibility for their behaviors and commitments.

Harold Genee stated, "Leadership cannot really be taught, it can only be learned" (Crosby, 1997, p.35). Leadership also means enduring relationships. Grove (2003) said, "How much grief could be avoided if everyone at the workplace simply practiced a bit of consideration and courtesy." The key to get along with others is respect for the other person, nation, race, culture, or whatever is involved. Most conflicts result from lack of respect. In every successful organization there is at least one person who is oriented toward relationships and who guides others (Darling, & Heller, 2011). The leader does well to identify and encourage this person. In addition, successful leaders have to be worldly. They have to be able to utilize new technological advances, understand how to deal with other cultures, and gather of information.

Successful leaders understand people's motivation and encourage employee participation in a way that individual needs and interests conform to the groups' purpose (Bakker, 2011). Some leaders may not understand leadership at all. They may know only power, showmanship and wisdom in long-rang planning. Strengthening leadership ability can help leaders improve their capacity to achieve results and reach personal or organizational outcomes (Zaccaro, 2001). Leadership is tied up with influencing and

motivating others. Although leadership is a capability, successful leadership is linked to abilities to challenge the team's habits and to take risks. Leadership involves the capacity to create a harmonious working environment, to push towards doing more, to go beyond. Leadership is important to encourage change and achieve results (Prentice, 2005).

Global business has many implications for leadership; therefore, leaders must respond to diverse types of followers, so that leadership can effectively direct to as many people as possible. Opening themselves to the world's changes allows leaders to compare and contrast their culture with the arts, language, beliefs, customs, philosophies, and ways of living of other people (Benito, Lunnan, & Tomassen, 2011). By observing global business, leaders can understand the origin of an individual viewpoint and become more sensitive to the needs of the multinational corporation. Subordinates are discovering that they come from diverse backgrounds, have different personalities, and prefer different styles of leaders. Leaders can build better relationships with their followers as they improve their leadership abilities (Schaeffer, 2003). As people become more diverse, leaders must learn various leadership styles. Despite differences in opinions, leaders and followers can work together to complement each other as they move toward the goal of the group (Joost, & Erik, 2010). Also, leaders must manage conflicts caused by differences among individuals. Leaders may have an especially difficult time facing many issues as they inspire diverse followers to their mission.

Globalization and diversity of subordinates can be challenging for global leaders. The changing world calls for leaders who will react openly to the introduction of new leadership abilities (Toporowski, 2010). Developing a leadership style in response to global awareness, diversity, and ethics will give leaders an edge as they build relationships with followers from all over the world.

## **CONCLUSION**

While the terms "leadership" and "leader" are different, the definition of leadership cannot be separated from the person of leader and the task of leadership. Leadership is the interaction between the leader's characteristics and the situation. A successful leader always has the special traits and talents to adequately fulfill the role of leader: character, charisma, switching mindsets, and know-how. The task of leadership includes vision, managing, and responsibility. Leadership is one of social science's most examined phenomena. It is hard to distinguish the difference between leadership and leader precisely. However, the concepts of leadership and leader are required to direct and guide international business toward the strategic objectives of the organization and ensure that organizational functions are aligned with the external environment.

A person in the formal role of a leader may not possess leadership skills nor be capable of leading. Leadership is essentially related to a person's skills, abilities and degree of influence. A good deal of leadership can come from people who are not formal leaders. Leading is the result of using one's role and leadership ability to influence others in some way. True leaders are not managers or commanders. Instead of power, true leadership comes from influence, congruence and integrity. Successful leaders are committed to creating a world to which people want to belong. Successful global leadership involves managing relationships and communicating within a global company to move towards a specific goal. Leadership is the ability to express a vision, influence others to achieve results, encourage team cooperation. A significant part of effective leadership is the close connection between the leader and the follower, which often determines the success of the leader's mission.

Obviously, an understanding of an area's culture, language skills and etiquette and protocol required, even religion, can be very important to successful business dealings abroad. A social misunderstanding can be disadvantageous, maybe even a deal-killer. Etiquette and protocol are extremely important in global business. The best way to get up to running international business is developing the personal characteristics of a leader and leadership abilities.

Learning to communicate with business leaders from varying nations is important when participating in a meeting with multiple personalities and nationalities. Reviewing the research on leadership will reveal qualities and traits of leaders which may be useful in understanding the effective leadership of global business leaders. Advance acknowledgement and recognition of these traits can facilitate a much more positive business interaction between leaders in an international business.

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