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An exploration of two perspectives on global leadership and the potential consequences for global leadership development

by

Rune Rønning

Bjarne Espedal

Atle Jordahl

Abstract

The paper explores two logics of global leadership; the logic of instrumentality and the logic of appropriateness. These two logics and their relation to multinational enterprises are traced in organizational theory and in global leadership theory and the consequences of the two logics for the design of global leadership development programs are explored. It is argued that applying a logic of instrumentality uncritically to global leadership in multinational enterprises is potentially fraught with great risk given the diversity and complexity of MNEs and their environments. It is suggested that a logic of appropriateness in global leadership and in global leadership development programs constitutes a viable, suitable and complementary alternative. What is referred to as a mixed service logic of global leadership development programs involves exploration and reflection concerning the particular contexts in which global leadership processes and exemplifies a logic of appropriateness in global leadership and global leadership development.

Introduction

The number of multinational enterprises (MNEs) has increased from approximately 7000 in 1970 to approximately 77,000 in 2006 (Hirst et al, 2009; Steger, 2009[1]) and the general challenge MNEs are facing is an increasingly diverse and complex context. For at least 20-30 years, scholars have acknowledged that increasing globalization presents new challenges for management and leadership in the (MNE) (Bartlett & Ghoshal, 1989; Rosenzweig & Singh, 1991; Parker, 1996; Kostova & Roth, 2002; Johnson et al, 2006; Mendenhall et al., 2008; Navarro, 2008). Organizational theory and leadership theory, however, seem to have had problems in dealing with the special challenges of MNEs (Ghoshal & Westney, 2005; Osland, 2008a). This challenge is exacerbated by the fact that domestic contexts have formed the backdrop for the development of both extant theory and practice in management and leadership of organizations. Accordingly, these managerial and leadership conceptions may prove inadequate for a radically globalized context, and new practices and conceptions may be needed within management and leadership of MNEs. This actualizes the question of which theories that are likely to will inform the development of new practices, and how such development efforts may be carried out. In this paper, we want to explore these two questions to focus primarily on highlighting the potential consequences for management and leadership development programs for MNEs.

This issue is of considerable importance since both scholars and practitioners in MNEs seem to agree that "global leadership" is greatly needed by MNEs; that "global leaders" are scarce and very much in demand by MNEs, and that effective means for developing global leaders is needed (Suutari, 2002). However, the emerging field of "global leadership" and "global leader development" seems to be

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[1] Both referring to UNCTAD numbers.

plagued by the same problems as traditional leadership research: lack of an agreed upon definition of leadership, fragmentation of research into isolated aspects of leadership, as well as, lack of an agreed upon criteria for assessing the effectiveness of leaders (Mendenhall, 2008). Thus, a single conception of what global leadership is may not be found in the literature. In addition, the old debate of whether management is different from leadership (Zaleznik, 1992) is still alive and well. We argue that in order to speak meaningfully about the consequences of globalization for management and leadership development in MNEs, some attempt must be made towards clarification of these contested issues. In other words; the relationship between global management and global leadership will have to be clarified – at least for the purposes of this article. It will also be necessary, we argue, to explore to some extent the assumptions underlying the problems in leadership theory, as well as the potential roots of these problems in organizational theory. Finally, the special characteristics of the globalized environment of MNEs will have to be investigated and clarified together with the consequences for management and leadership in MNEs.

We will argue that despite the documented problems of fragmentation in leadership theory, it is still possible to identify a dominant trend when it comes to the conception of management and leadership of organizations. We will also argue that the greatest potential problem for attempts at developing new managerial and leadership practices in MNEs may be that researchers and practitioners alike continue to abide by implicit assumptions embedded in the dominant individual, rational and instrumental perspectives on management and leadership. More specifically, taking for granted that global leadership has to do with individual traits, capacities, skills and mindsets which promote organizational effectiveness in a globalized business environment, will not constitute sufficient grounds for developing new and needed managerial and leadership practices. While it may not

necessarily be highly problematic to define management as what managers do, it is much more problematic to define leadership in this way. And, even if defining management and leadership as individual activities is helpful in providing a straightforward rationale for development efforts, it is a problem that traits, skills and capacities are de-contextualized in this conception. And a new, diverse and complex context is precisely what MNEs are faced with.

We will argue that the traits and characteristics approach implies that global management and leadership behavior are seen as de-contextualized instruments; universal means for achieving organizational goals faced with the challenges posed by increasing globalization. We will argue that such a conception of management and leadership, which portrays leadership as a universal means to a desired end, is at odds with the considerable diversity and complexity that MNEs face. We will call this approach to global leadership a "logic of instrumentality", and we will argue that it has deep roots in social and organizational theory. In this paper, we will contrast this logic of instrumentality with what March & Olsen (2009:2) have described as "a logic of appropriateness": *"human (…)action, (..), policy making included, is seen as driven by rules of appropriate or exemplary behavior, organized into institutions (….) Rules are followed because they are seen as natural, rightful, expected, and legitimate. Actors seek to fulfill the obligations encapsulated in a role, an identity, a membership in a political community or group, and the ethos, practices and expectations of its institutions. Embedded in a social collectivity, they do what they see as appropriate for themselves in a specific type of situation."* Thus, we choose to employ an explicitly neo-institutional approach to the understanding of organizations, including management and leadership. We do this because such an approroach presents a different and emerging perspective from traditional theories on the interaction between management, leadership and organizational environments. In this approach, mangerial action and leadership are seen as reflections of what is appropriate in

relation to particular contexts rather than as de-contextualized instrumental behavior.

We are not arguing, however, that appropriateness is simply a matter of managerial choice. In March and Olsen's formulation of the logic of appropriateness, explicit rules and conscious, rational decisions seem to be given prominence (March & Olsen 2009: 30-31), and accordingly, conscious choices and decisions become the main determinants of what is appropriate. Implicit and unconscious influences are obscured, or even ignored, in this formulation. Scott (2008) and DiMaggio and Powell (1995), however, have pointed out that these latter influences are an integral part of the sociological approach to new institutionalism in organizational theory, and Kostova (1999) has argued that the implicit cognitive and normative aspects of the institutional context represent a greater challenge for MNEs than the explicitly regulatory aspects[2].

In this paper, we will employ a version of the logic of appropriateness which includes implicit, unconscious influences on what is appropriate. Thus, the logic of appropriateness as we will be using it implies that global management and global leadership activities are adapted, consciously or unconsciously, to the particular context confronting both leaders and followers. This is to say that global leadership emerges in the local context rather than simply reflecting the rational choices of the person in the leading role of manager. This logic further implies that global leadership is adapted, consciously or unconsciously, to the particular context confronting both leaders and followers. We argue that this alternative rationale for the development of new global managerial and global leadership practices points

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[2] We regard this implicit cognitive and normative aspect as virtually synonymous with the concept of culture as employed by for example Hofstede (1980). As a consequence we view the "culture" literature as subsumed under neo-institutional theory.

towards a more experiential and reflexive approach to leadership development[3], and that this carries special promise for developing global leadership in MNEs. Thus, we suggest that supplementing the logic of instrumentality with the logic of appropriateness to the development of new practices within global management and global leadership will serve MNEs well. As indicated above, this is because the latter logic places more emphasis on understanding the contextual challenges implied by increasing globalization. This logic is also founded in neo-institutional theory, which constitutes the clearest challenge that has emerged over the last 20 years to traditional organizational theories. We will argue that applying this logic implies a rationale for developmental work that is more experiential and reflexive, and thus more complex, than the seemingly straightforward approach implied by the logic of instrumentality.

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[3] The paper is written within the framework of two interrelated research projects undertaken at the Norwegian School of Economics and Business Administration. One project is called GOLD (Global Organization and Leadership Development) and the other is called Beyond Budgeting. The respective foci of these projects are the contingencies for corporate governance and control in the absence of traditional budget control; and which tools and techniques multinational corporations might apply to increase social capital in such a way that knowledge development and sharing of strategically important knowledge is also enhanced.

The structure of the paper

The paper is divided into four parts. Parts I and II provide an exploration of the logic of instrumentality and appropriateness in management and leadership as they are reflected in organizational theory and management/ leadership theory. With respect to the latter, an attempt is also made to clarify the relationship between management and leadership. Part III explores consequences of the logic of appropriateness for global management and global leadership development programs. Finally, in part IV we summarize our findings and identify questions that warrant further research in the fields of global management, global leadership and global leadership development.

Part I

Organizational theory, MNEs and management

One main task for social theory is to explicate and understand the relationship between individuals and society. In the case of organizational theory, this task translates to understanding and explaining the existence and survival of organizations as structures and processes, and to describe how individual action and interaction may contribute. One sub-theme is describing and understanding management and leadership, and how they contribute. Coleman's "bathtub" model is one illustration of the relationship between individual behavior and collective social patterns (Coleman, 1990), and of the importance of seeing individual behavior and social interaction as microfoundations of collective social patterns.

In the introduction, we referred to the observation that increasing globalization results in increasing demand from MNEs for global leadership and for the development of global leaders. In some versions this takes the form of a call for identifying or developing individuals possessing or exhibiting traits and characteristics deemed to be beneficial with respect to organizational effectiveness

(see for example Parker, 1996; Gregersen et al., 1998; Suutari, 2002; Mendenhall, 2008). Other versions, like Bartlett and Ghoshal (1992) explicitly state that there is no such thing as *one* kind of global manager. Instead, Bartlett and Ghoshal argue that several types of global managers are needed. Still, they argue in terms of individual skills and perspectives when discussing how the demand for global management of the organization is to be met (Bartlett & Ghoshal, 1992: 108). We suggested in the introduction that this focus on individual characteristics and skills implies that a logic of instrumentality is implicitly employed to global management and leadership, and that this logic could fruitfully be supplemented by a logic of appropriateness. In this section, we will utilize organization theory to gain further insight into how the respective logics of instrumentality and appropriateness portray global management and global leadership in MNEs. This necessitates some space being given to diverse organizational theories and the prescriptions, and the ensuing consequences for managerial and leadership practices in MNEs.

Figure 1: An illustration of generic open systems theory (after Marion, 1999).

The first challenge in this respect is that organizational theory, according to Ghoshal & Westney (2005[4]), has had difficulties dealing with MNEs as distinctive organizations. The dominant organizational paradigms in the last century saw organizations as closed, and later as open, systems
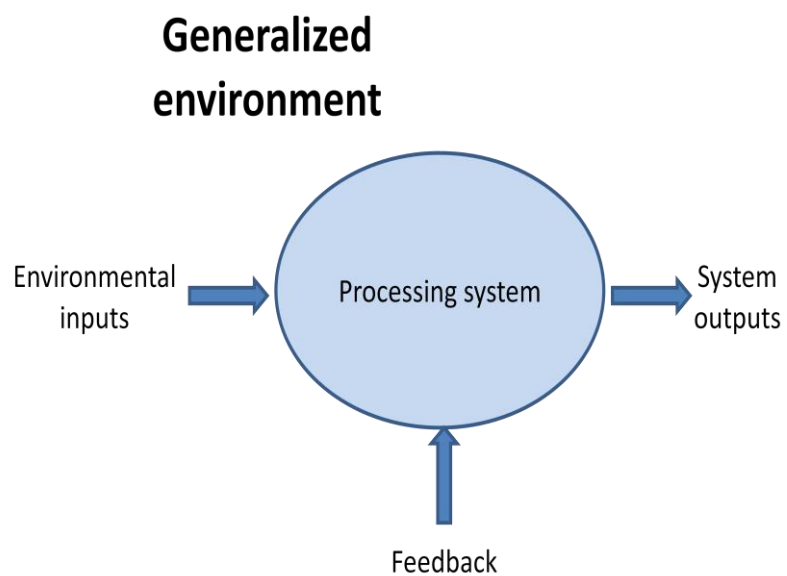
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[4] In the second 2005 edition of *"Organization Theory and The Multinational Corporation"* they reiterated this argument made in the 1995 version of the book (Ghoshal & Westney, 2005).

in several and successive variations. Early theories of organizations as rational closed systems portray organizations as tools to achieve preset ends, and largely ignore perturbations in the organization's environment (Scott, 1987: 99). Scientific management and human relations are examples of theories which prescribe internal effectiveness and efficiency of processes, as the main goals for management and leadership. Open systems theories, in various versions, have been centrally concerned with the interaction between the organization and its environment. (Scott, 1987; Morgan, 1996; Marion, 1999; Ghoshal & Westney, 2005). This has resulted in relatively less attention being paid to the internal and potentially highly complex processes of MNEs. Adopting a macro perspective within this paradigm, one might depict the organization as an open system bounded from a generalized "faceless" environment, and dependent upon its interaction and exchange with that environment for its survival (figure 1). This would entail receiving input, processing this and providing an output; the whole interaction being regulated through feedback. In this view, globalization may be seen as something external, happening in the organization's environment.

Two historically dominant variations on opens systems theory, *"Structural Contingency Theory"* (SCT) and *"Resource-Dependency Theory"* (RD) (Pfeffer & Salancik, 1978), may be termed "prescriptive theories" in that they yield explicit prescriptions for management (Marion, 1999). SCT theory states that "*The best way to organize depends on the nature of the environment to which the organization must relate*"(Scott, 1987). Organizational structure is thus a means for adaptation to the environment (Marion, 1999). RD theory advises management of organizations to aim towards a reduction of the organization's dependency on its environment, and a corresponding increase in its autonomy, relative to the environment (Scott, 1987; Marion, 1999).

The resource-based theories in economics state that an organization's competitive advantage is a function of its resources being valuable, rare, inimitable and non-substitutable (Barney, 1991; Barney et al., 2001; Barney & Clark, 2007), and in this view, development of resources becomes paramount, particularly in the versions of resource-based theory arguing that knowledge is becoming the most important resource of MNEs. A distinction is also made in resource-based theories between resources and capabilities, where resources are trade-able and non-specific to the organization (Amit & Schoemaker, 1993), while capabilities are specific and used to utilize the organization's resources, for instance through processes transferring knowledge within the firm. This distinction is also of prime importance in the theory of dynamic capabilities (Teece et al., 1997; Eisenhardt et al., 2000; Helfat et al., 2007; Teece, 2007) which goes some way towards differentiating the organization, its environment and the interaction between the two in the sense that the relation is seen as dynamic: the organization must change as the environment changes to maintain its competitive advantage. The prescription for management in this theory would be to ensure that the organization's dynamic capabilities – as resources - are developed to meet changes in the environment. But still, also in this theory the focus is primarily on internal processes and the diversity of the environment is not given sufficient weight.

Thus, extant organizational theories referred to above have tended to be used in relation to MNEs in such a way that "the environment" has been treated as a relatively undifferentiated and unspecified entity (Duncan, 1972). This is also the case for theories from economics in which interaction as well as internal and external interdependencies have received too little attention (Rosenzweig & Singh, 1991; Ghoshal & Westney, 2005). In our context, it is important to stress that all of the theories referred to above may be placed within the closed and open systems paradigm as prescribing a generalized practice of management emphasizing rational choice and a means-ends perspective with respect to the management's role in

securing organizational effectiveness. In this respect, they may also serve as examples of the logic of instrumentality where the management and leadership of organizations are portrayed as a generalized, unequivocal and universally applicable means to a desired end. The influence of this logic is succinctly described by Plowman and Duchon (2008) who argue that what they call the *"implicitly surviving cybernetic[5] heritage of early systems theory"* implies that managers and leaders in organizations see the organization as a relatively holistic and relatively clearly bounded system which can be regulated and controlled from a position outside and beyond the system. From this *"transcendent"[6]* position, both the organization and the environment can be surveyed and assessed by management prior to taking instrumental action in order to ensure that the organization moves in "the right direction" towards enhanced effectiveness. This is entirely consistent with the generic open systems theory model presented in figure 1, and constitutes a rational-choice version of the instrumental logic of management and leadership. In the following, we will demonstrate how institutional theory may contribute to a logic of appropriateness in global leadership and management which may act as a supplement, or even correction, of the theories referred to above. The institutional perspective implied in this logic provides a contrast to dominant theories by seeing the environment as highly differentiated, and thus, bringing globalization into the organization itself in the form of diverse institutional affectations, pulling at and putting pressures on members of an MNE.

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[5] Cybernetics is the interdisciplinary study of regulatory systems, and an example of 1st generation cybernetics applied to management would be to see management as analogous to the regulation of a thermostat by setting the temperature within which the heat-source (a panel oven, for instance) operates. An example of an organizational parameter which could be set in this way through management might be anything measurable.

[6] By transcendent leadership we mean "outside; or on the outside of" in a super-ordinate way.

An MNE may be defined as a corporation owning assets and operating in and across multiple domestic locations. But such a broad definition conceals huge variation in terms of degree and type of internationalization of these companies. Thus this definition may seem too wide when studying the nature of the management and leadership challenges of MNEs[7]. In relation to global management and global leadership one might argue that only enterprises operating in a truly global fashion should be considered (see for example Parker, 1996). This would imply that only enterprises which are present globally need global management and leadership. We consider that such a definition is too narrow for our purposes primarily because the number of such enterprises may be very low (Rugman, 2004, 2005). And secondly, globalization is affecting all MNEs and thus we wish to focus on the broad category encompassed by the definition of MNEs given above. Even though these organizations may be highly diverse, in terms of internal characteristics, we argue that in a globalization context it is the diversity of these organizations' environment that should be the focus.

We have already observed that an organizational theory of undifferentiated environments is at a disadvantage for describing and understanding these organizations. Ghoshal and Westney (2005) argue that the institutional paradigm within organizational theory extends (and perhaps transcends) the generic open systems paradigm depicted in figure 1 in that it dissolves the separation between the organization and the environment, effectively bringing the environment into the organization. This implies essentially that the diverse environments of an MNE, in the form of diverse institutional pulls and pressures regarding what is appropriate, is being felt and acted upon by the diverse geographically and culturally dispersed

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[7] Verbeke and Brugman (2009) argue that research investigating the relationship between degree of internationalization and profitability has shown highly inconsistent results partly caused by the consequence of trying to *"compare apples with pears"*.

individual actors of the organization. The interaction between these people and their environments, including other parts of the MNE, in turn constitute the organization. Thus Scott (2008: 48) defines institutions as: "*comprised of regulative, normative and cultural cognitive elements that, together with associated activities and resources, provide stability and meaning to social life.*" Institutional theory, in turn, varies with the emphasis it places upon these three elements.

According to Scott (2008), economists and rational choice scholars have tended to emphasize strongly the regulative elements, such as rule-setting, monitoring and sanctioning activities. He suggests that scholars emphasizing these elements tend to view individuals as rational, utility-maximizing agents making rational choices to further their self-interests. In this view, leadership would also tend to be seen as an instrument used to attain a desired goal in order to align the organization to an environment of internal and external rules. Thus, within institutional theory, a logic of instrumentality may also apply to leadership, particularly when the main emphasis is on the regulative elements. But when Scott's other two elements, the normative and cultural cognitive, are given more prominence, centralized rational choice and instrumental action on management's part, based on factual/ technical information about the environment, is no longer the only issue in the management of organizations. Just as important are what kinds of management and leadership are rendered appropriate and legitimate relative according to the institutional pulls and pressures. Thus, these cognitive and cultural element versions of institutional theory would tend more towards utilizing a logic of appropriateness when portraying leadership of MNEs. This version of institutional theory also seems promising in accounting for the diversity and complexity of the MNE.

Morgan and Kristensen (2006) have argued that the relatively recent impact of institutionalist theory, in its various guises, has contributed to an increasing focus

among scholars on the distinctive nature of the MNE. They go on to say that the concern of institutional theory with how the social embeddedness of firms in particular contexts shapes their diverse structures and processes has led to an increased exploration among institutionalists of the pluralistic nature of social embeddedness processes in multinationals. They also describe what they call 'institutional duality' (see Kostova & Roth, 2002) as typical of MNEs: within multinationals, local actors are pulled and pressured to conform to the expectations of their home context while also being subjected to the transfer of practices from the home context of the MNE itself. And this is significant, because most MNEs are strongly home-centered (Hirst et al., 2009). Whether this leads to HQ dominance is another issue (see Forsgren et al., 2005), but in any case this institutional duality leads to conflicts that can be labelled forms of 'micropolitics' – the negotiations and clashes between diverse world views, cultures and interests.

Thus, head office managers transfer practices, people and resources to subsidiaries in order to maintain control and achieve their objectives. Local subsidiaries have differential capacities to resist these transfers or to develop them in their own interests depending on their institutional context. Accordingly, within an MNE, a difference in views and practices may emerge between HQ and subsidiaries as to what constitutes appropriate leadership. HQ management may advocate developing "global leadership" as a means towards a desired end for the organization as a whole while local managers may emphasize leadership that is appropriate for the local context. And within an institutional theory framework, these differences may not be a matter of rational deliberation only; in the cultural-cognitive varieties of institutional theory, institutional pulls and pressures, of which managers are unaware, or indeed unconscious of, may exert an equally strong influence. Accordingly, the "choice" between global integration and local adaptation

may not always be clear, or even possible, for managers who are exposed in their everyday practices to the respective elements of this institutional duality.

One of the authors experienced an example of institutional duality when interviewing a foreign subsidiary manager of an MNE about the HQ, and the parent organization's attempts to integrate the activities of the subsidiaries, including his own. This manager stated with great emphasis: "*The essential issue here will be whether HQ will pay sufficient attention to local business.*" This may be read as a simple restatement of the need to balance global integration of the MNE with local responsiveness. But the statement may also be read as a statement to the effect that it is essential for the HQ management to reflect on their own potentially unconscious embeddedness in their own institutional home region environment, and also to pay close attention to the varying degree of embeddedness of the local subsidiary in its local business and general institutional environment. From this perspective, it may not even be possible for HQ managers to understand and grasp the local context sufficiently to perform their balancing act in global leadership. Indeed, Forsgren et al. (2005: 104) argue that because of the path-dependent and largely externally "invisible" character of local embedded business relationships, headquarter managers of MNEs are potentially fundamentally ignorant of the embedded type of local adaptations and, therefore, that their ability to balance them against each other is highly constrained. One might even argue that they cannot choose. Thus, the instrumental logic of attempting a managerial balancing act may constitute a spurious "prescription of choice" in MNEs – in the extreme case, it may even be irrelevant. Instead, managers may be left with the option of continuously attempting to achieve economies of scale and scope, among subsidiaries in a federative MNE, through negotiations with local managers in the hope of achieving some coordination and integration (see Anderson et al., 2007).

Even if organizational theory has not paid sufficient attention to the special character and challenges of the MNE, several contributions have been made towards a differentiation of organizational environments which may be of use. Duncan (1972) introduced the simple-complex dimension and the static-dynamic dimension as conceptual tools for achieving differentiation of internal and external environments. According to Duncan, a *simple* environment has few factors that are also similar to one another, while a *complex* environment has multiple and dissimilar factors. In a *static* environment, the factors remain the same and also remain stable over time, while in a *dynamic* environment, new factors emerge and factors also change over time. Duncan's research indicated that it is not the number of factors (what he calls complexity) which creates the greatest amount of uncertainty but rather the dynamic changes in multiple factors (Duncan, 1972: 322-325). Scott & Meyer (1991[8]) introduced the differentiation between strongly or weakly developed "*technological environments*" and "*institutional environments*", and utilized this differentiation in exploring how different environments seem to emphasize different types of rationality. They suggested that technical environments emphasize a rationality that incorporates prescriptions for matching means and ends in ways that are effective in producing outcomes of a predictable character (Scott & Meyer, 1991: 124). With respect to institutional environments, these tend to emphasize a rationale for organizations that emphasize conformity to standards, regulations, norms and authorities in each particular sector. These two types of environments would seem to emphasize, respectively, what we have called the logic of instrumentality and the logic of appropriateness.

Rosenzweig & Singh (1991) suggested analyzing the institutional environment in terms of pressures for isomorphism with the local environments of

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[8] Originally published in 1983.

MNEs and pressures for consistency with the MNE's policies and structures. They argued that these pressures would vary with the different domestic contexts of the MNE, and that they would influence structures and processes of the particular MNE. Rosenzweig and Singh (1991) also argued that MNEs may exert a considerable influence of their diverse contexts and thus, the issue of complex interaction between the MNE, and its various environments, is brought to the fore in a manner not captured by traditional organizational theory.

Kostova & Zaheer (1999) have explored three types and locations of complexity that affect the legitimacy of the MNE; in the legitimating environment of an MNE, in the organization of the MNE, and in the process of legitimation. They conclude that the sheer number of different contexts faced by MNEs creates issues of legitimacy, and that the tensions between the MNE's internal legitimacy requirements and the legitimacy requirements of its subunits' host countries are likely to create difficulties for the subunits. They also argue that what they call "the bounded rational nature of the legitimation process" (Kostova & Zaheer, 1999: 77) creates special problems of diversity for MNEs. Finally, they point out that MNEs are much more vulnerable to "legitimacy spillovers" than are purely domestic firms. This means that for MNEs, problems with legitimacy in one context may easily spill over to other contexts. Kostova and Zaheer (1999) also point out the importance of investigating further the complexity of the MNE's contexts with respect to potential interactions which would produce additional complexity.

Gooderham et al. (1999) have shown that the national embeddedness of firms has a strong effect on the application of both calculative and collaborative human resource management practices. They also argue that their results highlight the shortcomings of rational organization theory by revealing the need to incorporate country-specific, institutional factors in studies of management practices

(Gooderham et al, 1999:527). Thus, the degree of managerial autonomy suggested by the logic of instrumentality is revealed to be reduced by institutional factors.

We conclude that organizational theory offers perspectives which emphasize both types of logic with respect to management; the logic of instrumentality and the logic of appropriateness. The question lingers, however, whether MNE managerial practice may transcend prescriptions originating in traditional organizational theory. Already 10 years ago, Nohria and Ghoshal (1997) suggested that MNEs may be seen as networks more than as bounded unitary "systems" in a generalized environment. And, Forsgren et al. (2005) argue that a more detailed analysis of the MNEs diverse environment reveals that the contemporary MNE – with increasing connectivity, interdependence and ensuing complexity - is becoming more similar to a loosely coupled networked coalition than to a traditional, bounded hierarchical organization[9]. Certainly, if organizations are seen as *"complex adaptive systems embedded in heterogeneous networks consisting of nodes such as people, machines, projects and heterogeneous components of the modern technological environment"[10]* (Kilduff et al. (2008: 83), then efforts towards central, headquarters-initiated integration may constitute clear risks to MNEs with respect to local legitimacy and appropriateness. Integration may compromise the fragile integrity of the network MNE. An emergent trend towards seeing MNEs as de-centered networks (Kilduff & Tsai, 2003; Kilduff et al., 2008: 83) which are locally intertwined with other networks (Forsgren et. al., 2005) - and pulled and pressured everywhere by the multiplicity of institutional contexts,

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[9] See also Hedlund's description of "the heter-archy" (Hedlund, 1993).

[10] This evokes images of ActorNetworkTheory which goes one step further in de-centering organizational action away from an exclusive focus on human agents operating rationally on the organization, towards an inclusion also of non-human "participants" in the network (see for example Czarniawska & Hernes, 2005).

often in non-transparent and unconscious ways (Scott, 2008) - would amount to leadership being seen not merely as the instrumental actions of a central, transcendent manager but also as an emergent social process that is embedded in organizational practice (Plowman & Duchon, 2008). In contrast to what we called "transcendent leadership" above, this conception of leadership may be referred to as "immanent[11]" leadership, embedded as localized processes in local contexts.

In concluding this section, we state that through the lens of traditional organizational theory global leadership may be seen as a unitary, universally applicable type of leadership, effective across all contexts and corresponding to a logic of instrumentality – the manager as an agent pursuing a preconceived end: the integration of the MNE threatened by fragmentation. However, within the framework of institutional theory, the MNE may also be seen as an organization characterized by multiple embeddedness in diverse local contexts, each being constituted by environmental (isomorphic) pulls and pressures from institutions (Ghoshal & Westney, 2005). This institutional perspective of the MNE would yield a different understanding of global management and global leadership built on a logic of appropriateness. This latter perspective would seem to offer promise in understanding the diversity and complexity of MNEs. The next section will explore global leadership and global leadership development through the lens of management and leadership theory.

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[11] By Immanent we mean intrinsic to, and in-detachable from, the system

Part II

Leadership theory, global management and global leadership

In reviewing the field of global leadership, Mendenhall (2008) argues that the field is plagued by problems that have long been rampant in general leadership theory: no agreed upon definition of leadership, lack of multidisciplinary thinking ("balkanization"), researchers in any given period being excessively influenced by the Zeitgeist, lack of clear criteria of leadership effectiveness, and a lack of understanding of followership. In his review of leadership studies, Rost (1991) concluded that 60% of authors in leadership studies up until then did not define leadership. His conclusion was that the authors seemed to assume implicitly that everyone knows what leadership is. Barker (1997) observes that those who do provide a definition tend to equate leadership with good management, defining it as the activity of successful individual managers exhibiting individual traits and capabilities which are seen as conducive to organizational effectiveness (see also Burns, 1978, and Streatfield, 2001). On the other hand, Zaleznik (1992), Bennis (1990) and Kotter (1999) have argued that leadership is different from management, even if they see both as individual activities.

While some might conclude, like Barker (1997: 346), that *"the study of leadership is an academic discipline in shambles",* Mendenhall (2008:9) has stated more soberly that agreed upon definitions of leadership are lacking, and that attempts to clarify the relation between management and leadership have proven to be be "complex and unsuccessful", and further, that this remains a problem in the field of global leadership. Clarifying the relation between management and leadership is also a problem in leadership theory in general (Yukl, 2006). Rost (1991, 1993) and Burns (1978) have argued, however, that leadership should not be viewed as the activity of managers but rather as a social and contextualized process, a pattern of localized interaction, involving both leaders and followers. It would seem obvious that there is

no leadership without followers, and placing all responsibility for the followers' following the leader in such a process risks ignoring the followers' individuality, as well as the process in which the followers are involved and the context in which both leader and followers find themselves. Within the framework of neo-institutional theory outlined in the previous section, leadership must surely be contextualized, and a process view seems natural.

Accordingly, we choose to build upon Rost's and Burns' elaboration of the relationship between management and leadership. This implies that management may be defined as individual or collective attempts towards influencing the development of an organization (see Clegg et al., 2006), while leadership is a social process which may, or may not, ensue following such influence attempts. The activities of individuals in formal managerial positions are thus intrinsically involved in the process of leadership but their activities are not identical with leadership. It follows from this, that leadership is an episodic rather than a constant process (see Rost, 1993), and that both management and leadership fundamentally involve the relationship between individual action and collective patterns of activities.

Thus management and leadership overlap, and it becomes important not to aim for a complete distinction between them. On the contrary, we agree with Krantz & Gilmore (1990) that splitting the two concepts is particularly problematic when management is portrayed as drole and dull while leadership is seen more as a heroic endeavour (see for example Zaleznik, 1992 and Bennis, 1990). Interestingly, Krantz & Gulmore (1990) suggest that such a split may function as a social defense against the anxieties resulting from an increasingly complex environment, such as the one MNEs are experiencing. Such a defense may constitute an example of an unconscious social process pushing towards the institutionalizaton of a simplified instrumental logic of global management and leadership: first by idealizing the transcendent god-like

leader, and second by simplifying the process of leadership into individual heroic action.

In line with our argument above, we would argue that the field of global leadership my have "inherited" from general leadership theory a pronounced schism between the dominant view, which understands management and leadership as individual rational choice agency, and the fringe view understanding of leadership as a situated and embedded process. In Granovetter's (1985) terms, the first account is an "under-socialized" theory of management and leadership while the other one illustrates "embeddedness"[12]. This involves the risk that global leadership of the transcendent kind, what Osland (2008a: 61) has referrered to as *"the predominant individual competencies approach in extant global leadership literature",* fails to explain how global managers and leaders interact with the contextual diversity they find themselves in. We will argue that this follows from the implicit individual-centered instrumental logic implied in these conceptions of global management and global leadership.

In part I, we referred to this individualist, instrumental, rational-choice account as *"transcendent",* and as exhibiting a logic of instrumentality. We suggest that the second, embedded process account, may be referred to as *"immanent"*, exhibiting instead a logic of appropriateness. In the following, we trace these two accounts in general leadership theory before exploring how they are reflected in examples of extant theory of global management and leadership.

In leadership theory, several main approaches may be identified. For the sake of simplification we will provide a brief account of four main approaches; the trait approach, the behavioral approach, the contingency approach, and the process

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[12] The challenge, of course, is avoiding that the individual's role in leadership becomes too understated, and that the conception of leadership becomes "over-socialized".

approach as these emerged and followed each other historically. In the oldest approach, the trait approach, desirable personal traits of the leader are seen as beneficial, independent of context, to effective leadership of organizations. Examples of this would be "gregariousness", "openness", etc. In the behavioral approach, specified behavior – most often referred to as "leadership styles" – are seen as conducive to effective leadership, also relatively independent of a wider context. The most typical example of this approach would be the Ohio State studies which identified the activities of *"initiating structure"* and *"showing consideration"* as the two basic factors in effective leadership.

In the contingency theories which followed, the basic issue is that leaders should adapt their leadership style to the context; to the situation at hand (Bryman, 1986; Smith & Peterson, 1988; Yukl, 2002). While this latter approach does evoke a logic of appropriateness, the dominant emphasis in leadership theory has been given to the leader's rational, instrumental choice of what is appropriate, while approaches encompassing less explicit cognitive and cultural institutional pressures and pulls have been displaced to the fringes of the field. Thus, these three first approaches have in common a focus upon the manager/ leader as a more or less independent agent acting upon followers examplifying the transcendent – instrumental logic – approach to leadership.

The fourth approach, the process approach, differs from previous approaches in that it portrays leadership as a *social interaction process which involves both leader and follower,* and which may be potentially transforming[13] for both parties (Rost, 1991; Burns, 1978:19). Thus, this approach (see Smith and Peterson, 1985; Bryman, 1986

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[13] The use of transformative here should not be confused with Bass' "transformative leadership". In Bass' use "the transformative leader" transforms the organization through his/ her actions, thus Bass' approach is an example of what we have called the transcendent approach.

and Yukl, 2006) emphasizes that leadership is not an instrumental individual activity applied to organizational individuals, structures and processes from a transcendent position relative to these contextual elements. Instead leadership is seen as embedded in, and emerging from, particular contexts (Streatfield, 2001). On the process view, leadership emerges as appropriate to contexts through the institutional pulls and pressures acting upon both leader and followers as they interact to maintain these institutions (social patterns), exemplifying a logic of appropriateness.

One early example of a process theory would be Graen's (1975) conception of leadership processes as the outcome of multiple negotiations where role expectations are explicitly and implicitly negotiated through ongoing interaction between leader and follower[14]. A contemporary example of a radical process theory of leadership, accomodating leaders and followers as a complex adaptive social system, would be Uhl-Bien et al.'s (2008) "Adaptive Leadership", which they define as "*emergent change behaviors under conditions of interaction, interdependence, asymmetrical information, complex network dynamics and tension. Adaptive leadership manifests in CAS (complex adaptive systems) and interactions among agents rather than in individuals, and is recognizable when it has significance and impact.*"

Within the process perspectives leadership it is no longer a question of the leader merely acting on the subordinates in order to achieve a goal, it also involves the legitimacy, or appropriateness, of the leader's actions in relation to particular contexts, and how the leader is influenced, or even used, by the subordinates and other stakeholders. For instance, the leader might be "utilized" by followers as a symbol, without the leader necessarily having intended this, or even being aware of this. Thus, the process view exemplifies the logic of appropriateness and differs from the more traditional views of leadership by being thoroughly contextualized and by emphasizing the embeddedness of both leader and followers in particular

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[14] See also Graen & Scandura (1987) for an elaboration of the dyadic perspective.

institutional contexts. In other words, leadership is immanent to social processes as opposed to transcendent; applied instrumentally from outside.

Knudsen (1995) has coined the terms *agents* and *actors* to different approaches to leadership: leaders as *agents* are individuals whose main characteristic is seen as the taking of independent action; while leaders as *actors* are individuals who are assumed to play certain roles (consciously or un-consciously) in accordance with the expectations of stakeholders and other influences in their environment (Knudsen, 1995: 135-6). This distinction thus corresponds to the distinction between dominant economics' view of agents choosing rationally to maximize utility; and the sociological view of actors strongly influenced – if not determined in their actions - by their embeddedness in a context (DiMaggio & Powell, 1991). We will now turn to the question of how global management and global leadership have been theorized, and how such theories align themselves with the distinctions we have argued for above. Has the field inherited the schism we referred to earlier?

Mendenhall (2008), a leading scholar in the field, has argued that global leadership emerged as a field of research in response to MNEs' pressing needs for managing increasing globalization. We would add that the challenge of achieving integration across inter-organizational, national and cultural borders will also have contributed significantly to MNEs' focus on global leadership. This could be seen - in essence - as a call for a particular type of leader/ leadership who can act to achieve a desired end – in other words: leadership as an instrument to achieve an end. In part I on organizational theory, we referred to the emerging consensus that the MNE environment is characterized by high levels of diversity and dynamic complexity compared to purely domestic contexts. Lane et al. (2004) have argued the complexity facing managers of MNEs is evidenced by an increased multiplicity of competitors and customers, increased multiplicity through dispersion of the value chain, and increased multiplicity of governments and non-governmental stakeholders. All of

this translates, as we have demonstrated, to multiple and potentially interacting and unpredictable institutional pressures. When it comes to the technical environment, economic interdependence is increasing, different parts of the value chain are becoming more interdependent, and interdependence may be increasing between alliance partners, subsidiaries, suppliers and customers. In addition, increased ambiguity results from a lack of information clarity (for example, diverse sources and diverse indicators in statistics), and increased ambiguity also results from equivocality caused by multiple interpretations of facts – for example, as seen through different cultural lenses. And finally, increased ambiguity may increase through less transparent relationships between cause and effect due, for example, to the increasing multiplicity of influences.

Lane et al.'s (2004) prescription for organizations seeking to achieve effective mastering of this complex globalizing context is that they should identify, employ and develop managers who are able to cope with this differentiation and complexity in seeking global integrated action (see also Gupta et al., 2008 and Wibbeke, 2009). Thus, in this view it would seem that all the complexity of the environment of MNEs is supposed to be "sucked up" and dealt with by the managers, and that these managers are also expected to lead by inducing followers to go along with these integration attempts. This clearly implies a logic of instrumentality. Mendenhall et al. (2008: 17) provide a definition of global leadership which explicitly does not distinguish between leaders and leadership; and which follows this logic:

"Global leaders are individuals who effect significant positive change in organizations by building communities through the development of trust and the arrangement of organizational structures and processes in a context involving multiple cross-boundary stakeholders, multiple sources of external cross-boundary authority, and multiple cultures under conditions of temporal, geographical and cultural complexity".

This definition seems to address what global leaders do, and global leaders are described as individual agents who are instrumental in effecting positive change of various kinds for the organization through their activities in a complex context. While this definition does not explicitly state that the global leader is the main source of effectiveness in the organization's adaptation to the environment, this seems to be assumed, implicitly. Within this framework of a logic of instrumentality of leadership, the logical step is to explore and identify the characteristics of global leaders. Leaders potentially possessing special characteristics, like traits, skills, capacities and mindsets, would then be identified as potential global leaders. Global leadership development would then amount to activities aimed at developing these characteristics, thus developing "the right people" to become global leaders. And it seems that leading theorists in the field of global management and leadership do rely on traits and skills of managers in defining global leadership.

Osland's (2008a) review of global leadership research demonstrates in a striking way how pervasive the search for "the right people" has been. In addition, Osland confirms that global leaders – the people who are potentially already "right" - are the ones researchers have most often utilized as research objects in attempts to understand what global leadership involves. Obviously, this approach runs the risk of mirroring the rhetoric and conceptions of leadership institutionalized in this managerial group. Thus - from the perspective of institutional theory - we have a situation where the dominant discourse about what global leadership is, and how it should be applied to MNEs in an appropriate way, stipulates and legitimizes that these organizations should be managed according to a logic of instrumentality. Also, according to Osland (2008a: 35), when the field of global leadership emerged in the early 1990s, it was characterized by extrapolations from the domestic leadership literature, interviews with global, or international managers/ leaders; focus groups or observations from consultants. Following this initial phase, skills and competencies

were tentatively described and listed. According to Osland, one MNE listed 250 competencies and skills supposed to be found in global leaders, but the range for the MNEs she investigated also included lists of as little as 7 characteristics. In later research, lists were structured and organized through analysis and comparisons into clusters, and on this basis, models started to appear.

Osland herself, together with Bird (Bird & Osland, 2004) have presented "The Pyramid Model" of global leadership (figure 2). Fundamentally, the model is divided into three parts:

1) Personal characteristics of the global leader ("global knowledge", traits and also attitudes, as well as, attitudes and orientations like "global mindset", "cognitive complexity" and "cosmopolitanism"),
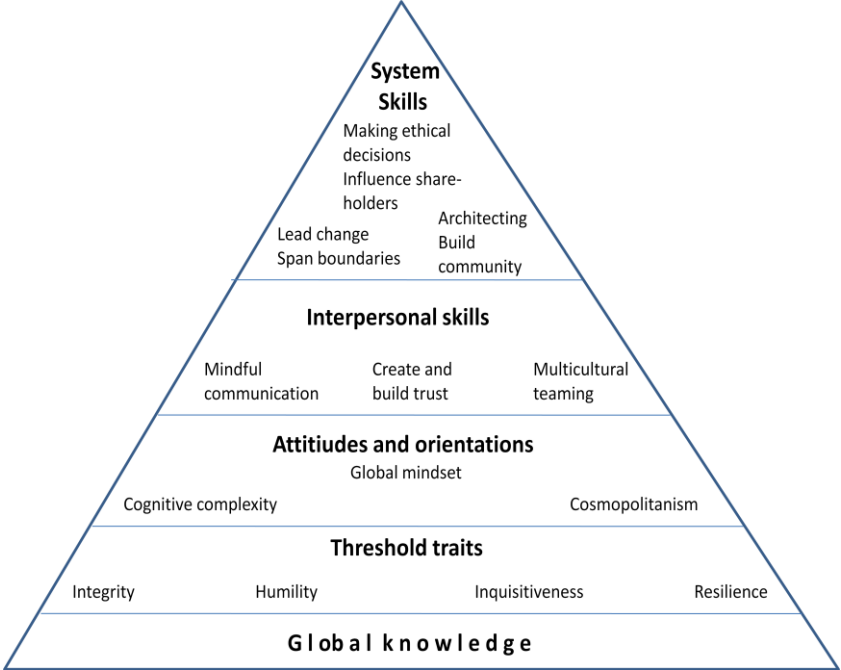

Figure 2: Osland's model of global leadership (Osland, 2008).

2) Interpersonal skills of the global leader ("mindful communication", "creating and building trust" and "multicultural teaming"), 3) System skills of the global leader ("making ethical decisions", "influencing stakeholders","leading change and spanning boundaries", "architecting" and "building community").

To us it seems clear that this model focuses on the leader as a rational, instrumental agent, influencing the organization towards desired ends and goals. In

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other words, the definition seems to be premised upon a logic of instrumentality[15]. We note, however, Osland's own evaluation of the research in the field of global leadership: *"there is no consensus on the construct definition of global leadership (….) conceptual confusion persists, as do questions about whether there is a significant difference (...) between global and domestic leaders. The global leadership research has, for the most part (….) focused on identifying competencies. (...) it is an emerging field"* (Osland, 2004a: 61). Thus, a rather bleak picture emerges: the field has been emerging for 20 years – without achieving any sort of explicit consistency with respect to what separates a global leader from a domestic one. Still, the definitions and models we have presented here seem – at least implicitly – to employ a logic of instrumentality in defining global leadership. And more specifically, they seem to fall within the trait and behavioral approaches to leadership.

In this section, we have presented two different perspectives from leadership theory on leadership of the MNE. One of these might be termed *"leadership as individual instrumental agency"* and the other might be called *"leadership as embedded process, including the leader as an embedded actor."* The first one seems to be dominating in the literature, and in this perspective global leadership is depicted as independent of contexts and as following a logic of instrumentality. In the second perspective, global leadership is seen as an embedded process where leader and follower alike are being influenced by - and influencing - the context in which they are embedded. We have seen that within the field of global leadership research, there is little evidence of this latter perspective being utilized. Thus, while the highly complex context of MNEs and their managers has been acknowledged also in leadership theory, global

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[15] While "multicultural teaming", "cosmopolitanism", "global mindset" and "global knowledge" may be concerned with globalization, one might well ask what is specifically global in this model of global leadership as long as the individual is so heavily focused.

leaders seem not to be conceived as embedded actors but rather as transcendent agents within the framework of a logic of instrumentality.

While such conceptions of management and leadership may provide useful guidelines for the execution of more traditional managerial skills and activities taught in MBAs, it is less useful in accounting for situations where organizations persist in patterns of activities long after these activities have any demonstrable connection with effectiveness. Indeed, this may be the case for the conception of managerial activities themselves. The persistence of institutionalized managerial activities in MNEs, for instance those that are based in the home region of the MNE, and the effect this persistence may have on the functioning of organizations, should be a central issue in the development of global leadership. At least this is the case if global leadership is seen as something more than what global leaders do. Kostova & Zaheer (1999) have suggested that due to the variation in institutional contexts ethnocentric MNEs will be facing greater challenges than geocentric ones when it comes to establishing their legitimacy. And Gooderham et.al. (1999) have shown that managers do indeed accommodate their practices to institutional contexts. Thus, there may exist a difference between what managers do and what the dominant theory say they should do. This highlights the necessity for exercising caution in developing leadership along the lines of a logic of instrumentality.

Part III

Developing global leadership for MNEs

Within the logic of instrumentality, where global leadership is seen as managerial activity constituting an instrument for enhancing the organizational effectiveness of MNEs, global leadership development might simply be developing the managerial knowledge, competencies and skills needed to ensure this goal. This

would include knowing what would make followers follow, and acting upon this knowledge in such a way that the manager achieves the role of leader in a leadership process. It is highly unlikely that individuals are capable of absorbing the diversity and complexity of MNEs, and further, that this complexity may allow for calculation and prediction in the way suggested by the logic of instrumentality. In addition, such an approach to global leadership risks ignoring the diverse and complex contexts MNEs operate in and it also risks ignoring the social process character of leadership. Given our previous attempt at clarification between management and leadership, we argue that a broader approach to global leadership development is needed which transcends the narrow focus on individual managers. This is also in line with calls from other researchers to stop focusing solely on the individual through "leader development"[16] (Rost, 1993; Burns, 1978).

Thus we define global leadership development as any activity which results in increased knowledge, skills, capabilities and organizational processes related to leadership processes in MNEs. In this definition, we allow for the obvious fact that global managers and global leadership processes may develop in the absence of an intentional plan. Also, the latter definition is wide enough to include systematic development efforts aimed at individual managers while placing them in a wider framework. In the same manner, it includes management education provided in universities and business schools, and it includes programs provided by human resource departments and management consultancies aimed at developing global leaders and global leadership.

Thus, our definition transcends a traditional, individualistic conceptualization of global leadership, and includes an understanding of global leadership development which assumes that global leadership is a function of the social

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[16] At least if leader development is aimed at developing managers to be leaders.

resources and capabilities embedded in heedful relationships (Weick & Sutcliffe, 2001) Accordingly, at the core of the difference between leader development and leadership development is also an orientation toward developing *human capital* in the form of leaders (global leader development) as compared to *social capital* as a resource of the collectives, or networks, of the MNE (global leadership development)[17]. An orientation toward human capital emphasizes the development of individual capabilities, and an orientation toward social capital emphasizes the development of trust, identity and norms, as well as, reciprocal understanding, obligations and commitments (Nahapiet & Ghoshal, 1998; Kostova & Roth, 2003).

In this section, we will suggest how leadership development programs for individual managers can encompass a logic of instrumentality, as well as, logic of appropriateness through emphasizing exploration and reflection upon contextual elements in the leadership process. We will also attempt to situate such programs, and their design, with respect to research on practices within global leadership development in MNEs. We will start by giving a brief summary of these practices.

A virtual consensus seems to exist in the literature that the priority MNEs give to services tailored to their complex international context has grown rapidly during the last decade. This is evident in the emerging demand for "global leadership development" (Mendenhall, 2008). According to Suutari (2002), exposure to foreign, complex environments has been the dominant approach in MNEs' development of global managers. Suutari (2002) emphasizes that no consensus exists about the proper tools for developing global leader competencies. However, he identifies seven methods which are often suggested in the literature: 1) international managerial

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[17] In a Norwegian context, Espedal (2008) has shown that the two perspectives, leader development and leadership development, coexist among Norwegian management consultants providing leadership development services.

assignments, 2) short-term international development assignments, 3) action learning groups with international participation, 4) international training and development programs, 6) international meetings and forums, and 7) international travel. All of these methods involve exposure to international contexts but expatriation of managers (methods 1and 2) seems to have been the top strategy for MNEs (see for example Seibert et al., 1992, Gregersen et al, 1998 and Oddou et al., 2000). However, a "sink-or-swim" approach to this method risks the loss of expatriated managers, and also that they experience failure. A relatively high rate of failure, and expatriate managers leaving the organization, are well documented in the literature. Thus, a systematic approach is needed; and, if applied, this would amount to on-the-job development of global leadership.

Leadership development programs are also systematic approaches to global leadership development. They often take place at venues removed from work, and accordingly, such programs risk not paying sufficient attention to the context of the individual manager, and the transfer of learning to the "home context" may be compromised. To diminish such risks, programs are often tailored to suit the individual

MNE[18] and, according to Suutari's review of global leadership programs (2002), a further effort to reduce the risk of ignoring contexts is to include in such programs action learning components, such as a field-based business project involving managers working in diverse organizational contexts (see also Gregersen et al., 1998).

The methods most commonly used by MNEs in global leadership development all include exposure of managers to international and global contexts. A central issue in designing global leadership programs is the balancing of a systematic approach versus a tailored and contextualized approach. MNEs may, of course, choose to cope with this balancing act through focusing solely on individual managers within the framework of a logic of instrumentality. Such approaches would favor the development of the characteristics, behavior, competencies and skills of individual managers in line with the dominant logic of instrumentality in both organization theory and leadership theory. In our view, however, the institutional perspective, which seems still to exist on the fringes of the same fields (see Tolbert & Zucker, 1996), should also be accommodated by such programs. There is a need for global leadership programs that provide for focusing and exploring the local context of the manager so that the situated actions of the manager may be submitted to critical reflection – also with respect to institutional pulls and pressures.

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[18] This tends to make such programs highly expensive. In our experience, the going price for one day of such a program run by the most prestigious providers, IMD, INSEAD, CCL, Ashridge, etc. – and irrespective of the resources spent by them - may be in excess of £15-20,000. Travelling costs, which may be large, are extras. In addition to this, there is the cost of pulling the managers out of their daily work.

We note that the process of providing a service, like a global leadership development program, may take place with various degrees of interaction and collaboration with clients, and with varying degrees of embeddedness in the client's contexts. For example, a consultancy company may market packaged "concepts" for global leadership development which amount to standardized programs that can be applied to various client organizations through relatively minor adjustments[19].

On the other hand, management consultancies may specialize in highly customized services where issues, problems and solutions are not specified in advance, and services are co-produced in close interaction with the client. The client would, for example, approach the consultant with a question like this: *"there is something wrong with our leadership processes but I don't know what. Could you come and talk through it with me?"* This might evolve into something approximating a *"real-time interactive process"* of global leadership development.

We argue, therefore, that the interaction between manager, client organization and service provider, and the customization versus standardization aspects of the program, should be included in the conception and design of such a service. Kvålshaugen et al. (2008) have developed a typology of services (figure 3) which comprise these two dimensions, the degree to which services involve client interaction, and the degree to which services are standardized as opposed to customized. In this model, the two examples of interaction provided above correspond to the two upper quadrants. The two lower quadrants are not particularly relevant for our purposes here.

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[19] An example of the content of such a service provision would be a standardized training program for managers/ leaders promising more effective listening, coaching or persuasion skills.

The upper left quadrant in figure 3, *expert business services*, comprises services which involve a high degree of interaction between consultant and client, as well as, a high degree of joint attention to local contexts in the development and reduction of services. Thus, in what the model calls "expert business
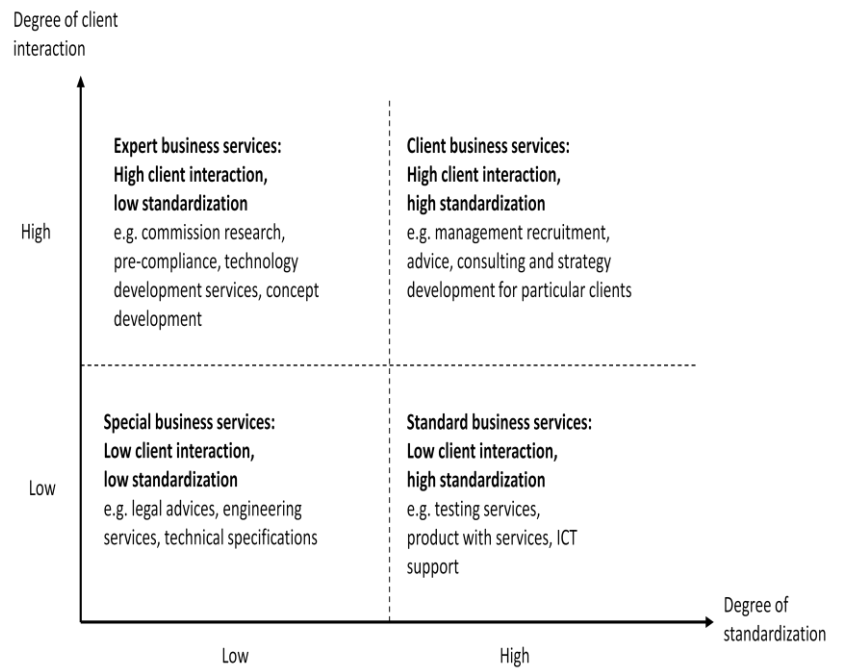

Figure 3: A Service Typology

Degree of client interaction

High

Expert business services:
High client interaction,
low standardization
e.g. commission research,
pre-compliance, technology
development services, concept
development

Client business services:
High client interaction,
high standardization
e.g. management recruitment,
advice, consulting and strategy
development for particular clients

Low

Special business services:
Low client interaction,
low standardization
e.g. legal advices, engineering
services, technical specifications

Standard business services:
Low client interaction,
high standardization
e.g. testing services,
product with services, ICT
support

Low   High

Degree of standardization

services", the consultant does not deliver pre-defined standardized services to pre-defined problems. Instead, client problems are typically defined based upon an exploration of the client's context, and services are not delivered but *co-produced* in the course of the interaction between consultant and client. This is exemplified by the manager with global responsibilities who approach the consultant with the question: *"there is something wrong but I don't know what. Could you come and talk through it with me?"* In the upper right quadrant of the model, *client business services*, there is also a high degree of interaction between consultant and client but this interaction does not primarily take place in relation to exploring the local context in order to identify and define problems. Instead, both problems and solutions tend to be pre-defined by the client – as in tenders - and the high degree of interaction occurs instead across different service provisions as transactions of the buying-and-selling type. Here, one management consultancy will provide, for example, strategy development services, recruitment services and leadership development services to the same client MNE on demand, or through "cross-selling."

Most global leadership development programs will be of the right upper quadrant variety, at least those taking place at venues away from work. This is due

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partly to consultant companies' needs to standardize and partly to clients' wishes for tried and tested, appropriately designed and legitimizing programs. However, there is a third way between radically customized programs and standardized programs. In Kvålshaugen et al.'s (2008) language, this third way would be called *"a mixed service logic."* In such services, the issues and problems of the client would be explored, corresponding to *expert business services* in the model. But this would take place within a standardized framework, corresponding to *client business services* in the model.

In the following, we will provide an example of a program which utilizes a mixed-service-logic program. In AFF's "Solstrand program", a Norwegian leadership development program, the consultant engages intensively in small groups with client managers in exploring and reflecting upon leadership processes situated within the context of their respective organizations. This may occur without any previous specification of the issues or problems involved, and solutions are not provided beforehand by the consultants. The services provided may be seen as co-produced by clients and AFF consultants. While this element would clearly correspond to a type of "*Expert business services",* the Solstrand program is highly standardized in other important respects. For example, it is structured into four two-week modules with "the programmed" part of the program comprising a mix of standardized elements such as lectures, plenary activities and arenas for group work within the framework of a tight schedule (Rønning, 2002, 2005). These elements of the program correspond more to standardized business services in figure 3. The inclusion in one service provision of both expert business services and standardized business services exemplify what Kvålshaugen et al. (2008) have referred to as a "*mixed service logic."* In such services, expert business service provision is essentially embedded within a fairly standardized service provision context. This is the case in AFF's Solstrand program.

Given that in its 57 year history the Solstrand Program has only ever been offered in the Norwegian setting and few non-Scandinavians, let alone non-Norwegians, have ever participated it seems reasonable to characterized the program as fundamentally Norwegian (Rønning, 2002). Still, we argue that applying the mixed service logic design of the program to global leadership development programs will make for programs well suited to a shifting and highly complex globalized context in which increasing complexity of processes and contexts are defining elements. The standardized aspect of the program, with a firm structure and firm boundaries in terms of time, tasks and territory, might also alleviate anxiety. Reflective dialogue, assisted by competent consultants on the various arenas of such programs, would also have a containing effect on the difficult and challenging exploration of contextual complexity (see Dalgleish and Long, 2006; De Gooijer, 2009).

We would argue that such a mixed-service approach, if successfully applied in international contexts, may provide substantial opportunity for exploring differences in managerial challenges across internal MNE boundaries and also the type and character of local and HQ institutional pulls and pressures. It would also promote a thorough exploration of processes which are in need of integration. In addition, a mixed-logic service approach to global leadership development may provide opportunities to learn in *"live"* situations to the extent that leadership processes in the here-and-now of the programs may also be explored and compared/ contrasted with what may be taking place "at home." Finally, such mixed service logic offers opportunities also for exploring global leadership that is using an implicit instrumental logic of leadership. Thus, we suggest that such approaches may be highly beneficial for the further development of MNE-related services, including real-time exploration of complex processes. Further exploration of how such

programs function for MNEs wanting to develop global leadership is, thus, indicated.

In closing our account of global leadership development programs, we are very aware of two important questions: 1) what is the benefit of mixed-logic-service programs compared to other methods of global leadership development in MNEs? And, 2) How realistic is it to assume that MNEs will choose to make use of mixed-service-logic programs of the kind we have proposed? Our answer to the first question is that mixed-service-logic programs with participants from diverse contexts provide opportunities for exploring the activities and the context of individual managers in depth. Also, if this exploration takes place in group contexts, managers will have opportunities for placing their own activities and their own context in perspective through their participation in the exploration of other managers' activities in their respective contexts. This may result in greater awareness of the importance of exploring their own behavior in more detail in relation to the context they find themselves in. For the organization, the MNE, this may result in more adaptable and flexible managers with a deeper understanding of the effect pressures for appropriateness have on leadership processes in diverse and complex global contexts. In addition, gathering managers in one venue provides opportunities for using insights into the various contexts to focus the overall strategy of the MNE, and also to develop social capital among managers (see Gooderham et al., 2008). This is in line with a general trend in management development observed by Alvesson et al. (1991) and Kipping (2002) towards coordination of processes, and of attempts at aligning individuals in organizations around shared values. Such mixed-service-logic programs also provide opportunities for such efforts towards global integration of the managerial practices of the MNE.

Concerning the second question, given the diverse and complex environments of MNEs, it would seems likely that global leadership development services will

have to focus strongly on the demands for flexible adaptation to real-time processes in evolving international organizational networks, particularly with a view to enhancing knowledge sharing and situated learning (Lave & Wenger, 1991; Wenger 1998). The importance of situated approaches have also been present for some time in critiques of leadership development in general, including educational approaches like MBAs (see Mintzberg, 2004). There is even a call for more situated approaches.

It also seems reasonable to assume that the diverse and complex environments will require increased local managerial discretion, and that the need for centralized control will be questioned. One example of this is the call for practices beyond budgeting, where centralized budget processes are criticized for hampering the flexibility and adaptive capacity of organizations (Hope & Fraser, 1997; see also Østergren & Stensaker, 2008). The balancing act between local responsiveness and global integration may become increasingly difficult with increasing globalization. All in all it seems clear that increasing globalization seriously challenges local managers to adapt their behavior to the institutional contexts they find themselves in, in line with the logic of appropriateness[20] . There is also evidence that this does happen on a national scale (see Gooderham, 1999) and that in-house global leadership programs should also be tailored to the organizational cultural and institutional context of individual MNEs (Gooderham et al., 2009).

After all, from a neo-institutional perspective, this could hardly be otherwise. To achieve leadership, managers will have to behave in such a way that their activity

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[20] It is by no means certain that practicing managers would agree individually that there is such a thing as global management which can be applied as an instrument irrespective of the contexts MNEs are facing with increasing globalization. On the contrary, in the authors' long practice within leadership development, we have seen that managers tend to express a much more eclectic approach to everyday managerial practice, particularly in uncertain and complex contexts. Their focus seems to be on what Patricia Shaw (2002) has called "getting by anyway".

is experienced as contributing significantly to their followers' perception of events and situations as meaningful and appropriate. And this process does not have to be the result of a rational choice on the part of neither managers nor followers. In a neo-institutional perspective, implicit and unconscious processes may be highly effective in "regulating" these everyday leadership processes in organizations.

This does not mean, however, that the logic of appropriateness is becoming institutionalized and legitimizing for MNEs in their choice of approaches to global leadership development. On the contrary, the logic of instrumentality seems to dominate as a legitimate and legitimizing approach. So, even if MNEs seem to have realized, in practice, the importance of providing for situated learning through exposure of managers to globalized contexts, approaches to global leadership development may still be framed within the logic of instrumentality; focusing strongly on individual managers and their characteristics, competencies and skills. The most important force, in this respect, is obviously the sheer dominance of this logic – it may have taken on a status of being taken for granted both by management consultants, senior managers and HRM-professionals within MNEs. Thus, Parker (2002) suggests that what he calls an *"unholy trinity"* of business schools, their alumni (managers), and management consultants together drive what he calls the discourse of *"managerialism"*, which gives high importance to managers as independent agents, instrumental in attaining organizational goals. From the fringes, as it were, Sorge and Witteloostuijn (2004) have argued strongly against the marketing of *"excessively decontextualized and generalized insight (into organizational processes) with an absent or myopical foundation and narrow conceptualization."* They argue that universal, standardized solutions to pre-defined problems constitute a threat to survival for organizations because they do not take the complexity of contexts into account, and that embedded relationships like the ones descibed by Forsgren et al. (2005) may be

disrupted and destroyed by such efforts. However, to the extent that such approaches are institutionalized, they may still prevail.

One problematic consequence in employing a mixed-logic-service approach in global leadership programs is that it may lead to a further complexification of the managerial role, at least as the participating manager perceives it. This may happen because of the in-depth exploration of diversity and complexity in the absence of simplifying solutions. Such an increase in perceived complexity may lead to a considerable rise in uncertainty and anxiety on the part of the participating managers, which in turn may lead to defensive psychological reactions to such programs, such as denial, withdrawal and aggression towards the providers of the service. This may present serious problems in service provision to the extent that participants' expectations of useful services are not met.

Indeed, within the critical approach[21] in research on management consultancy, it is argued that the main function of management consultants is to alleviate managerial anxieties and worries when confronted with increasing uncertainty, ambiguity and instability (Fincham & Clark, 2002). Management consultants have also been described as *"commercial complexity reducers"* (Sorge & van Wittelstuijn, 2004), and one might speculate that this function – at least partly - lies behind the success of the management consultancy industry as globalization has led to increased complexity and uncertainty[22]. Thus, for MNEs, standardized, simplifying consultancy "concepts" of global leadership and global leadership development may constitute not so much contributions to increased functionality of the MNE, but just as much structuring elements which allow managers some relief from the

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[21] The dominant functional approach claims that consultants are used because their expertise is useful in enhancing the functioning of their client organizations.

[22] It is possibly no coincidence that during the last three decades, roughly the same period that has seen the acceleration of globalization debate, the field of management consultancy has evolved into an industry that has exhibited explosive growth (Fincham & Clark, 2002; Engwall & Kipping, 2002).

anxities created by a volatile context. As we indicated above, this challenge of increased anxiety will have to be met by consistently emphasizing clear and consistent boundaries around exploratory activities in mixed-service-logic programs[23].

Still there is a general call, even within the framework of the logic of instrumentality, for more experiential approaches to leadership development (French & Grey, 1996; Mintzberg, 2004). Traditional MBA programs run by business schools seem to be experiencing problems in answering this call, and continue to still emphasize a "chalk-and-talk" approach[24] (Navarro, 2008). Legge et al., (2007) found that situated approaches do not dominate even when situated learning is an explicit goal in so-called corporate MBAs. Navarro (2008) has shown that only some 18% of top-ranked US business schools include globalization in their MBAs and explains this by institutional constraints. The important thing, however, is that the call for situated, experiential approaches do exist, and we argue that mixed-service-logic programs offer the opportunity of integrating elements of the teaching approach with an experiential, explorative and reflexive approach. Such an approach to global leadership development might be well suited to a shifting and highly complex globalized context in which increasing complexity of processes and contexts are defining elements. It might also alleviate anxiety through the containing effect of reflective dialogue instead of through fast and simple solutions (see Dalgleish & Long, 2006; De Gooijer, 2009). We acknowledge, however, the importance of further research in global leadership and global leadership development in MNEs.

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[23] The Group Relations tradition of the Tavistock Institute, The Grubb Institute and the A.K. Rice Institute offers rich experiences with respect to this (see for example Brunner et al., (2006).

[24] This refers to the most prestigious US business schools.

Part IV

Summary, emerging questions and suggestions for research:

In this paper, we have reached the following tentative conclusions:

1. There is a trend towards increasing focus on, and demand for, what is called global leadership, and also for global leadership development. This is related explicitly to the increasingly complex business environment brought on by accelerating globalization processes. These are strongly felt by MNEs.

2. Global leadership, however, may be defined within two different logics: a logic of instrumentality and a logic of appropriateness. In the first logic, global leadership is seen as a universally applicable instrument embodied in global managers as individual agents who exhibit traits, skills or capabilities thought to enhance organizational effectiveness. Within a logic of appropriateness, leadership is seen as processes of interaction involving and potentially transforming both leaders and followers; and as emerging in diverse ways from particular institutional contexts.

3. In organizational theory, the instrumental logic, as exemplified by generic closed and open systems theories of organizations, has been dominant and has tended to pay insufficient attention to the special internal and external contexts of MNEs. However, emerging accounts of organizations within the framework of institutional theory offer the potential of paying more effective attention to the highly complex external and internal contexts of MNEs.

4. In leadership theory, accounts of management and leadership reflect the two logics we have referred to above. And while the field of global

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leadership is still emerging, the logic of instrumentality seems to be dominant in the field.

5. We have argued that applying, uncritically, a logic of instrumentality to global leadership in MNEs is potentially fraught with great risk given the diversity and complexity of MNEs, and their environments.

6. We have suggested that while standardized approaches to global leadership development may be dominant; a mixed-service-logic approach may prove to be a viable, suitable and complementary alternative in global leadership development programs. This would entail exploration and reflection concerning the particular contexts in which global leadership processes are taking place – within a properly bounded and structured framework.

If borders are eroding and the world is becoming one vast marketplace, if resources and markets are becoming increasingly available to MNEs, opportunities for gaining competitive advantage through economies of scale and scope certainly do exist. To the extent that this is the case, MNEs must seek to exploit these opportunities[25] in a coordinated way which could include organizational integration across boundaries and borders. So from this perspective, leadership within the framework of a logic of instrumentality is certainly warranted. But we have seen that ignoring the logic of appropriateness may yield different insights on what global leadership may be, and we have also suggested how one might design such arenas and activities within the framework of leadership development programs. We conclude that developing managers and leadership for the complex environments of contemporary MNEs should involve the provision of opportunities and arenas for

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[25] We acknowledge that such opportunities will most likely vary for different types of MNEs. Thus manufacturing enterprises may be able to take these opportunities to a greater degree than service companies (Rugman & Verbeke, 2008).

them to explore and reflect upon their own particular practices, and also to reflect on the contexts they are embedded in.

In conclusion, we would like to suggest some emerging questions that may point to research activities that may serve to clarify further what global leadership and global leadership development could or should be. One such question is related to the increasing importance of maintaining, sharing and developing knowledge. Spender (1996) has pointed out that as knowledge in all the MNE's operations becomes more important as a competitive advantage, the former "knowledge privilege" of managers will be diminished. Thus, to the extent that this privilege has supported the transcendent and instrumental leadership theory, this support may be destined to fade. Spender (1996) has also argued that what he calls "collective knowledge"; knowledge embedded and dispersed in collectives as practices, constitutes the core competitive advantage of organizations. In the institutional view of organizations, where the environment is brought into the organization, one might argue that such "collective knowledge" may not only exist within what is traditionally seen as organizational boundaries but may also exist in business networks spanning organizational boundaries, for instance between suppliers and organization. Diedrich (2005) has suggested that applying best practice-approaches "from above" may constitute blanketing the burning (local) desire for knowledge (Diedrich, 2005) and creativity. In this perspective, one question, in particular, deserves attention: How can global leadership of MNEs, even if it is seen as an embedded process, contribute to the maintenance, sharing and development of knowledge and how might managers acting locally to achieve global integration from the premises of a generalized logic of instrumentality run the risk of destroying it?

Another question to be explored is also related to the importance of knowledge: In the context of knowledge sharing, embeddedness would imply that leadership emerges alongside the creation, sharing and maintenance of situated collective knowing (Spender, 1996) relative to the local context of suppliers and customers/ clients. If locally embedded and situated practices, as well as institutional pulls and pressures - are essential in defining how global leadership and global leadership development is defined and understood, this raises the question of how global leadership development could incorporate exploration and reflection related to local contexts and practices in development programs. Is it possible to do this outside the workplace, as in traditional programs, or must global leadership development primarily be situated in the environment of the workplace?

Finally, we would argue that there are reasons for questioning the validity of the argument that global leadership of a particular kind is increasingly needed because of globalization. Scholte (2005: 46) argues that the only consensus about globalization is that it is contested, and other critical scholars on globalization agree (Hirst et al., 2009; Steger, 2009; Sorge, 2005). But the same scholars also agree that a strong, dominant discourse on globalization undoubtedly exists, and that this depicts it as an inevitable phenomenon encompassing the erosion of national borders and the weakening of the national state along with an increasingly global business environment of a free-market type. This vision of the emerging globalized world, also underwritten by the World Bank, IMF; WTO and other international organizations who have acted very consistently in furthering the neo-liberal discourse and policies of globalization (Stiglitz, 2002, Sorge, 2005, Scholte, 2005, Steger, 2009 and Hirst et.al., 2009), promises that the world is relentlessly moving towards a future global order through the workings of a self-regulating market; devoid of national borders and with no more than minimal regulations being needed

to protect property rights and peace etc. For business firms, this vision would imply that they are becoming disembedded from national contexts and must routinely take account of the global determinants of their sphere of operations. Another aspect is that they are supposedly becoming increasingly *"free to roam the globe"* in search of competitive advantages and profits (Hirst et al., 2009: 69)

The explosive growth in the number of MNEs since the 1970s[26] is often used to support this argument. However, Hirst et al., (2009), drawing on diverse empirical evidence and analyses, have concluded that MNEs have always been significantly home region-oriented; so that international companies are still MNEs and not to a great extent transnational, or global, companies (Hirst et al., 2009: 84). And Rugman et al. (2004, 2005) found that only 9 of the 500 largest MNEs could be described as global in the sense of having less than 50% of their sales in their home Triad region (North America, Europe or Asia), and at least 20% in each of the other Triad regions. On the whole, it seems that MNEs only do about 30% of their business outside their domestic home, or home region, and that international business remains heavily embedded in their home region (Hirst et al., 2009: 100). Analyses of the character and distribution of foreign direct investments (FDIs) point in the same direction[27]. So it would seem then that there are good arguments for contesting the strong discourse of globalization; "supra-national regionalization" may be just as good a term as globalization for describing the development of business across national borders. Even if globalization, in the strong version referred to above, should not be taken uncritically as a fact justifying the alleged urgent and general need for a specific kind

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[26] Thus in 1970 there were approximately 7000 MNEs while in 2006 there were approximately 77.000 (Hirst et al, 2005; and Steger, 2009 - both referring to UNCTAD).

[27] Hirst et al. (2005) have argued that the FDI measure is not a very good indicator of globalization or internationalization - and, that FDIs are also very unevenly distributed: they are in fact heavily regionalized and concentrated to the so-called Triad of regions: North-America; the Euro zone, and South-East Asia.

of "global leadership" - which emcompasses the individual manager grappling with the balancing act between global integration and local responsiveness - this version is dominant, and the demand for global leadership and global leadership development seems to be a definite fact. But there is some difference between demonstrating the need for local responsiveness and global coordination, and integration in MNEs and asserting that individual managers must be the instruments for carrying out this balancing act to if the MNE is to remain effective and competitive. A further question we are particularly interested in is: Can the apparent demand for the particular kind of global leadership and global leadership development, which implies a logic of instrumentality, be explained by home-region institutional pulls and pressures on MNEs which induces them to see this as appropriate even if it is highly uncertain whether it is effective in achieving the organizations goals? But this is a whole new discussion which will have to be the object of another paper on the institutional pressures involved in global leadership and global leadership development.

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