



DIVERSITY MANAGEMENT

Nurturing global leadership talent

Multinationals face challenges when preparing employees for global leadership positions and covering their growing mobility needs. These tips, illustrated with examples, will help you manage both global talent and mobility more efficiently.

Back in 2010, executives noted the complex nature of the challenges they faced in fulfilling their global leadership responsibilities.

In an IBM study of 1,500 CEOs representing 33 industries across 60 countries, complexity was cited by executives more than any other variable. This may be even more true today.

This complexity is reflected in the changing nature of multinationals themselves. Global pressures have led to a much more networked business model. National subsidiaries have started to have more direct interactions with each other. They have also been disaggregated into discrete function-specific, value-adding units like sales or R&D.

This integrated network approach – combined with a bigger global footprint, diverse customer segments and wider geographic dispersion – has further complicated the work of global leaders.

To deal with these coordination challenges, multinationals have introduced sophisticated organizational structures and reporting lines that have led to more complex global work structures and career paths.

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First, cross-border interactions are no longer limited to the C-suite but involve middle management and even frontline staff. Second, while international relocations used to be a single career event, more and more employees are engaging in repeated transfers to a larger number of destinations during their careers.

All of this adds to global leaders' boundary spanning activities, not only across functions, business units and divisions within their organizations, but with external stakeholders. Often these structural and geographic boundaries overlap, bringing associated relationship challenges.

If leaders spend less contact time with each respective actor because of geographic dispersion, communication is likely to be handled by virtual means. In these cases, some elements – such as trust and context – require face-to-face interactions, as in the case of cross-border joint ventures, for example.

Another challenge for global leadership is the social friction that can arise from cultural misunderstandings, stereotypes or other biases. The more global teams or international alliances there are, the more these problems are likely to emerge.

EFFECTIVE MANAGEMENT OF GLOBAL TALENT

Given these factors, it is vital to nurture better global leadership in three broad talent areas: hiring and promotion, development and socialization.

The first step in building a pool of global leaders is to actually hire and promote people from diverse backgrounds. This sounds like a no-brainer, and yet many multinationals continue to favor parent-country nationals. Selection based on mastery of the official language of the company is another common practice that can unwittingly reinforce a lack of diversity, as it may artificially reduce the talent pool in local contexts where few candidates have sufficient corporate language proficiency.

To promote diversity, multinationals should start at the top – but they should focus on diversity at lower

levels, too. Haier selects experienced local executives to manage its foreign operations. To maintain consistent global standards, the second highest position is usually filled by a Chinese national. However, having local country managers signals there is no glass ceiling for local talent.

Another means of raising diversity is to inpatriate foreign managers to headquarters, as Adidas does. This helps diversify and internationalize its headquarters, broadening everyone's understanding of worldwide operations and enriching their insights into local tastes and preferences. It also expands managers' career prospects beyond the local context.

A growing number of individuals are expatriating themselves without the support of an employing company. These self-chosen expats, usually employed on local contracts, can be an inexpensive complement to multinationals' staffing needs.

Hiring and promoting bicultural or multicultural individuals is yet another way to expand the global leadership pool. Their sensitivity, empathy and multilingual abilities are valued by L'Oréal, which has incorporated these qualities in their product development teams. Not only are they more likely to spot new product opportunities, but they are also better at mediating between different stakeholders.

STRUCTURED DEVELOPMENT

To develop necessary global leadership competencies, international exposure is required. Beyond expatriation and inpatriation, there are short-term postings, global virtual teamwork, international business travel, cross-border project work and task forces and commuter assignments. In all cases, long-term competency development is based on prolonged experience in foreign contexts.

Volunteering is another avenue for gaining international exposure. GlaxoSmithKline runs a program called PULSE, which sends around 100 employees a year to NGOs in developing or emerging countries for three to six months. In addition to

fostering cross-cultural awareness, empathy, motivation and employee engagement, 95 percent of the participants report increased inspiration and creativity.

Pursuing any of these activities implies that the company has a central talent roster, so that the most promising talent can be located and rotated among destinations within the company's global network. Unfortunately, with most talent being managed locally or regionally – which is a responsibility that local and regional talent functions are loath to give up – there is often little central oversight or coordination.

To keep repatriated global leaders from leaving the company, multinationals should offer clear professional prospects and formal policies to buffer the personal costs of mobility. Some companies encourage employees to tack a few extra days onto a business trip for leisure time – what's known as “bleisure” travel, and cultural training and mentoring are increasingly being included as part of international assignment packages.

These measures help counteract cultural stereotyping. Moreover, this requires constantly updating your own contextual knowledge and transferring this through structured policies. Coaching, for example, can raise awareness about deeper-level cultural differences.

SOCIALIZATION IN DIVERSITY

To create a sense of belonging, multinationals should encourage a corporate culture that integrates cultural diversity among its stakeholders. For example, Boehringer Ingelheim seeks to reinforce a “diverse, collaborative and open company culture” rooted in diversity. According to them, “diversity fosters new perspectives, innovative thinking and creative solutions, which is a true asset for our business.”

Along these lines, companies are increasingly measuring the “cultural fit” of their employees and their “value congruence.” At Ikea, cultural fit and value congruence serve as the

Companies increasingly measure the cultural fit of their employees and value congruency. At IKEA, these are the two main criteria

two main bases for the screening, training and development of talent.

Similarly, Anglo American assesses its managers' alignment with company values through a 360-degree developmental feedback process. Special induction programs, accompanied by coaching and mentoring, are additional tools for socialization.

At the same time, orchestrating points of contact across dispersed organizational units helps to break silos that form along national, ethnic or gender lines. Meanwhile, job rotations enable knowledge of different local contexts to be exchanged so as to arrive at mutual understandings.

The amount of globally distributed work makes it more necessary than ever to have multiple contact points for building a common identity. At the outset of any project, meeting face-to-face is most effective, but this can be complemented with virtual subteams (a member of each team connects and reports to the others), virtual work spaces and virtual rewards (whereby team achievements are celebrated jointly via an online award ceremony).

Finally, within a proper framework, a common corporate language can be an impetus for growth. This is what the Japanese company Rakuten has done with English. President and CEO Hiroshi Mikitani describes it this way: “As we grow, we have expanded our idea of what diversity means, seeking out not only people with different experiences but also a broad range of cultures and identities along with the perspectives and viewpoints they bring us. These perspectives help us better understand our customers and appeal to broader and more global markets, capitalizing on opportunities that we might never have seen otherwise.”

How do you see global mobility and diversity? As an asset or an obstacle? The answer to this question is key to understanding how well your company will nurture global leadership.

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