

Understanding Today's Multipolar Business World

Report: People Are Not Globally Minded But Believe Their Companies Should Be

By Kyle. D Hegarty, Managing Director, TSL's Leadership Nomad Group

Key findings:



Executive Overview:

Companies both large and small have global footprints in ways few imagined even one or two decades ago. While the geopolitical conversations across the world today are shifting towards what Singapore Finance Minister Heng Swee Keat called a more "inward-looking mood", with Brexit and Trump's populism, the business environment continues to globalize. Many businesses need to be global in both operations and mindsets in order to stay ahead of the competition and even survive.

It's within this paradox of trends – governments moving towards protectionism and businesses

*What is a Global Mindset?
A set of attributes and
competencies that help
current and future global
leaders work more efficiently
with individuals, groups and
organizations unlike
themselves*

continuing to globalize – that we try to develop a better understanding of this situation and look at the global business climate to learn more about multicultural team dynamics. In fact it is this global mindsetⁱⁱ - a term often used - continues to elude companies and employees.

Are the macro global trends towards protectionism reflected in how employees view their work environment? Do employees prefer working in international teams or with people from the same culture and, if so, why? [TSL's Leadership Nomad Group](#) recently conducted a survey analyzing how cross cultural challenges affect global businesses. Using the [Happi](#) mobile survey appⁱⁱⁱ, we received responses from over

1150 people, between the ages of 20-30 across 15 nationalities.^{iv}

Our results suggests that most employees prefer working in a business not only with a global footprint but also with a global mindset. The answers changed considerably, however when people were asked about their personal preferences towards who they reported to within their company. Here responders showed preferences towards reporting to someone from the same country or culture as themselves. Interestingly the reasons were not because of language difficulty but because of other cultural communication challenges. These obstacles, often under-appreciated, cost companies money in employee retention, poor performance and lost opportunities.

Report Summary:

Thinking Globally. Communicating Locally

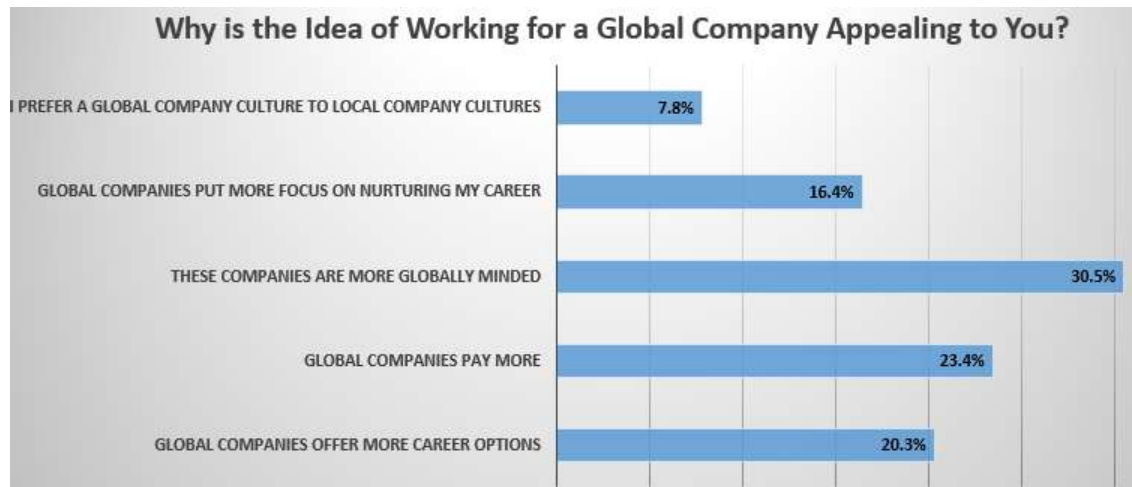
The appetite for working in global companies compared to local firms is strong. 62 percent of people surveyed said the idea of working for a global company is appealing. We asked if people believed if teams made up from people from different parts of the world drive better results and 60 percent said yes. Indeed diverse ideas, when managed correctly, lead to improved outcomes. But achieving this is easier said than done.

We wanted to understand the appeal as well as the challenges of working with diverse teams.

Of those who like the idea of working for global companies, 30.5^v percent, the largest group, said they wanted to work for foreign companies because they are 'more globally minded' followed by the belief that foreign companies pay more and that they provide more career options. It is noted that

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the fourth most popular response, only garnishing 16.4 percent, had to do with foreign companies having more focus on nurturing employees careers.



When working for specific direct managers, however, the answers changed. 44.5 percent of responders who wanted to work for global companies preferred to have a boss from the same country. 39.9 percent said they didn't mind either way.

This opens the door to a number of additional questions as companies continue to define what it means to be global but at the same time appeal to local audiences both inside an organization and when facing customers. Companies will need to continue to assess how to build cohesive teams that can balance the demands of a global business with the preferences of local styles.

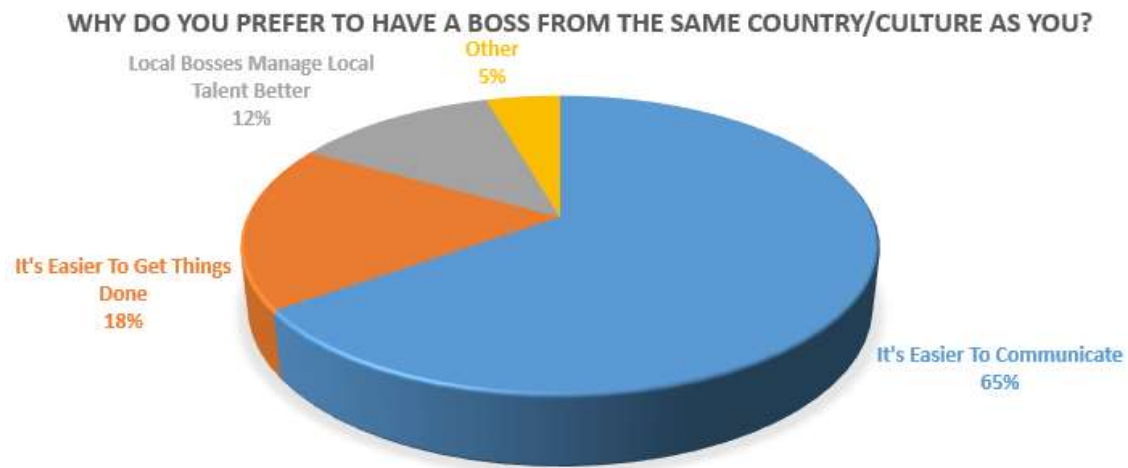
Communication Continues To Be The Main Obstacle, However...

For those who prefer to have a manager from the same country or culture, we wanted to understand more so we asked why? The largest single response in the survey came from 65.2 percent of employees who said it was because "it's easier to communicate" with a boss who is local. This was followed by nearly 18 percent who said "it's easier to get things done." This is compared to

This conclusion suggests that communication skills trump management styles.

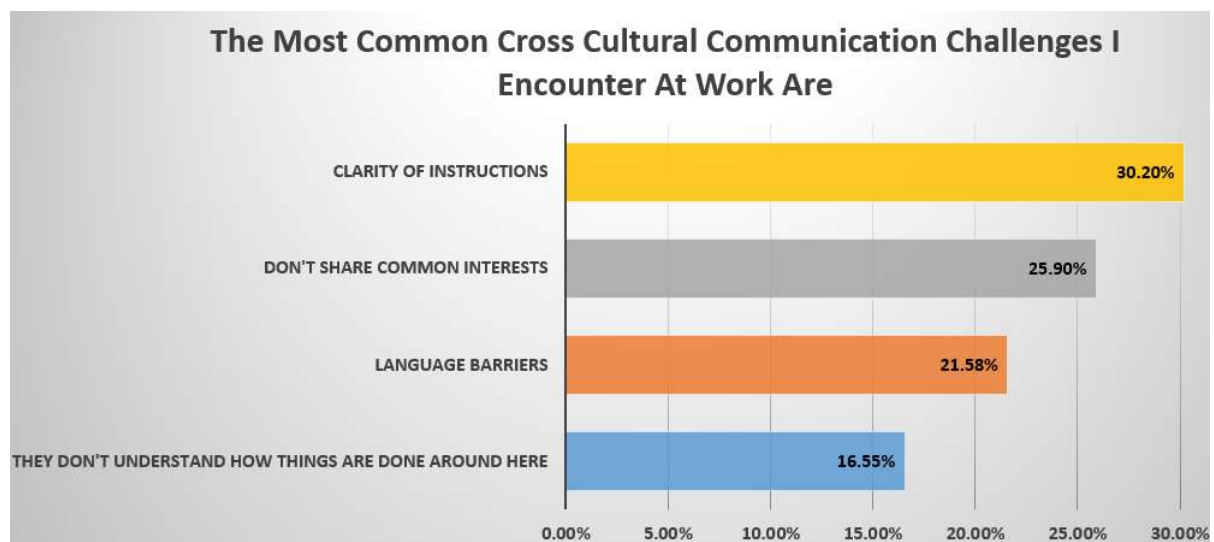
the significantly lower response of 12 percent based on local management approaches.

This correlates with a number of client comments suggesting people management skills lags far behind performance management skills.



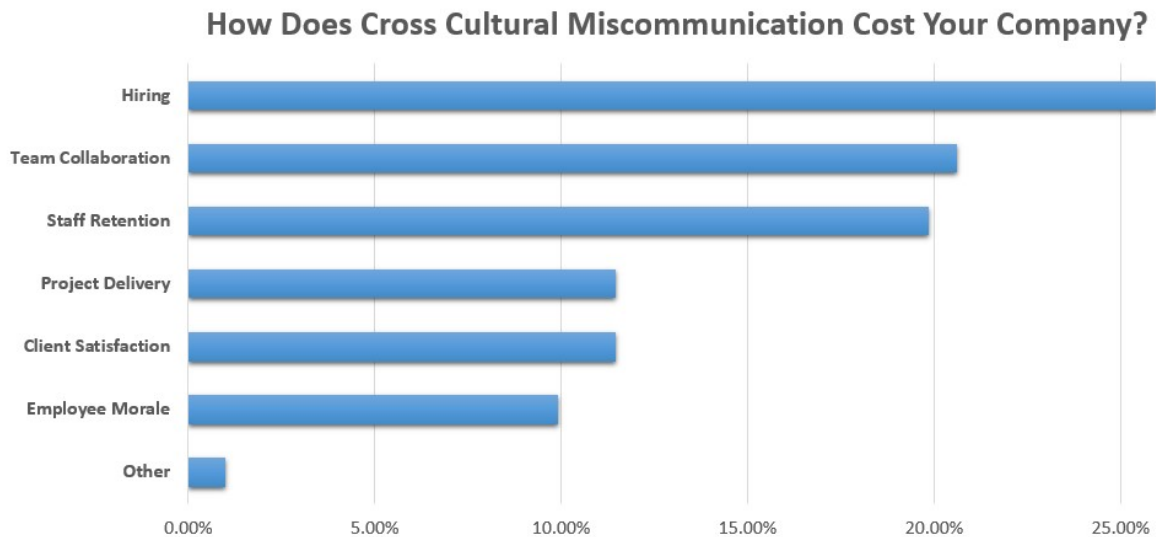
While responders want to work in global environments, teams made up of people from different parts of the world can create communication challenges that local teams may not experience. People seem to want to work for globally minded companies but at the same time work with local teammates in order to avoid these communication obstacles.

Specific communication challenges include clarity of instructions (30.2 percent) and a lack of common interests (25.9 percent). Interestingly language barriers is only the third most common communication challenge at 21.6 percent. Communicating across cultures has less to do with *what* is being said but rather *how* it is being said. For teams experiencing these kinds of communication issues, traditional leadership training should adjust to focus more on *people management* rather than *performance management* skills.



The Risk of Global Teams. Cross Cultural Communication Challenges Can Be Costly

When asked if cross cultural miscommunication issues were costing their business money, 52 percent said yes. When we asked why, the top three answers were that cultural issues were negatively affecting hiring (26 percent), team collaboration (20.6 percent) and staff retention (19.9 percent).



So do teams need more help in bridging cross cultural divides within companies? The results from the answers above already indicated that they do and this was validated by 55 percent who answered yes when we posed the question directly. Only 11 percent said no. The remainder, 43 percent, were unsure. This unsure group is notable as the topic of cross cultural communication is not always top of mind and many people are unaware of the obstacles caused from such misalignment. Many people we speak to on this topic are either unaware or consider miscommunication across cultures as something that cannot be improved upon.

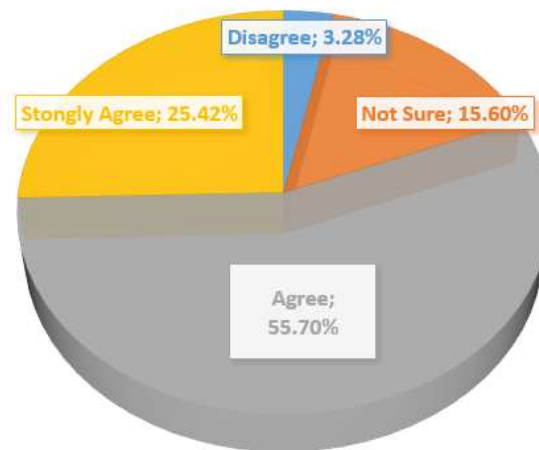
Conclusion

The recent backlash towards globalization has shone a spotlight on this decades-long business trend. While countries respond to this emotionally charged topic, many companies will continue to operate with a growing global footprint. The 'inward-looking mood' geopolitically must also be considered within organizations as employees, even in global companies, seem to prefer working with people from the same background as themselves. While local team dynamics are important, it is equally

important to avoid country-driven cliques or silos as they can quickly corrode businesses performance. Silos form easily but are much more difficult to break down.

Our findings suggest that companies with global footprints have challenges managing cultural differences and that those challenges manifest themselves in costly mistakes around hiring, retaining top talent as well as team collaboration and customer satisfaction. Culturally diverse teams have the potential to outperform teams from similar backgrounds but, if not managed properly, can cause considerable damage.

SHOULD CROSS-CULTURAL COMMUNICATION BE INCLUDED IN YOUR COMPANY'S TRAINING?



The interest in cross cultural training seen in the graph above is high (over 80 percent) but training alone has historically shown underwhelming results by focusing mainly on people's differences and not enough on breaking people out of their comfort zones. ^{vi vii} Business leaders need to make building cultural intelligence a part of their company's DNA and that needs to be driven from the senior leadership. Cultural silos will have to be worked on through training, coaching and ongoing behavioural change efforts.

We have seen that companies who work through this process tend to identify other 'invisible' issues executives were not previously aware. When viewed through a cross-cultural lens, more and more operating procedures may begin looking too 'headquarter-centric.' Executives also realize that these issues were not raised earlier because communication styles vary considerably – direct versus indirect styles, as one example – and can limit the exchange of ideas and feedback loops. One executive realized her company did indeed have a feedback process, but it was designed at their headquarters with no consideration as to how feedback may be given differently in other parts of the world. As leaders put a cross cultural lens to existing global best practices, gaps appear where none were thought to exist.

Learning and Development teams are particularly affected. If people around the world communicate differently, are global training programs effective or do they need to be revisited with local context in mind? For example, a large multinational client realized they had invested a quarter of a million

dollars training sales teams on a system entirely irrelevant for their region. The return on investing in understanding regional differences can be achieved quickly.

As the world continues to move towards distributed areas of power, a key challenge for companies, both small and large, will be to navigate between a globally minded go-to-market strategy and one that keeps countries and regions separated from one another. Both sides are important but too much of a focus on either run the risk of increasing misalignment if decisions are made without proper collaboration. Just as the current global political environment shows, this shouldn't be an either or choice but chance to reassess priorities and take from the best of all worlds.

ⁱ Finance Minister Heng Swee Keat speech February 9, 2017 during the launch of the Committee on the Future Economy report.

ⁱⁱ I have used the Najafi Global Mindset Institute's definition of 'global mindset'.
<https://thunderbird.asu.edu/faculty-and-research/najafi-global-mindset-institute/>

ⁱⁱⁱ Happi is a micro-survey mobile app which rewards users for responding to 5-question surveys with chances to win prizes they select and donations to the charity or group they support. This combination of material and emotional rewards for a fast and free act leads to extremely high engagement rates which enables Happi to learn a lot about every user quickly and precisely route questions which receive hundreds of responses in days or hours.

^{iv} Nationalities represented in these survey: China, Singapore, the Philippines, United States, Indonesia, Malaysia, Italy, Israel, Thailand, Russia, Canada, United Kingdom, Ireland, Brazil and Egypt.

^v For this report, all responses have been rounded to the nearest tenth.

^{vi} <https://hbr.org/2015/01/the-mistake-most-managers-make-with-cross-cultural-training>

^{vii} http://www.hbs.edu/faculty/Publication%20Files/16-121_bc0f03ce-27de-4479-a90e-9d78b8da7b67.pdf

About Us:

The Leadership Nomad Group, part of TSL Marketing specializes in helping companies navigate seemingly 'invisible' cultural differences through leadership training workshops and executive coaching. Learn more at www.leadershipnomad.com

TSL Marketing provides a fully integrated inbound and outbound marketing system personalized to maximize lead generation, nurturing and progression for B2B clients. Learn more at www.tslmarketing.com

For Speaking, Workshop or Team Transformation Program inquiries please contact info@leadershipnomad.com

