

Developing Asian Leaders

By Tom Verghese

Background

The view of Asia as a low cost resource for manufacturing and labour is quickly becoming out of date, as Asia, like the rest of the world, finds itself in a global market for talent.

The talent shortage in Western countries is a result of corporate demand for talent increasing faster than the local population from which it has historically been drawn. The global leaders that are developed from this talent bank and who have provided the upper levels of management for multinational corporations operating in Asia are now in much higher demand in the West.

At the same time, the demand for leaders of organizations and institutions in Asia is increasing. Filling these positions locally or with expatriates is proving increasingly difficult as the expatriates have become progressively more expensive.

The bottom line is that the supply of Asian managers with the desired skills and experience base is falling short of the increasing demands multinational corporations are seeking.

Current Situation

Given that the population of Asia is ever increasing there is an underdeveloped source of talent and potential global leaders. It is to be

expected that multinational corporations would look to this population for its future leaders: However this does not appear to be so?

In 2007 the delegates to *Diversity and Inclusion in Asia 2007*, a community dedicated to understanding the challenges and issues facing companies operating in this region, identified lack of local leadership as a leading concern. This is in line with The Conference Board's report the previous year that found that lack of managerial talent was the greatest concern of 30% of Asian CEO's and a report from McKinsey & Company (2005) which predicted the situation we find ourselves in today.

The most recent Hudson Report (January 2008) highlights that current retention strategies of financial remuneration and compensation plans appear to have minimal impact on high staff turnover rates. Increasingly multinational organizations in the West Asian Region continue to have high demand and 'expectations to hire'.

The McKinsey & Company report found that of the three million or more university graduates in China, less than 10% of them were capable of working in a multi national corporation. The report also highlights of 75,000 'globally savvy' managers required by Chinese companies to compete in the global market over the next ten to fifteen years less than 5,000 are currently available.

This is likely to be true throughout Asia, although it may be different on the Indian Sub Continent where levels

of education and English language proficiency are higher.

It is not surprising then, that developing Asian talent and/or 'globally savvy' leaders, is critical to surviving in Asia, and that developing global leaders from this talent pool is essential for multinational organizations to succeed in Asia. Organizations and Institutions who do not actively embrace strategies to recruit, motivate and retain talent can expect to find themselves unable to function, let alone compete, in the demanding and rapidly changing global market.

Benefits of Local Leaders

Aside from these pressing issues and the increasing cost of expatriates there are benefits and advantages for multinational corporations to have Asian leaders.

Asian leaders integrate more readily in Asia so that local consumer markets are more readily understood, feedback and communication with the market place is more productive and less prone to misunderstanding. This is also true for talent, labour, capital and other resources. Obviously, the success of any operation or venture requires local knowledge and while multinational corporations have enjoyed success in Asia, those that are better informed will have a clearer picture of what lies ahead and have greater ability to be responsive and adaptive to the changing global environment.

The suggestion here is not that Asian leaders should completely replace the expatriates but to have Asian leaders who can also operate effectively in the organisational culture of multinational corporations. This diversity in management will provide not only the

local knowledge but also offers creativity and fresh perspectives necessary to respond to new and changing global circumstances.

So what are the main challenges facing organisations that do want to develop Asian talent and global leaders?

Overall Strategy

Speaking generally on developing global talent, not just from Asia, Thomas, Cheese and Craig (2007) outline a number of requirements for any organisation wanting to develop global leaders.

Firstly, Human Capital Strategy must be an intrinsic part of any business strategy. This means that organizations must move from 'managing human resources' to 'talent development' as a competitive advantage and become an employer of choice for management talent and global leaders.

Fundamental to this is the need for current leaders within the organization to provide the vision and passion for talent management and its strategic importance to the organization. This also includes accepting responsibility for developing leaders within the organization at senior level.

Meeting the Challenges

Consistent with this view, Community Business in Hong Kong have summarised what they see as the key challenges involved in addressing the lack of local leadership in Asia.

These issues were raised in their 2008 report. They claim that senior management remains unwilling to face the issue and commit the necessary resources. There is a lack of awareness

of the issues at these levels and there is a need to present the business case for developing local talent.

The Community Business report also points to the lack of Asian representation at corporate and board level, a consequence being absence of the Asian perspective at this level and an absence of role models. This exposes such organizations to the dangers of incomplete information and difficulty in attracting potential global leaders who see no place for themselves in such organizations.

Rectifying this requires developing a long term strategy and a plan customised to the local needs. This also requires investing more to identify and to develop leaders. Senior management often considers this a risk, given the high turnover of staff and their inexperience at managing at higher levels in global organizations.

Establishing an Asian Advisory Board that can inform higher level decisions about training and developing potential leaders is a means of developing the necessary awareness and confidence in this area. Such decisions would include the allocation of resources, developing appropriate training and development programs, identifying future leaders, identifying mentors and partnering universities and other institutions to develop talent.

The success of these programs will depend on the level of commitment at senior management level to ensure that programs and initiatives are integrated, fully resourced and that the organization itself can change the traditional culture that has stereotyped views of Asians and their ability to perform as global in multinational corporations.

The Invisible Factor

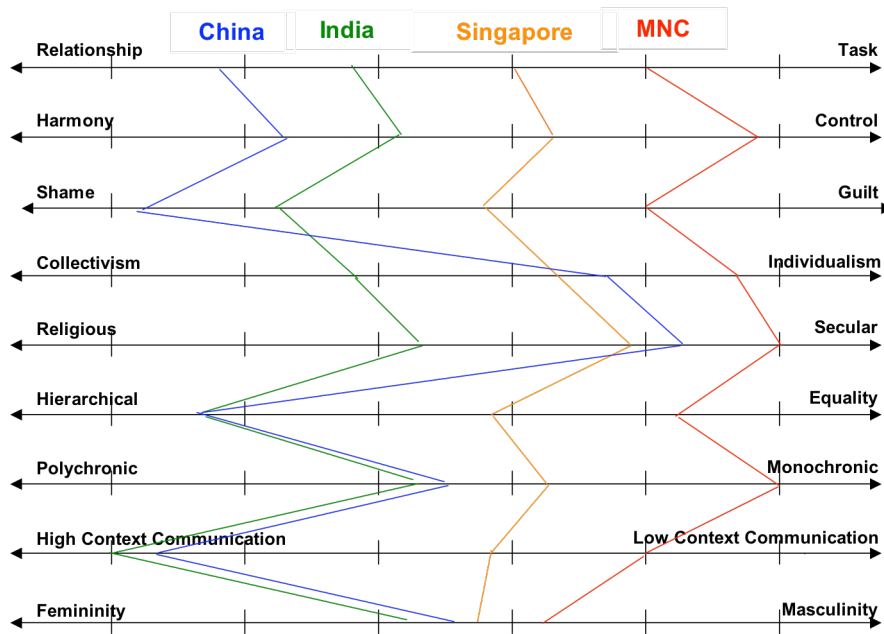
Training is useful as a change agent but its effectiveness in Asia is limited not only by the traditional and or stereotyped views, but also by the US or Western centric culture of multinational corporations. This cultural bias comes from a lack of understanding of Asian values and hence the specific skills to manage, train and develop people from an Asian background.

It is worth noting at this point that Asia is not a uniform culture but is comprised of many large ethnic groups with varied cultures, arguably more so than the Western or US societies, which have produced the multi national corporation and its culture.

In this context then, it is the cultural awareness that underpins the success of any program aimed at developing Asian talent and indeed any global leadership in the 21st century now that Asia has become a powerful and active influence on the global stage.

This point is emphasised in the reports from organizations such as Hewitt Associates, Community Business, Hudson and McKinsey & Company. It is also a feature of corporations who have successfully implemented programs to develop Asian talent.

The Cultural Mirror



Tom Vergheze 2006

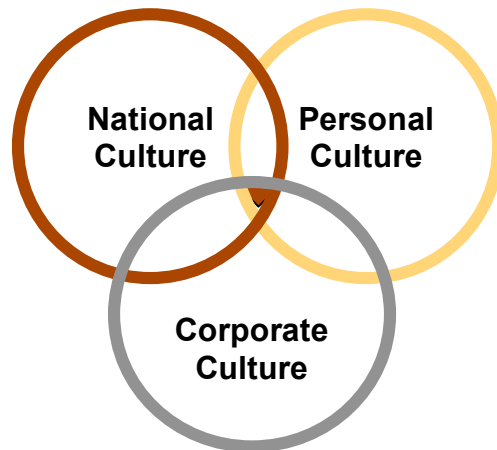
Diagram 1

Raising Cultural Intelligence

How to raise levels of cultural awareness, improve cultural intelligence and develop cultural agility within organizations and individuals is a key issue for those wanting to take the first steps in developing Asian talent and truly global leaders. This is particularly true for those that already consider themselves to be global leaders.

The Cultural Mirror® is an instrument originally developed by Dr Asma Abdullah and refined by Cultural Synergies, to measure cultural differences on a nine dimension scale. By displaying the results in graphic form, the similarities and differences are highlighted in such a way as to identify areas where people from different cultures can work readily together. Conversely, the gaps show the areas prone to misunderstanding

and conflict and thus the areas where cultural awareness and intelligence need be utilised to convert conflicts into cooperation (see above diagram).



Gardenswartz et al

Diagram 2

Individuals and organizations need therefore to recognise that individuals are an amalgam of personal, national and corporate cultures (Diagram 2).

Conclusion

Operations in Asia are being run by a diminishing number of key personnel and global leaders in the face of continuing expansion and demand.

Developing the necessary talent to provide the global leadership for organizations and institutions in Asia now and into the future is a two-fold task for current leaders.

Firstly there is a need to adopt appropriate strategies and to take initiatives that will develop Asian talent. Secondly there is the need to

change the culture of their organizations so that they are more 'Asian friendly' and congruent with the local culture. Some organizations have already been successful in this regard and it is the cultural awareness that underpins the success of well-intentioned programs that would otherwise fail.

The recipe for success is to be well informed, to be flexible and to be adaptable as the needs and aspirations of the top talent and future global leaders from Asia will change quickly just as the global operating environment does.

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Tom Vergheese is an internationally renowned presenter, executive coach, consultant, author and Director of Cultural Synergies. Known as 'The Cultural Synergist', Tom is a dynamic, enthusiastic, passionate, energetic and entertaining speaker. He is the author of 'The Invisible Elephant – Exploring Cultural Awareness 2nd edition' and the co-author of 'The Pillars of Growth - The Keys to Getting Exponential Growth in Your Business Today.'

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