4 THE WORLDWIDE WORKFORCE

Can companies train the talent needed for a global economy?

Susan Ladika

EXECUTIVE SUMMARY

As multinational corporations expand their footprint abroad, their appetite for workers with global business skills grows apace. Some of the world's best-known brands now base most of their operations and workforces outside their home country, and more employees than ever are being sent abroad. As a result, the ability to manage an international workforce effectively has become a key determinant of success for companies navigating diverse cultural terrain. These businesses face an array of challenges in training, deploying and retaining employees who can operate in an increasingly globalized economy. Among the questions being raised: Does an employee need to spend time abroad to be a successful global manager? Are business schools doing enough to address the training needs of multinational corporations? Can technology help a multinational workforce surmount differences?

OVERVIEW

With a single deal, American insurance giant MetLife Inc. acquired a great opportunity—and a significant problem.

When the company bought American Life Insurance Co. in 2010, it instantly increased its stature as a global force in the industry. Its international presence soared from 17 countries to 64, with new operations ranging from Egypt to Lebanon and Nepal. But it realized something crucial was lacking: leaders with the necessary background to seize the moment. Fewer than 20 percent of its top executives had global experience.

"We needed our more-senior leaders to have international experience as they moved through the management hierarchy so they could really understand the complexity of operating in a global business context," said David Henderson, MetLife's chief talent officer and executive vice president of human resources for its global functions.[1]

To address that concern, MetLife established a global mobility program that sends those who have been identified as high-potential executives to new markets. The program

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MetLife's iconic blimp. The insurance giant found that it lacked executives with global experience after a 2010 acquisition increased its international presence to 64 countries.

Source: Sam Greenwood/Getty Images

isn't a one-way street. Along with considering what experiences the manager will gain from an international assignment, it takes into account the skills the manager will bring to the assignment. As of mid-2015, about 200 MetLife employees, including 45 senior executives, were on international assignments or waiting to be sent abroad. MetLife's move reflects the new reality that managers need the proper skills to manage a global workforce successfully.[2]

A survey of more than 350 large companies in nine countries found that employers particularly valued employees who could show understanding of different cultural contexts and viewpoints, could demonstrate respect for others and knew a foreign language.[3]

"Our clients increasingly operate seamlessly across borders," said Peter Lacy, a global managing director with the management consultancy Accenture. "Our people need to be able to do the same. That mindset comes from being exposed to new business cultures and experiences that come with international placements."[4]

Managers Increasingly Value International Experience

Being able to manage a global workforce effectively has become paramount for success as the world becomes ever smaller. More than 100,000 multinational corporations employ tens of millions around the globe, up from 40,000 such corporations in 1995.[5]

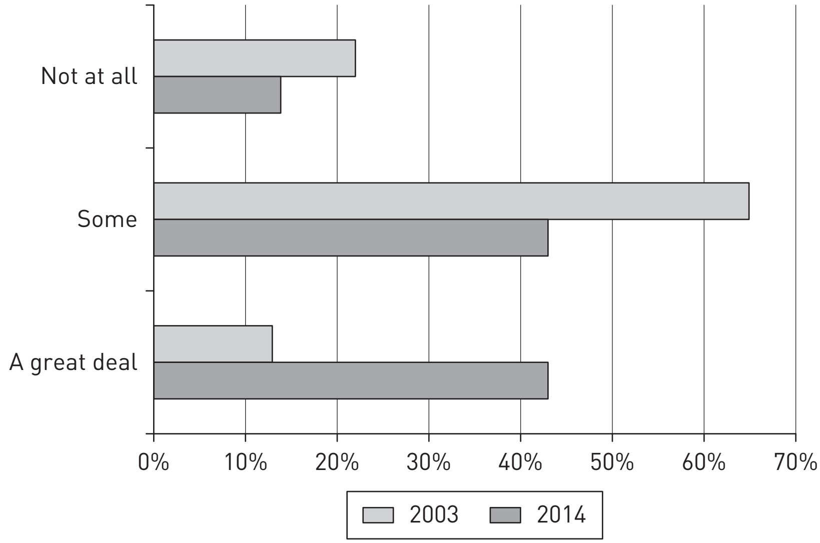
Some of the world's best-known brands, such as Nestle and Honda, even have most of their operations and workforce outside their home country, and more employees than ever are being sent on international assignments.[6] Many multinationals are finding their greatest growth opportunities in less developed countries, such as India, China and Brazil.[7] Transnational corporations must master a delicate balancing act to manage an increasingly diverse workforce successfully while maintaining their own corporate culture and norms.

But finding talent that's up to the job can be a major challenge. "Global companies are woefully understaffed when it comes to having employees with global experience," says Robert Salomon, associate professor of management and organizations at New York University.

In fact, in a 2014 survey of more than 800 U.S. companies, 43 percent said their overall business would increase "a great deal" if they had more staff with international experience, and another 43 percent said it would increase "some." Just 14 percent said their business wouldn't benefit.[8]

A multinational or transnational corporation operates in more than one country, typically through wholly or partially owned subsidiaries, and nearly three-quarters of

Survey: How much would your overall business increase if your staff had more international experience?



Forty-three percent of management-level employees at U.S. companies said in a 2014 survey that having more staff with international expertise would increase business "a great deal," more than triple the share who said so 11 years earlier. An equal share said increased international expertise would boost business at least "some," while just 14 percent said it would not matter.

Notes: Data for 2014 based on survey of department heads, directors, managers and supervisors at 836 U.S. companies; 2003 data based on survey of managers at 111 U.S. companies. Company types include manufacturing, services, retail, financial services, telecommunications and/or Internet and "other."

Source: Shirley J. Daniel, Fujiao Xie and Ben L. Kedia, "2014 U.S. Business Needs for Employees with International Expertise," the Internationalization of U.S. Education in the 21st Century conference, April 2014, p. 24, http://tinyurl.com/hftpezd

multinationals are based in either North America or Western Europe.[9] Historically, the pattern was to send employees from corporate headquarters to new locations, bringing needed management or technical skills. International assignments often lasted two or three years.

But now employees are moving in all different directions, and short-term assignments are gaining ground.[10] A typical U.S.-headquartered multinational will have American employees based in the United States as well as abroad, and non-Americans working at the corporation's headquarters in the United States, in offices in the country where the employee is from, or in a third country where the company has locations.[11]

If a company gets it right, it can prosper. If not, "at the very least it will result in unforeseen costs," Salomon says. "At the worst you're looking at outright failure. Cultural differences can bring a company down."

Those cultural differences reportedly played a role in undermining the joint venture between vente-privee.com, a French luxury e-commerce company known for its flash sales, and credit card giant American Express. Vente-privee has been a huge hit in Europe, selling fashion and lifestyle products at deep discounts, and now has 30 million members across eight countries.

In 2011, vente-privee and American Express announced the creation of vente-privee USA. The venture lasted just three years. American Express officially said that because the operation was taking longer than expected to become profitable, the companies had decided to part ways and focus on other priorities.

But former employees told Fortune that vente-privee USA botched operations because French officials failed to understand the American market, and the entire U.S. management team ended up leaving the company. Employees said vente-privee's European co-founders disliked efforts to make the American website more user-friendly and didn't understand why the site included a Facebook share button, something typical for U.S. e-commerce sites. And vente-privee CEO Jacques-Antoine Granjon raised eyebrows by commissioning a mural of himself and the board depicted as Jesus and the Apostles at the Last Supper. [12]

Vente-privee didn't respond to a request for comment.

While bringing together two companies from different Western cultures can be challenging enough, it can quickly become even more complex when joining businesses from highly dissimilar cultures, according to Salomon. "It is, of course, trickier to conduct business in a country that varies significantly from your own," he wrote. "Managers often find themselves lost in such situations—struggling to understand local norms, customs, and cultural nuances. They make costly and unnecessary mistakes when they misread or misjudge the local cultural, political, and economic environments."[13]

Salomon cited the example of the Swedish home furnishings retailer IKEA, which has struggled to succeed in Russia since entering the country in 2000. IKEA's woes stem from Russian "corruption, coupled with a legal system that favors local interests over foreign interests," he wrote.

The company's failure to understand this inherent corruption and bias led to a long trail of misadventures. When Moscow's utility company demanded bribes to guarantee electricity to the company's first store in Russia, IKEA refused to cough up the cash and rented generators instead. Then IKEA learned that its employee in charge of relations with the generator provider was involved in a kickback scheme to inflate the price of the service. When IKEA went to Russian civil court over the issue, "the judge not only ruled against IKEA but also slapped the company with a fine for breach of contract with the generator company."[14]

Yet many companies are seeing their greatest opportunities for growth in locations such as China, India and Brazil. These may be countries where they haven't operated before and where business, cultural and political differences can be pronounced.

Walmart, for example, has been unable to generate a profit from its Chinese operations after two decades in the country because of infrastructure limitations, especially outside major cities. "China simply cannot accommodate one of Walmart's greatest strengths: an ultraefficient and technologically advanced supply chain," Salomon wrote.[15]

The United States, Western Europe, Japan and Australia are home to nearly three-quarters of all multinationals. Yet in sheer numbers, China is the leader, with an estimated 12,000 multinationals. The United States is second, with nearly 9,700.[16] As businesses expand to new parts of the world, more employees are on the move than ever before. During the 2000s, the number of international assignments jumped 25 percent, and it is expected to climb 50 percent more by 2020, a survey by the professional services firm PwC found.[17]

As the number has grown, the nature of international assignments has shifted. Instead of two-or three-year stints to another location, assignments that last for a year or less are increasingly common. In some cases, employees are being sent abroad for just a few weeks or months to work on a particular project. Or they may be commuting or taking extended business trips, so they don't need to relocate. Such short-term assignments have become one means to help develop up-and-coming talent.[18]

"Mobility is growing faster than we ever imagined," says Eileen Mullaney, global mobility consulting practice leader at PwC. "It's no longer one-size-fits-all for any organization."

Women remain underrepresented in international assignments. While the number of women sent abroad has doubled over the past decade, they still represent only one-fifth of international assignees.[19]

There also is a growing reliance on contract workers, so organizations can bring in the best person with the best skills for a particular project. And corporations are using virtual teams to allow their top talent to work together on projects from anywhere in the world.[20]

As corporations expand, they need to remain sensitive to employee differences. The relative importance of work, the importance of time and a collective or individual work style are among the factors that can vary greatly among individuals and cultures. Those differences also require corporations to consider varying methods to manage, motivate or compensate employees.

The laws of individual countries also must be taken into account. Standards on hiring and firing, the number of hours worked or vacation days allowed can vary greatly. A company must find a way to observe such laws while not compromising its mission or its corporate culture and norms.[21]

As corporations, managers and educators consider effective ways to manage a global workforce, here are some of the issues under debate:

Weighing the Issues

Must an employee spend time abroad to be a successful global manager?

It's quite clear what Jack Welch, the iconic former CEO of General Electric, thinks of the need for top leaders to have international experience.

"The Jack Welch of the Future cannot be like me," he said in 1999. "I spent my entire career in the United States. The next head of General Electric will be somebody who spent time in Bombay, in Hong Kong, in Buenos Aires. We have to send our best and brightest overseas and make sure they have training that will allow them to be the global leaders who will make GE flourish in the future."[22]

Even as demand grows for managers who have the ability to effectively handle an increasingly international workforce, those skills are in short supply.

In fact, only one-third of corporate leaders rated themselves as highly effective in leading across countries and cultures, a survey by human resources consultant Development Dimensions International (DDI) and the Conference Board found. Of the dozen critical leadership skills considered, those surveyed said they had the greatest lack in cross-cultural skills. Only 45 percent said they could operate effectively in foreign environments, and about 40 percent said they were skilled at intercultural communication. Despite these shortcomings, only 20 percent of organizations emphasize developing global leadership skills.[23]

"It's a very challenging time for people who are in talent management," says William Castellano, associate dean of executive and professional education at Rutgers University.

While some people may be inherently predisposed to navigate successfully across cultures, others might be taught those skills at undergraduate, MBA and executive education programs, or through in-house corporate training programs. But some experts argue that might not be enough.

"I think it's difficult to develop the skills to be truly proficient at managing a global workforce unless you've had a chance to go through all the transformative experiences of having an expatriate assignment," says Julian Dalzell, a lecturer in the Department of Management at the University of South Carolina in Columbia who spent more than 40 years in human resources at Royal Dutch Shell, working in such places as the United Kingdom, Brunei and Malaysia.

Classroom training can have value, Salomon says, "but there is no substitute for experience."

Andrew Walker, mobility leader at the business services firm EY, says certain individuals tend to be predisposed to having a global mindset, but others shouldn't be written off. "If you don't have the predisposition, you can acquire it," says Walker, whose firm was known as Ernst & Young until 2013.

Walker says some senior leaders in his organization "are very effective working across cultures" even though they have never worked outside their home-country office. But others, he says, while successful leaders, "might come across as being too American, or too British, or too German, or too whatever, and they could benefit from having more international experience just to help them develop their global mindset."

Leaders of some of the world's top corporations could be poster children for the value of international experience.

Muhtar Kent, the son of a Turkish diplomat, was born in the United States and went to college and graduate school in London. He landed his first job with the Coca-Cola Co. in Turkey in 1978 after answering a help-wanted ad, and spent time loading trucks. Today he's the company's CEO.

Kent worked throughout the world for the beverage giant and for the Turkish brewer Efes Beverage Group before being named to run Coca-Cola in 2008. "His genes are international," a colleague told Barron's.[24]

Joseph Jimenez's international experience helped him land the CEO job at the Swiss pharmaceutical firm Novartis in 2010. He began his career working in consumer products, including as president of North American and European business for the H.J. Heinz Co.

Jimenez got his start in the pharmaceutical industry in 2002, after being asked to serve on the board of London-based AstraZeneca PLC. Jimenez, an American, said he "was asked to sit on the board of a major pharmaceutical company in Europe, because they wanted somebody with U.S. experience." He then joined Novartis in 2007 as head of its consumer health division.[25]

EY is working to enhance the international skills of early-and mid-career employees through its New Horizons program, which sends hundreds of employees abroad each year. High-performing, highly motivated employees who have been with EY for two years or more are sent on assignment to another country for four to six months, working in a business area that differs from the one to which they are normally assigned so they can broaden their experience.

Even though those in the New Horizon program aren't yet managers, the company sees it as an important investment, Walker says, because "clients want to work with a globally minded company, with a globally integrated company. This helps them develop that global mindset and develop a global network."

But Paula Caligiuri, a professor of international business and strategy at Northeastern University, says that "some of the most culturally agile professionals I've met never set foot out of their home country. Breathing the air of another country doesn't necessarily make someone culturally agile." Instead, she says, it's important for individuals to have the humility to understand the limits of their knowledge, the perspective to be able to operate comfortably without necessarily having complete information, and the resilience to bounce back when things go wrong. "Individuals can have them without going abroad."

A survey of more than 800 U.S. businesses found a strong demand for employees with an appreciation for cross-cultural differences and foreign-language skills. When employees move into management positions, there is a greater need for international work experience and knowledge of various countries or regions.

"These findings have significant implications for U.S. business schools," the authors of a report on the survey's findings wrote. The findings "indicate that undergraduate as well as MBA and executive programs may need a much greater emphasis on assuring that participants achieve a global perspective and an appreciation for cross-cultural differences, political and economic environments and business markets."[26]

Are business schools doing enough to prepare students for careers in multinational corporations?

Although graduates with international skills are a hot commodity, many experts say business schools at American universities could be doing far more to train the upcoming generation of managers.

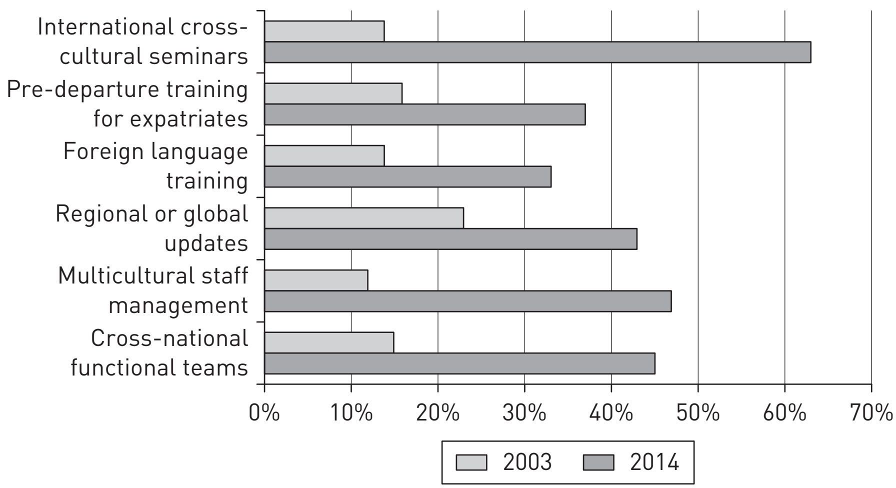
"I think there's a lot of rhetoric. I think there's a big gap between rhetoric and how they actually do in preparing students" for global careers, says Andrew Molinsky, professor of international management and organizational behavior at Brandeis University in Waltham, Mass.

While Salomon says the situation has improved since he started teaching in 2000, "I still think there's a long way to go." Students have more opportunities to spend time abroad, taking advantage of options such as two-week study trips where they can see firsthand how business is done in various countries. Business schools also may encourage students to study a foreign language and take part in semester-long study-abroad programs.

U.S. Companies Expand International Employee Training

More international students are enrolled in U.S. universities, creating more opportunities for students to interact with those from different cultures. For the 2014–15 school year, almost 975,000 international students were enrolled at U.S. universities, up 10 percent from the previous year. Of those international students, nearly 200,000 were studying business and management—the largest number among all majors. A decade ago, about 565,000 international students were enrolled in U.S. schools, with about 100,000 studying business and management.[27]

Percentage of global U.S. businesses providing in-house international training programs, 2003 and 2014



U.S.-based global businesses have expanded offerings of in-house international training programs since the early 2000s. In 2014, six in 10 firms offered their employees cross-cultural seminars; nearly half had training programs for multicultural staff or cross-national team management; and a third offered foreign language classes. Eleven years previously, about one-fourth or less of U.S. companies offered any of these international training programs.

Notes: Data for 2014 based on survey of department heads, directors, managers and supervisors at 836 U.S. companies; 2013 data based on survey of managers at 111 U.S. companies. Company types include manufacturing, services, retail, financial services, telecommunications and/or Internet and "other."

Source: Shirley J. Daniel, Fujiao Xie and Ben L. Kedia, "2014 U.S. Business Needs for Employees with International Expertise," the Internationalization of U.S. Education in the 21st Century conference, April 2014, p. 31, http://tinyurl.com/hftpezd

But that might not be enough. A report by the Association to Advance Collegiate Schools of Business (AACSB) International states: "Present efforts by business schools to globalize typically include a series of independent and fragmented activities. These activities are mostly focused on student and/or faculty diversity and the establishment of cross-border partnerships for student exchange . . . with insufficient emphasis on learning experiences and intended outcomes."

Instead, the AACSB calls for educational experiences that prepare students to perform "competently" and "confidently" in the global business world and suggests accreditation standards of excellence should be established to try to ensure that students are properly prepared for the new global business reality.[28]

The report's suggestions for improving students' preparedness include incorporating global perspectives in the core curriculum, recruiting international students and faculty, requiring foreign language training and providing international experiences, such as study abroad.

"Compared to the business environment, higher education tends to be more tightly rooted in tradition, and tends to encounter more inertia than business in the face of change," the report says.[29]

Businesses themselves could be partially to blame. "What you see is a check-the-box mentality now," says Andrew Spicer, faculty director of full-time MBA programs at the University of South Carolina. "Like everything else on your résumé, people want to know if you have a little international experience—yes or no. If you've taken one of these 10-day trips, they put 'yes.' What we are arguing is that while simple answers provide neat and tailored models, they actually don't deal with the complexities we're talking about. They don't adequately prepare people for foreign assignments."

Spicer says the world isn't converging and becoming one big marketplace. Instead, it is a multipolar world, with differences among locations, such as Asia or the Anglo-Saxon countries, and businesses have to operate accordingly.

He faults U.S. businesses and business schools for being slow to adapt to the new reality. "If you go around the rest of the world, they see the world from this lens. Business schools in the U.S. are a little slower to adopt this."

Spicer heads up an AACSB program to globalize business curriculum, which draws professors from around the world for training. "In my most recent class, the professors from every business school from outside the United States told me that students were required to know two or more languages by the time they graduated," he says. "In contrast, some U.S. participants said that some of their students chose to study business precisely because they were able to opt out of the language requirements that were part of alternative majors.

"Other countries realize that their competitive advantage lies in better understanding and competing in foreign markets. In contrast, the large home market in the United States does not light the same fires and interests in foreign opportunities," Spicer says.

U.S. schools continue to look for a one-size-fits-all model to teach students, Spicer contends. "What we teach and what students actually want is an expert to come forward and tell them what the right answer happens to be. We love models. The truth is when we look beyond a one-size-fits-all model, you see business in China is not the same thing it is in

Russia and is not the same thing it is in Indonesia, and your models might not work. How you figure out when they work and when they don't is a difficult proposition."

U.S. News & World Report ranks the international graduate program at the University of South Carolina's Darla Moore School of Business No. 1 in the country. Yet Dean Peter Brews says that generally, U.S. business schools have much room for improvement when it comes to teaching globalization skills.

Brews, who is a native of South Africa, says the problems faced by U.S. business schools are common among the most developed nations. "Many big, successful countries think global and act American, think global and act French, think global and act German, think global and act British. The challenge is moving students from being ethnocentric to being geocentric, and that's not an easy thing to teach." The only way to overcome it, he says, is to immerse students in situations where they aren't the majority.

He has praise for international business education in The Netherlands—a small country with a rich trading history and a population that is proficient in English—and South Africa. "We're very able to move into other countries," Brews says.

To U.S. businesses, more emphasis on learning about other regions of the world and mandatory foreign language training are considered top priorities. Companies also would like more outreach from U.S. business schools to help them improve their international skills.[30]

"Name" business schools, such as Wharton and Harvard, have had more success expanding their executive education programs than other universities. "Businesses are looking for something they can count on. The brand of the school has a big impact on that," said Lee Maxey, CEO of MindMax, which works with educational institutions to expand their executive education offerings. "Local brands have an easier time and greater success connecting with the local business community, but they can't leverage that online scale that a bigger brand school can."[31]

Corporations are becoming more likely to request custom executive education programs, often tied to the need to develop skills in high-growth business functions. With online technology, it's become easier for schools to modify their curriculum to meet corporate needs.[32]

Can technology help a multinational workforce surmount differences?

Having a diverse workforce spread across the world can make it challenging for corporations to share information or develop a sense of camaraderie and common good. But social media can be useful in drawing together distant workers.

"Social media helps establish an employee brand and culture that attracts Gen Y and multigenerational talent," according to the consultancy Deloitte. "The younger workforce tends to be more accustomed to collaborative social technologies. They view them as a workplace necessity, not a luxury. Because these new workforce members bring tech-savvy skills, global and flexible orientations, and the ability to think in innovative ways, attracting and retaining them will create significant competitive advantage in the coming years."[33]

The French beauty company L'Oreal is among the companies mastering employee engagement through social media. It established #LifeatLoreal as a means to share information on what was happening at the company's various offices and #LorealCommunity so employees could share how they interact with their work colleagues inside and outside the office.

Along with fostering employee engagement, the effort has had an added benefit: helping the company recruit employees as its social media campaigns grabbed attention outside the company.[34]

L'Oreal's headquarters outside Paris. The beauty products company has used social media to foster employee engagement.

Source: AFP/Stringer/Getty Images

The Chinese computer manufacturer Lenovo has developed an internal social network called Lenovo Social Champions, where employees share everything from presentations from company events to hardware reviews. "It's about creating connections around a global organization," said Roderick Strother, who previously led the company's global social media marketing.[35]

Google, widely known for its innovative culture, relies heavily on its more than 20 employee-resource groups to forge employee linkages. The groups have been "anchors and havens and think tanks," said Stacy Sullivan, Google's vice president of people operations and chief culture officer. They are used by employees "to build their own community, just for their own support and interactions, within the mass of all Google . . . when you're this big, you can lose sight of being connected to the mass around the world. So this is one way they can all pull together."[36]

Groups cover the spectrum. Women@Google provides mentoring and networking opportunities for women in 27 countries, while Greyglers caters to older workers, and Gayglers supports the lesbian, gay, bisexual and transgender communities.[37]

At Royal Philips Electronics, the company has taken a different tack, using its corporate social network primarily as a work tool. Yet Philips says the network helps to bond employees and bolster collaboration. The Dutch company developed Philips Community, which now has more than 50,000 users. When it was launched as a pilot, Philips drew on its strongest social media users to serve as champions for the group. Within two months it had grown to 7,000 users. Employees turn to the group to find information, ask questions and share ideas.[38]

Initially, "people thought it was an internal Facebook where you posted pictures of your dog and holiday," said Dennis Agusi, communication channels lead at Philips. "But quickly, people realized that it is a business tool built on social technologies that helps us achieve business goals like collaborating and speeding up communications." The company has found more than half of the questions posted to the group are answered within an hour, and 92 percent within 24 hours.[39]

More International Students Studying Business

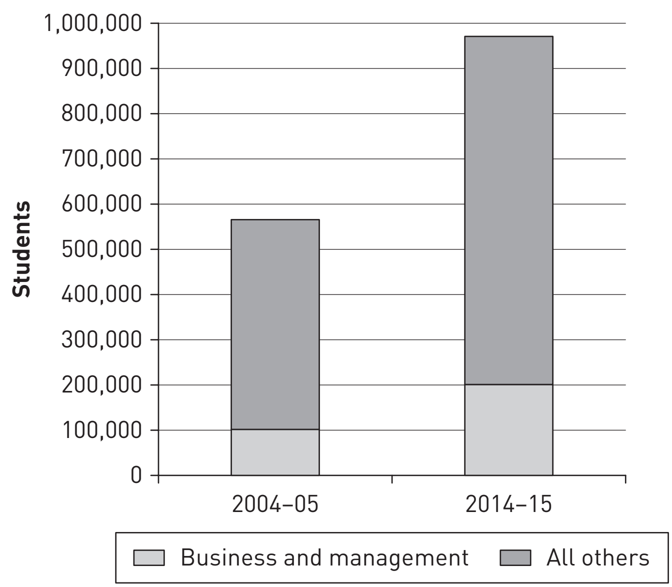
But Philips' experience seems to go against the grain, as research has shown internal social networks can have a hard time gaining ground. An article in Harvard Business Review states that the networks often fail because corporate leaders don't take part: "Because the top executives didn't see collaboration and engagement as a good use of their time, employees quickly learned that they shouldn't either."

While leaders know it is important to engage with employees, they typically don't. "More than anything else, they fear that engaging will close the power distance between them and their employees, thereby lessening their ability to command and control."[40]

Although groups and technology can be highly successful, Salomon cautions they may not work as well to draw in employees from collectivist cultures, such as those in Asia and Latin America. The reliance on technology may be seen as too impersonal. "With collectivist cultures, I think technology is less effective," he says. "Relationships matter."

Technology can play a vital role in enabling teams to work across borders. Persistent Systems, a software company based in Pune, India, employs almost 9,000 workers across

International students studying at U.S. colleges by field of study, in thousands, 2004–05 and 2014–15



About 975,000 international students studied at U.S. colleges during the 2014–15 academic year, a 73 percent increase from 10 years earlier. The share of international students studying business and management at U.S. schools increased slightly during the same period.

Source: "Open Doors Data, International Students: Fields of Study," select years, Institute of International Education, accessed May 23, 2016, http://tinyurl.com/jz5uksb three continents, including at several locations in the United States. Its team in Boston, for example, frequently works with its counterpart in Kuala Lumpur, Malaysia, says Anagha Vyas, head of Persistent's office in Dublin, Ohio.

"The connection you would make with someone face to face cannot be replicated with a virtual meeting," Vyas says. While it may not totally bridge that gap, "we encourage people to use video because it gives it a more personal touch."

BACKGROUND

Putting Down Roots

The roots of multinational corporations stretch back to the 1500s, when English and Dutch traders began sailing the world looking for commercial opportunities or to acquire territory. Along the way, they set up operations in Asia, Africa and the Americas.[41]

The development of multinationals picked up steam in the late 19th and early 20th centuries, fueled by such developments as the growth of factories, more efficient manufacturing and better transportation. During this era, corporations also sought out natural resources and labor as they expanded their markets.[42]

A company is considered a multinational or transnational corporation when it operates in more than one country, typically through wholly or partially owned subsidiaries.[43] It uses foreign direct investment (FDI) to expand its operations, either by creating a foreign firm, which is known as greenfield investment, or by acquiring an existing one.[44]

Many of today's best known multinational corporations got their start in the late 1800s or early 1900s. For example, Ford Motor Co. was incorporated in 1903, and the following year Ford of Canada was founded. The subsidiary manufactured vehicles and sold them throughout the British Empire.[45]

The history of today's Colgate-Palmolive stretches back to 1806, when William Colgate began selling soap, candles and starch in New York City. The company also turned to Canada to establish its first foreign subsidiary in 1914. The company then spread its reach to Europe, Africa, Asia and Latin America in the 1920s.[46]

American corporations flourished overseas in the wake of World War II. At that time, many Western European and Japanese companies were focused on efforts to recover from the war's destructive force. For U.S. multinationals, it was a time to concentrate on expanding manufacturing and related service industries, and they primarily produced goods that were sold in a host country. Much of the expansion took place in developed countries, as well as in the most advanced of the developing countries. Developing countries were attractive primarily for their natural resources.[47]

But multinationals were often limited in their ability to expand due to economic and political barriers that curtailed trade and foreign direct investment.[48]

Much of the growth of multinational corporations can be attributed to the gradual dismantling of trade barriers. The General Agreement on Tariffs and Trade (GATT), which took effect in 1948 with 23 countries signing on, worked to reduce tariffs and end import quotas.[49] Later rounds of negotiations liberalized trade further. GATT was replaced in 1995 by the World Trade Organization (WTO), which deals with goods, services and intellectual property. By the end of 2015, there were 162 member countries.[50]

On the European front, the desire to prevent a repetition of the destruction from the world wars that had devastated the continent was a principal concern of postwar policy makers. The desire to knit together former enemies economically led to the signing of a treaty forming the European Coal and Steel Community in 1951. France, West Germany, Italy, Belgium, Luxembourg and The Netherlands signed on, agreeing to ensure the free movement of coal and steel.[51]

Six years later, the European Economic Community was formed to create the Common Market, and in 1986 the Single European Act was signed, which led to the creation of the European Union. When the EU was officially launched in 1993, it had a dozen members. Following the end of the Cold War, the EU has continued to expand and now has 28 members.[52]

Meanwhile, the United States, Canada and Mexico signed the North American Free Trade Agreement (NAFTA), which took effect in 1994 and ultimately eliminated all tariffs among the three countries.[53]

Similar agreements have been signed in other parts of the world, including the Association of Southeast Asian Nations (ASEAN), designed to foster economic and political cooperation among 10 member countries in Southeast Asia. Later, free trade agreements were signed with countries such as China and Japan.[54]

The most recent free trade agreement is the Trans Pacific Partnership, signed in 2016 by the United States and 11 other countries, including Australia and Japan. It would strengthen economic ties and reduce tariffs. The partnership now is awaiting ratification by the United States, where it has encountered significant political opposition, and other countries.[55]

As trade barriers have tumbled, market opportunities and multinational corporations have flourished. In 1970, there were 7,000 multinational corporations. By 1995 that number had climbed to 40,000, which had more than 200,000 foreign affiliates. Today, there are more than 100,000 multinationals operating nearly 900,000 affiliates.[56]

Corporations have taken markedly different paths to become multinationals. General Electric, the world's largest transnational corporation when measured in terms of foreign assets, began its foreign expansion only in recent decades, while Royal Dutch Shell, which ranks second, was conceived as a transnational.

Thomas Edison established the Edison General Electric Co. in 1878. It merged with Thomson-Houston Electric Co. in 1892 to form General Electric Co. GE was primarily a U.S.-centric corporation until Welch took the helm a century later. During that time the company made a string of international acquisitions in diverse countries from the United Kingdom to Brazil.[57]

In 2013, GE's total assets topped $685 billion, with more than $338 billion held abroad. Half its sales are outside the United States and 171,000 of its 305,000 employees are outside U.S. borders.[58]

Royal Dutch Shell was created by the merger of two companies that were already international in scope. In the early 1900s, Britain's Shell Transport and Trading Co. was involved in transporting oil from the Far East. Meanwhile, the origins of the Royal Dutch

Petroleum Co. were tied to the development of an oil field in Sumatra in 1890. The two companies began working together in 1903 and merged in 1907.[59]

Now, Shell is the world's second-largest transnational when measured by foreign assets. As of 2014, it had more than $360 billion in total assets, with nearly $308 billion outside The Netherlands. The company also has more than half its sales and 73,000 of its 87,000 employees outside its home country. [60]

Multinationals Flourish Around the Globe

As multinationals have expanded, foreign direct investment has soared. In 1990, FDI inflows were almost $205 billion and outflows were almost $244 billion. Just a decade later, inflows had soared to more than $1.36 trillion while outflows totaled more than $1.16 trillion. During that time, the vast majority of the money came from and went to the developed world.[61]

After 2000, things began to shift, with big inflows to and outflows from developing nations. In 2014, FDI inflows reached almost $1.23 trillion, with less than $500 billion going to more developed economies. FDI outflows topped $1.35 trillion, with almost $823 billion coming from more developed economies. In 2014, both China and Hong Kong received more foreign direct investment than the United States. That same year, the United States continued to lead in terms of outflows of foreign investment, investing almost $337 billion abroad. China, which invested less than $1 billion abroad in 2000, saw brisk growth during the following years. It sent $116 billion abroad in 2014, placing it third, behind Hong Kong.[62]

The majority of multinationals have been, and continue to be, located in the developed world, but a growing number are now headquartered in less developed countries.[63]

Often, Western multinationals set up operations to produce or sell goods in less developed countries, or to take advantage of lower labor costs for factories and call centers. While that continues, corporations from less developed countries are expanding their international operations.

The Indian multinational Tata Group had revenue of more than $100 billion in 2013, with two-thirds coming from abroad, while the Haier Group, a Chinese manufacturer of appliances and electronics, sells its products in more than 100 countries.[64]

That means more employees from less-developed countries are being sent on international assignments across the world. As multinational corporations have expanded their global footprints, demand has soared for employees with international experience.

Initially, multinationals focused on sending managers or those with specialized skills from corporate headquarters in the United States and Western Europe to company offices in other parts of the world.[65]

From the 1970s to 1990s, much of the movement involved sending employees from U.S. headquarters to operations in Europe, while companies that were seeking natural resources were most likely to send employees to remote destinations.[66]

Employees were often sent abroad for several years. Because there was little career benefit from international assignments, companies sweetened the deal by offering generous expatriate packages, which might include benefits such as housing and education allowances and higher pay, says Steve Nurney, a partner at Mercer, a human resources consulting firm.

As multinationals expanded their presence in new markets, costly long-term international assignments soared. But the 2007–09 recession put a major brake on that trend, Nurney says. "It was a catalyst for looking at a segmented approach (to mobility). Organizations recognized not all assignments are the same." Economic improvement has meant an increase in global assignments, but many are for shorter periods, driving down the costs. At the same time, corporations began to view short-term international assignments as an important way to groom promising young talent.

CURRENT SITUATION

"A Tremendous Appetite"

As corporations see a growing need for employees with international skills, employees are increasingly demanding opportunities to work abroad, and more than 70 percent of Millennials say they expect and want to have an international job assignment during their careers. [67]

As a result, overseas opportunities have become a way for corporations to attract and retain top talent.

"There's a tremendous appetite—a greater appetite than we can satisfy—for mobility experiences among our younger talent," says Walker of EY. Employees often are sent on two-week international assignments so they're more prepared for longer assignments when opportunities arise.

A Mercer survey found the main reasons companies send employees to another country are to provide technical skills that are unavailable locally; to transfer knowledge; to provide specific managerial skills; to meet specific project needs; and to foster career management and leadership development.[68]

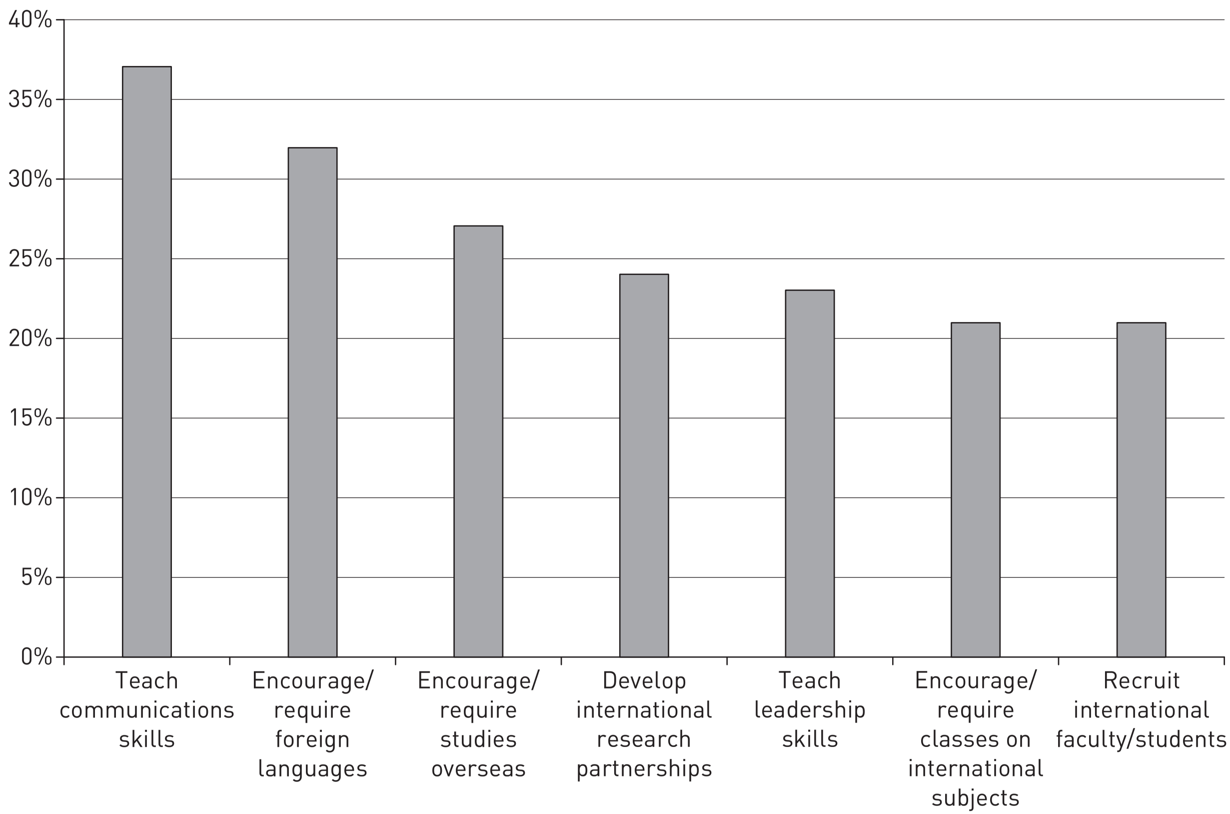
Companies: Schools Should Teach Communication, Languages

The latter has been embraced by MetLife, which has established the Global Leadership Development Program as a way for the company to build up its bench strength and groom potential general managers. Under the program, top MBA graduates with three to five years of work experience who are hired by MetLife complete three rotations of 18 months each, including an international assignment.[69]

One big concern remains the lack of women on international assignments. Women made up about 46 percent of the U.S. labor force in 2014, and it's a similar percentage for most of the developed world.[70] While the number of women sent abroad has doubled in the past decade, they still represent just 20 percent of international assignees.[71]

"The first hurdle to increased numbers of female expatriates has been selection bias," said William Sheridan, vice president of international human resources services at the Washington, D.C.-based National Foreign Trade Council. Companies may assume a woman wouldn't be interested in an international assignment. They also may believe a

Percentage of large employers that say educational systems could improve students' intercultural skills



Nearly four in 10 human resources managers at large companies say school systems could improve future workers' intercultural skills by teaching communication skills, and about a third say they could do so by encouraging or requiring students to learn foreign languages. About a fourth recommend schools encourage or require overseas studies, develop international research partnerships or teach leadership skills to students.

Notes: Based on survey of human resources managers at 367 large companies in nine countries.

Source: "Culture at Work," British Council, Ipsos and Booz Allen Hamilton, 2013, p. 17, http://tinyurl.com/gktl7pd woman wouldn't fit in at a male-dominated location or she may have a spouse who wouldn't be able to find a job abroad, according to Sheridan.[72]

It's a brighter picture at EY, where about 40 percent of its expatriates are female. Although the company strives for more gender parity, its overriding aim is to choose the best possible candidate for each international assignment. "That's really what it should be about," Walker says. More women are willing to head abroad, he says, particularly those who are just starting their careers. Unattached women across all age groups also have become more interested in working internationally. On the flip side, Walker has seen more men turn down international assignments because of their spouse's career.

Demand in Developing Markets

Despite their demand for international assignments, Millennials may be picky about where they go. The United States and the United Kingdom top the list of where they want to work. A PwC study found that while more than half said they'd be willing to work in a less developed country, when asked to rank their preferred international destination, only Brazil landed in the top 20. Just 11 percent said they were willing to work in India, and 2 percent in mainland China.[73]

Despite employees' possible reluctance to taken an assignment in a far-away location, that's where there's a growing demand for new assignees. Brookfield GRS, a relocation service company, found the top emerging markets for international assignments were China, Brazil and the United Arab Emirates in 2015. The previous year, India ranked third.[74]

At the same time, Brazil, India and China were rated the most challenging for assignees. The report cited issues such as living conditions, health concerns, pollution, safety and cultural differences.[75]

Those looking for international assignments also may be finding more competition from local employees. "With the onset of globalized education around the world, if you want to find specific knowledge about Brazilian markets, you could probably find a Brazilian who has gone to a U.S. school," Spicer says. "You don't necessarily have to hire an American who is going to Brazil."

From 2005 until 2015, the percentage of corporations on the Fortune Global 500 list from the "BRIC" economies (Brazil, Russia, India and China) and a handful of other emerging economies has soared, from 8 percent to about 25 percent. At the same time, the share of U.S.-based companies on the list dropped from 35 percent to about 25 percent.[76]

Managing a global workforce involves more than just moving employees around a map. It also entails melding corporate culture and norms with an individual's culture. Employers must bear in mind that incentives that motivate employees vary from person to person and place to place, and they may have different reactions to various communication and management styles.[77]

Local laws and cultural norms in areas such as pay, vacation, hiring, firing and other policies also must be taken into account. With more employees than ever moving around the world, equitable systems of compensation must be established.[78]

When Dalzell, the former Shell human resources executive, worked for the petroleum giant, the company set up a system where it paid in the top 75 percent for each country in which it operated. The actual amount paid out would vary from country to country, but the percentage paid always followed the same structure. Few benefits were global; most varied based on local customs or laws.

Multinationals can have a leg up on their local competition when it comes to pay, which may make them more appealing to the best talent, with foreign multinationals paying 40 percent more than local corporations, and even local multinationals paying 15 percent more than their local competition.[79]

LOOKING AHEAD

Shift Toward Developing World

International assignments, which already have been growing quickly, are predicted to pick up in the coming years, increasing by 50 percent by 2020.

Many of those assignments are expected to be in less developed countries, with more than 40 percent of corporations expecting to send more people to remote locations.[80] However, growth is expected at both ends of the spectrum, with the United States, United Kingdom, China Brazil and Singapore predicted to be the top locations for international assignments.[81]

At the same time, there is more diversity in the types of international assignments. While about 55 percent of corporations expect to send employees on short-term assignments, a similar percentage say they expect to do more permanent transfers, and almost half expect to have more locally hired foreigners.[82]

If that diversity isn't enough, corporations are relying more on contract workers; and one effect of this trend is that they can pull together the best talent from anywhere in the world. A U.S. Government Accountability Office (GAO) study found that 40 percent of the U.S. workforce was made up of contingent workers in 2010, up from 30 percent five years earlier. While the GAO definition is quite broad, including part-time workers and shop owners, it also includes independent contractors and similar workers.[83]

With the growing diversity of employees, assignments and contract workers, multinationals "have to be able to manage talent across all buckets," says Castellano, the Rutgers associate dean.

At the same time, the importance of emerging markets for multinational corporations is likely to grow. China has surpassed the United States when gross domestic product (GDP) is calculated in purchasing power parity (PPP). That gap is predicted to widen, and by 2050 India also may have slipped ahead of the United States by that measure. (U.S. nominal GDP, the more commonly cited measure of the size of an economy, remains the highest in the world.)[84]

The distribution of population in the world is also changing, with fast-growing populations in India and various African nations.[85]

EY is working to prepare employees for success in emerging markets, rolling out a new program called the Global Emerging Markets Mobility Program (GEM). Under the program, senior managers in emerging markets will be sent to mature markets for two years. "They go into another market to acquire skills and experience that they can then bring home and strengthen their emerging market location in terms of capacity, knowledge and networking, and also makes them more effective in their own career," Walker says.

At the same time, competition for talent from emerging markets is expected to intensify. With the aging workforce in developed countries, employees from emerging markets may be required to shore up the labor force. The working-age population in developed nations is predicted to decline by 5 percent from 2010 to 2030. "For the first time, more workers retired in Europe in 2010 than joined the workforce," The Economist's Intelligence Unit wrote in a 2015 report. "While this labor gap, at 200,000, is still relatively manageable, it is expected to grow to 8.3 million by 2030."[86]

PwC predicts domestic multinationals in emerging markets will meet or exceed Western multinationals when it comes to career development and compensation by 2020. As a result, employees from these countries who are working abroad will return home. "Local workers with international experience are often far more attractive to domestic employers than foreign workers in the same market; we've already seen Brazilian organizations, for example, that are more than willing to search for the best Brazilian workers overseas and tempt them home," PwC said in a 2012 report.[87]

Chronology

1890s–1920s	**Companies from the developed world begin worldwide operations.**
1892	General Electric, which will grow into the world's largest multinational corporation, is created through the merger of Edison General Electric Co. and Thomson-Houston Electric Co.
1904	Ford Motor Co. opens its first foreign subsidiary, in Canada, which manufactures vehicles and sells them in Canada and the British Empire.
1907	The U.K.'s Shell Transport and Trading Co. and the Royal Dutch Petroleum Co. merge to form the Royal Dutch Shell Group.
1929	Stock market crash wipes out millions of investors, helps push the United States into the Great Depression.
1930s–1940s	**International expansion limited by Depression, protectionist measures and war.**
1930	In reaction to the start of the Depression, the United States enacts Smoot-Hawley tariffs on agricultural and other imports, which trigger retaliation from other countries.
1933	Depression reaches its peak, with 13 million to 15 million Americans out of work. Europe also struggles with steep unemployment.
1939	U.S. economy begins to turn around as demand for manufacturing grows with the start of World War II.
1945	European and Japanese companies focus on rebuilding domestically as World War II ends.
1948	General Agreement on Tariffs and Trade (GATT), which reduced trade barriers, takes effect, with 23 countries taking part.

1950s–1960s	**Companies resume foreign expansion; Europe begins uniting economically and politically.**
1951	Treaty forming the European Coal and Steel Community is signed by France, Italy, Germany, Belgium, Luxembourg and the Netherlands.
1957	European Economic Community formed to create the Common Market.
1967	Conclusion of the Kennedy Round of GATT talks, which began in 1964 and were named after John F. Kennedy, maintains momentum for tariff reductions.
1969	Overseas Private Investment Corp. (OPIC) legislation signed into law, designed to mitigate risks and encourage private investment in developing countries.
1970s–1990s	**Multinationals send personnel overseas as trade barriers fall.**
1970	Seven thousand transnational corporations in existence.
1971	OPIC begins operation.
1979	China opens to foreign investors.
1981	Jack Welch takes helm of General Electric, launching company's unprecedented international expansion.
1993	European Union created with a dozen members after the signing of the Single European Act in 1986.
1994	North American Free Trade Agreement (NAFTA) takes effect, opening up trade among the United States, Mexico and Canada.
1995	The World Trade Organization (WTO) replaces GATT. By the end of 2015 it had 162 member countries.
1999	Foreign direct investment inflows and outflows top $1 trillion.
2000s–Present	**Foreign direct investment booms, multinationals expand.**
2007	Foreign direct investment peaks at almost $1.9 trillion in inflows and $2.1 billion in outflows. . . . United States goes into a deep recession in December. Companies scale back international assignments.
2012	Developing countries receive more foreign direct investment than developed countries for the first time.
2014	More than 100,000 multinational corporations operate almost 900,000 foreign affiliates.
2016	Trans-Pacific Partnership, a trade agreement among 12 nations, including the United States, is signed.

RESOURCES

The Next Step

Business Education

Addo, Koran, "Harris-Stowe begins first-ever study abroad program, sends two students to China," The St. Louis Post-Dispatch, March 3, 2016, http://tinyurl.com/jz9b46w.

Harris-Stowe State University in St. Louis, one of more than 40 historically black colleges and universities partnering with Chinese universities on study-abroad programs, sent two students to study business and Mandarin at Ningbo University in eastern China.

Ortmans, Laurent, "MBA by numbers: US students the least globally mobile," Financial Times, March 13, 2016, http://tinyurl.com/hhurlns.

Few U.S. graduate business school students study overseas or switch careers, industries or countries after completing their degrees, compared with students from other nations, according to an annual survey by the Financial Times.

Redden, Elizabeth, "A Push to Send Students Abroad," Inside Higher Ed, Oct. 2, 2015, http://tinyurl.com/omfvb9p.

Studying abroad can improve students' employment prospects and their knowledge of international business, said university officials during a national summit on expanding study-abroad opportunities for U.S. students.

Expatriate Employees

Carr, Stuart C., and Ishbel McWha-Hermann, "Expat wages up to 900% higher than for local employees, research shows," The Guardian, April 20, 2016, http://tinyurl.com/jkp546e.

Expatriate workers in six low-income countries make far more on average than local workers with similar education and experience, according to the U.K. Economic and Social Research Council, and they also oftentimes receive extra benefits.

Hannibal, Ed, Yvonne Traber and Paul Jelinek, "Tech Tools to Track Your Expatriate Workforce," HR Magazine, April 1, 2015, http://tinyurl.com/jdgnps7.

Human resources departments should factor in cost and necessity when choosing whether to use products that track expatriate employees' activities and the repatriation process, say three employees of a global consulting firm.

Ratanjee, Vibhas, and Andrzej Pyrka, "Fixing the Leadership Gap in Southeast Asia," Harvard Business Review, May 27, 2105, http://tinyurl.com/nlpwvn3.

To increase their share of the global economy, Southeast Asian countries should develop the skills of local executives and rely less on expatriate executives for business leadership, say two Singapore-based employees of global research and consulting firm Gallup.

Technology

Carey, Scott, "Expedia supports global workforce collaboration for 18,000 users with Dropbox cloud file storage, eyes Project Infinite," Computerworld UK, April 27, 2016, http://tinyurl.com/z2jaqbd.

Travel-booking website Expedia implemented a business-oriented version of Dropbox, a cloud-based storage platform, that will allow its global workforce to securely share information through a central system, rather than through individual Dropbox accounts.

Craig, Ryan, "LinkedIn And The Golden Age Of American Education," TechCrunch, Feb. 26, 2016, http://tinyurl.com/jqa6nru.

Web job portals and employee profiles have streamlined the hiring process, say experts, and the CEO of job-centric social networking site LinkedIn expects every company and member of the global workforce to eventually have a tailored profile.

Sweet, Julie, "Access to Digital Technology Accelerates Global Gender Equality," Harvard Business Review, May 17, 2016, http://tinyurl.com/jsuldwk.

Developing countries can broaden the global talent pool for companies and bridge a gender-based skills gap by boosting access to technology for women, according to research by management consulting firm Accenture.

Training

Gordon, Sarah, "On board for Eurostar's journey across cultures," Financial Times, May 23, 2016, http://tinyurl.com/hnrr7zc.

European train operator Eurostar teaches its entire workforce, ranging from senior management to hospitality staff, how to better communicate with guests and colleagues from various cultural backgrounds and also has its own in-house language school.

Molinsky, Andy, "The Mistake Most Managers Make with Cross-Cultural Training," Harvard Business Review, Jan. 15, 2015, http://tinyurl.com/knk2lpv.

Cross-cultural training programs often emphasize cultural differences but do not train employees to adapt to specific situations or give them real-life examples to test their training, says a professor of international management at Brandeis University.

Vollmar, Rick, "Cultural Training: Conference Addresses 'Intercultural Competence,'" Bloomberg BNA, March 17, 2016, http://tinyurl.com/zq9q3op.

Firms entering global commerce must have policies and practices that work effectively across cultural lines, and they are more likely to succeed if they train employees to be culturally competent, said international business experts at a March conference in Washington, D.C.

Organizations

AACSB International
777 S. Harbour Island Blvd., Suite 750, Tampa, FL 33602
813-367-5238
www.aacsb.edu

Global association dedicated to advancing management education worldwide.

Association for Talent Development
1640 King St., Alexandria, VA 22314
1-800-628-2783
www.td.org

Professional association that supports those who develop knowledge and skills of employees in organizations around the world.

The Conference Board
845 Third Ave., New York, NY 10022-6660

212-339-0900
www.conferenceboard.org

Nonprofit business membership and research organization.

Society for Human Resource Management
1800 Duke St., Alexandria, VA 22314
1-800-283-7476
www.shrm.org

World's largest human resources membership organization.

United Nations Conference on Trade and Development
Palais des Nations, 8–14, Avenue de la Paix, 1211 Geneva 10, Switzerland
41-22-917-1234
www.Unctad.org

United Nations body responsible for dealing with international trade.

World Trade Organization
Centre William Rappard, Rue de Lausanne 154, 1211 Geneva 21,Switzerland
www.wto.org

Organization dealing with the global rules of trade.

Worldwide ERC
4401 Wilson Blvd., Suite 510, Arlington, VA 22203
703-842-3400
www.worldwideerc.org

Association for those who manage international employee transfers.

PERSPECTIVE

Q&A: Paula Caligiuri on Cultural Agility

"CEOS ARE SAYING THEY ARE DESPERATE FOR PEOPLE WHO HAVE CULTURAL AGILITY"

Paula Caligiuri, a professor of international business and strategy at Northeastern University in Boston, is an expert on how to succeed in a cross-cultural environment. She previously was a professor and the director of the Center for Human Resource Strategy at Rutgers University. Caligiuri is the author of "Cultural Agility: Building a Pipeline of Successful Global Professionals" and co-author of "Managing the Global Workforce." Caligiuri talked with SAGE Business Researcher freelance correspondent Susan Ladika. This is an edited transcript of their conversation.

How would you describe cultural agility?

Cultural agility is the individual ability to quickly, comfortably and effectively work in different cultures and with people from different countries. Cultural agility is the ability to know how to respond in a given cultural context.

For years it has been a belief that adaptation was critical. Actually that's not true. There are times when one does need to adapt—sales, marketing, government relations and the like; and there are times when one needs to hold to the standards of your company—safety, ethics, production schedules. There are lots of reasons to say, "You know what, I understand we're doing it differently here, but we need to maintain the standards of my company or my own ethical standards." And then there are times you need to slow down and integrate: "It's not going to be your way, it's not going to be my way, we're going to have to come up with a new approach. A completely new way of working." What we're finding is that highly effective, culturally agile professionals are able to toggle across those three when needed.

What are important traits of culturally agile individuals?

Individuals who are culturally agile tend to share certain cultural competencies like perspective taking, tolerance of ambiguity, humility, and resilience.

Is cultural agility something you're born with or predisposed to, or is it something you can develop?

What we've found is, there are certain attributes of individuals that tend to help them more readily attain cultural agility. Some of those are dispositionally based, relatively immutable traits. They have a component of them that is heritable. I'm not saying you're totally hard-wired for it, but for those who have certain personality traits like openness, emotional strength and social orientation, gaining cultural agility becomes much easier.

What can help someone gain cultural agility?

There are two erroneous assumptions of how cultural agility is built. One is you can train everything. The truth is, cross-cultural training is exceedingly helpful for helping people gain cognitive awareness of what might be different, or how people might see the world differently. There's a value in building that awareness first. But it's a myth to believe that's all that is needed.

The other part of it is really a deeper experiential opportunity. There's a belief that if you send people on an expatriate assignment, uproot an individual and his and her family, put them in another country for a number of years, then bring them back or send them on to other place, they gain cultural agility. The problem with that assumption is that while it is true that living and working internationally can be exceedingly developmental for cultural agility, it's not necessarily the case that just because you're breathing the air of another country means you're gaining cultural agility.

What needs to happen while you're there are very specific elements. Things like having opportunities to receive feedback on your cultural behaviors, having opportunities to work with host nation peers or peers from different countries and cultures, and having the opportunity to see the limits of your own knowledge. Unless you understand the cultural context in which you're operating, you can't be successful. Individuals realize their professional skills aren't enough to be successful. That's when they let humility kick in. When that switch flips is when cultural agility starts building.

Why is it so important for multinational corporations to have people on board who have these kind of skills?

CEOs are having to cancel strategic initiatives because they don't have enough effective professionals to run these

(Continued)

(Continued)

initiatives. CEOs are saying they are desperate for people who have cultural agility. We have CEOs saying they're not very good at cultural agility, and HR saying it's a problem because they aren't very good at building cultural agility.

The challenge for too long has been organizations believing they'll take folks with the best technical skills and then assume everyone can gain cultural agility from international assignments.

Instead, bring the right people in and give them progressively more challenging opportunities in different cultures and with people from different countries. It could be working on a global team, being mentored by someone from a different culture, working on a short-term project and ultimately working on a well-constructed international assignment.

If there's a shortage now and we've got increasing demand for these types of people, will we ever catch up?

There are a lot of people out there in domestic jobs who can be fantastic in global ones. They'll understand the limits of their knowledge and spend more time understanding the context they're operating in. I think we have to do a better job of selection because I believe those folks are out there.