

THE LATEST THINKING

Developing Global Leaders

Companies send executives to other countries to expand their capabilities. But expatriate assignments are time consuming and disruptive. Can companies develop their executives while keeping them at home?



Illustration: A. RICHARD ALLEN

PLUS: The Need for Skeptics 8

PROFILE: Former Ford CEO Alan Mulally 12

THE RISE OF MARKETS around the world requires leaders to formulate strategies in a more complex global environment. Organizations need people with these skills to lead the most critical parts of their enterprise, but they find a shortage of strong candidates. A key question that has emerged has been how best to develop leaders with a strategic global perspective to succeed in these roles.

Typically, companies addressed this challenge by sending key leaders to take on assignments and live in other countries, often for years. But developing capabilities this way is expensive and disruptive, especially when multiple careers and personal and family ties are involved. As a result, a critical but unanswered question has been whether there are other approaches to developing a strategic global perspective short of sending someone to live in another country for years. Research suggests there are.

Joy Hazucha is Global Vice President, Korn Ferry Institute, and is based in Minneapolis.



A study of 271 executives by Korn Ferry and research partners recently published in the *Journal of Applied Psychology*, found good news: In addition to expatriate assignments, two cross-cultural experiences helped to develop strategic thinking: multinational business operations experience and experience building relationships with culturally diverse people.

“Multinational operations experience” means traveling and working closely with people around the world, but it does not necessarily require living in another country. As the paper puts it, to benefit, leaders must “physically transcend national boundaries.” This is good news from a cost, time and disruption perspective.

The other successful approach (several alternative approaches to expatriate assignments proved unsuccessful) involved building relationships with culturally diverse people. This is not necessarily as simple as it sounds, because these connections must be working relationships — friendships are not sufficient. In addition, the study indicated that these relationships must be “built” by the leader. Leaders who had simply been part of a culturally diverse team did not have stronger strategic thinking skills than those without this experience. In addition, the experience must be active, not passive. Simply being assigned to an international team is not sufficient. To really develop strategic global thinking, leaders must develop relationships actively and make them work.

The more time leaders spent in these global experiences, the stronger their strategic thinking skills — that is, the more able they were to understand the external market and how their organizations can be successful in this context. Responsibility for multinational operations requires leaders to learn more about the global business context, including the effects of differences in culture, customers, legal requirements, employment practices, financials and many other areas. Developing relationships with people from different cultures contributes to understanding differences that are not evident when working within a single culture.

The study also revealed another critical insight: Leaders who have been exposed to a more “culturally

distant” country are the ones who benefit the most in the development of their strategic thinking capability. For example, an American leader who has been exposed to China is likely to benefit more than if he or she were exposed to the United Kingdom, which is culturally “less distant.” The authors suspect exposure to greater cultural distance facilitates the development of more-sophisticated patterns of thinking, which increases a leader’s capability to detect, digest and integrate large amounts of complex, culturally laden information.

The paper contributes to identifying alternatives to long-term expatriate assignments in two ways. First, by understanding that to help leaders develop greater competencies from global work experience, organizations can provide more culturally distant and culturally diverse assignments. Second, the

researchers offer evidence that leaders who possess a more global mindset are more likely to make better strategic decisions and be more effective. These findings have implications for organizations wishing to develop their upper-level leaders through global

The more time leaders spent in these global experiences, the stronger their strategic thinking skills...

work experiences.

When senior executives groom leaders to develop enhanced strategic thinking, arguably the most critical competency for success at the senior level, they need to design ways to provide them with extended experiences involving international assignments, managing multinational business operations or building working relationships with those from different countries. The benefit of these experiences will be optimized when leaders have been exposed to a more culturally distinct country.

In talent review meetings, senior leaders should consider how to expose high-potential leaders to more culturally distant markets and which types of global experiences might provide them adequate time to understand foreign institutional environments. ▀

Journal of Applied Psychology, “Developing Leaders’ Strategic Thinking Through Global Work Experience: The Moderating Role of Cultural Distance,” 2013, by Lisa Dragoni, Cornell University; In-Sue Oh, Temple University; Ozias A. Moore, Cornell University; Paul VanKatwyk, Korn Ferry; Joy Hazucha, Korn Ferry.

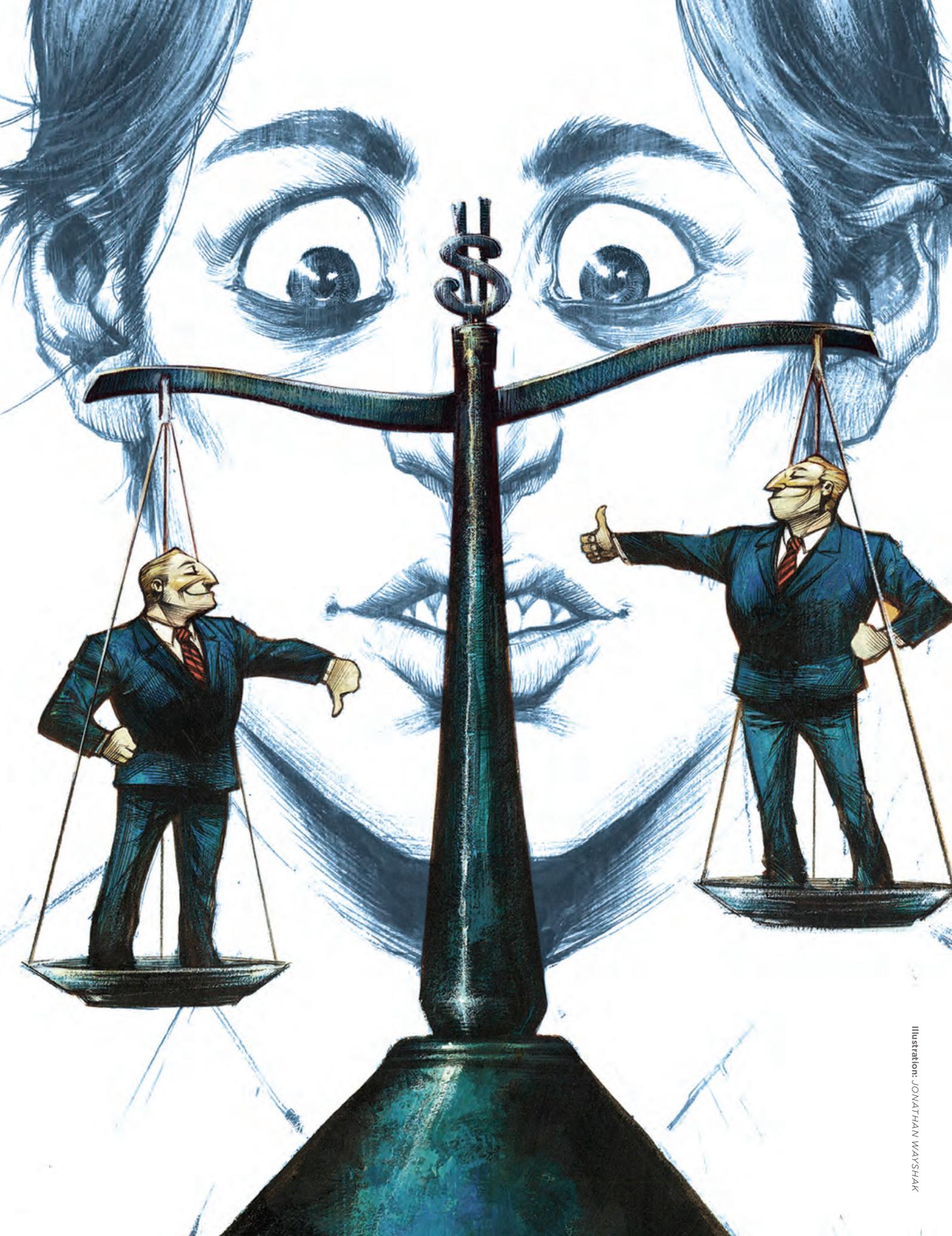


Illustration: JONATHAN WAYSHAK