



THE EXECUTIVE LEADERSHIP COUNCIL
The Power of Inclusive Leadership

The Growing Need for Global Workplace Competencies: Where do Black Mid-Level Executives Stand?

**A research article
by The ELC Institute for
Leadership Development
and Research**





The Growing Need for Global Workplace Competencies: Where do Black Mid-Level Executives Stand?

Fewer than three out of 10 (29 percent) mid-level black executives led a business function that operated across multiple countries in 2016, according to ELC Institute research.

Few would dispute the increasing global and diverse nature of the U.S. economy. Free trade agreements, changes in demographics, the proliferation of online commerce, and programs like the H1-B visa that bring foreign workers to the United States are among the factors that have redefined the way employers conduct business.

This trend has consequently magnified the need for professionals with global business acumen and skills in managing a diverse workforce. A “one size fits all” approach to management is no longer viable, and business leaders with employees of varied backgrounds would be remiss to ignore policies and practices that embrace diversity and inclusion. Perhaps it is no surprise that more than two-thirds (69 percent) of executives rated diversity and inclusion as an important issue, according to a 2017 global survey by human capital firm Deloitte.¹ Many large organizations now define themselves as “global entities,” making religious, gender, generational and other types of diversity and inclusion issues a business reality, according to the report.

While there are plenty of debates about who benefits the most from global commerce, many economists agree that trade among nations yields general improvement worldwide. Knowing that, business leaders should expect international commerce to continue to grow in the future.

An economy that requires global skills

To appreciate the volume of business activity that takes place among nations, consider that the dollar value of world merchandise trade was \$16 trillion in 2015, down from \$19 trillion in 2014 but still nearly twice as high as the value from 2005, according to the World Trade Organization.ⁱⁱ The dollar value of trade in commercial services in 2015, at about \$4.7 trillion, was nearly twice that of 2005.

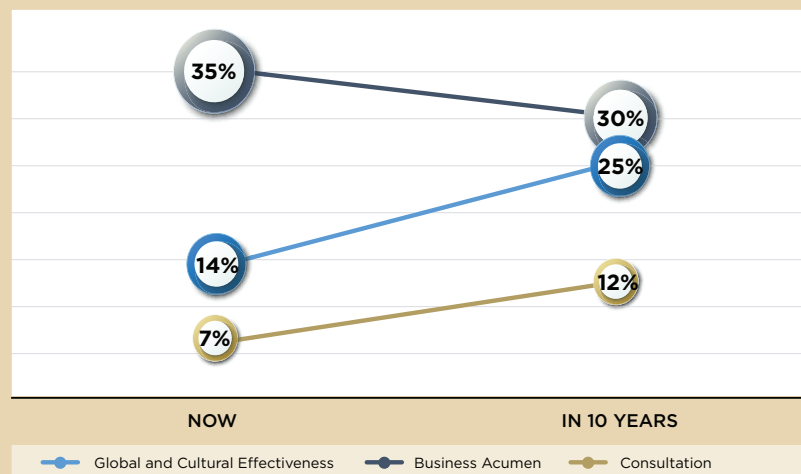
This high volume of international commerce, coupled with a population and workforce that are more diverse, is perhaps why executives view global skills as taking on higher importance in the coming decade, according to a recent survey by the Society for Human Resource Management (SHRM).

“Global and cultural effectiveness” was cited by just 14 percent of executives as a critical competency for their business units, according to the survey (see Figure 1).ⁱⁱⁱ But one-fourth (25 percent) of respondents said it would be critical 10 years from now, a jump of 11 percentage points and the highest increase among the competency choices in the survey.

Among the other competencies seen as critical in the next 10 years were leadership and navigation (cited by 52 percent of executives), communication (34 percent) and business acumen (30 percent). Three out of 10 executives (30 percent) surveyed by SHRM also said that “global and cultural effectiveness” was currently lacking as a competency in their business units.

The survey was sent to 6,272 business unit senior executives with 100 or more employees. Respondents were executives of business units other than HR, such as CEO, CFO and vice president, from areas such as finance and accounting, sales and marketing, and information technology.

Figure 1: Executives that view competencies as critical in their business units



Source: Society for Human Resource Management (2016)

More than one-third (35 percent) of executives said the best approach to filling competency gaps for global and cultural effectiveness was to hire from outside the organization, according to SHRM's survey (see Figure 2). More than one-fifth (22 percent) of respondents said training and professional development were the most effective means of filling those gaps, as well. However, a separate SHRM study shows that most organizations are not spending extensive time on that type of training. Half of HR professionals (50 percent) said their organization's diversity and inclusion training lasted less than half a day.^{iv}

The diversity of culture and varying means of conducting business around the world call for 'a multifaceted approach' if one hopes to motivate and engage people around the globe.

Trends in global leadership for black mid-level executives

Why does diversity and inclusion matter? And why should executives pay more attention to global commerce? Aside from the reasons outlined above, one study revealed that a multi-cultural approach results in higher-performing companies. Companies in the top quartile for racial and ethnic diversity are 35 percent more likely to have financial returns above their respective national industry medians, according to a 2015 report from consultant McKinsey and Company. The study also showed that companies in the top quartile for gender diversity are 15 percent more likely to have financial returns above their respective national industry medians.

Figure 2: Best approach to filling competency gaps for global and cultural effectiveness



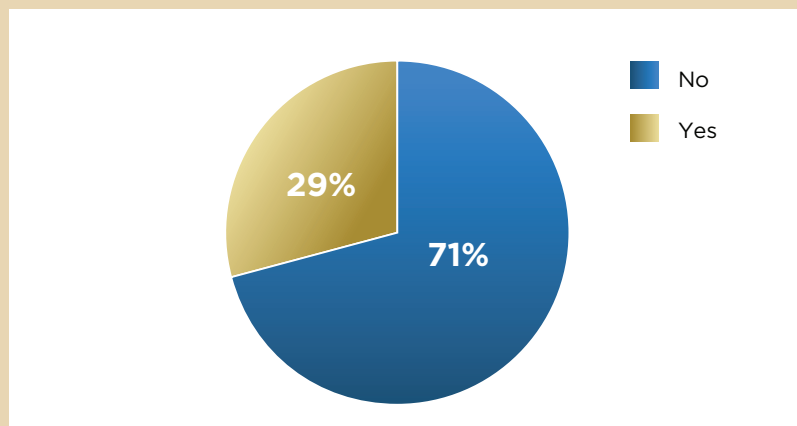
Source: Society for Human Resource Management (2016)

And yet, despite the increased value that executives place on global acumen and diversity and inclusion, and the increased likelihood of business success that they bring, recent research shows that only a small proportion of black mid-level executives (i.e., those professionals approximately five to seven levels below the enterprise CEO) are gaining experience with these competencies.

It may be due to the specific position they have at their organizations, which may or may not be active in global commerce, but on a basic level, the numbers show that the majority of mid-level black executives are not engaged in global business activities as part of their work, according to a recent survey from The Executive Leadership Council (ELC) Institute for Leadership Development & Research.

Fewer than three out of 10 (29 percent) mid-level black executives led a business function that operated across multiple countries in 2016, according to the institute's survey (see Figure 3). The data were culled from a 2016 survey of mid-level black executives from a wide variety of industries in U.S. corporations, including finance, healthcare, human resources, information technology, marketing and professional services.

Figure 3: Executives who are leading business functions operating across multiple countries

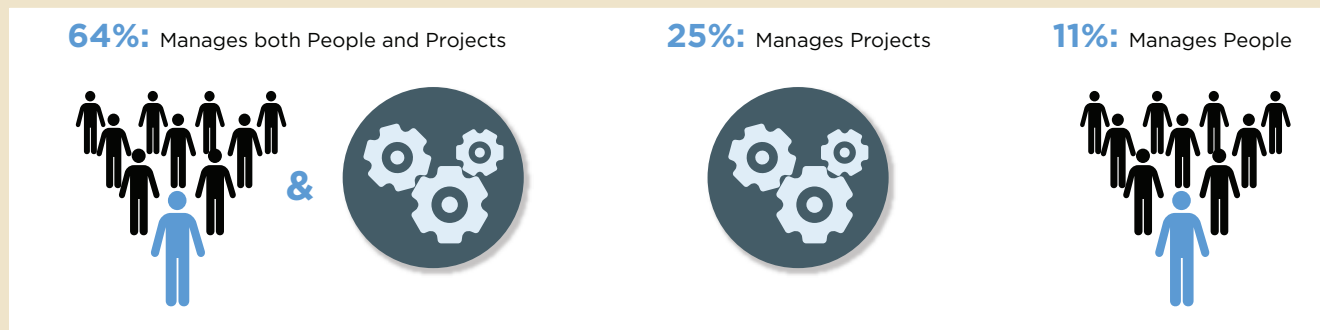


Source: The Executive Leadership Council (2016)

The institute's research also showed that black mid-level executives are engaged in a wide variety of work and responsibilities with their global assignments. The majority of those surveyed who led business functions in foreign countries (64 percent) said they were responsible for managing both people and projects in those locations (see Figure 4). A quarter of those surveyed who led business functions in foreign countries were employed in the information technology sector, and 16 percent were employed in sales/marketing, human resources (14 percent) and finance/accounting (14 percent) (see Figure 5).

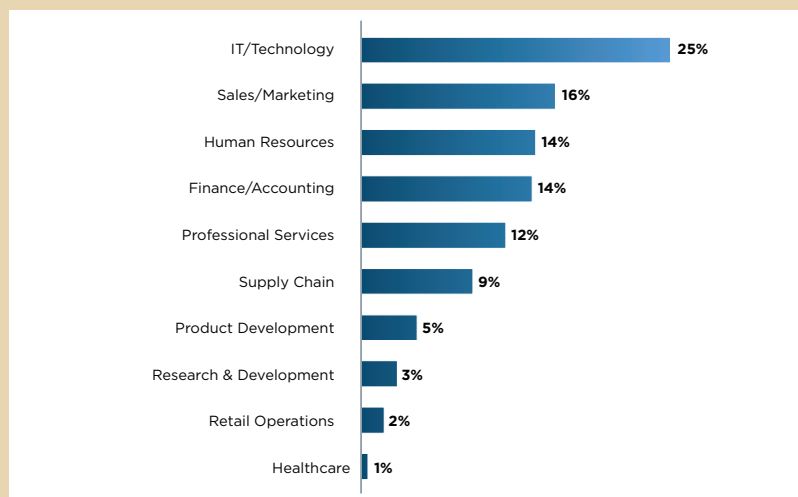


Figure 4: Types of management duties for black mid-level executives with foreign business functions



Source: The Executive Leadership Council (2016)

Figure 5: Fields of expertise among black mid-level executives with foreign business functions



Source: The Executive Leadership Council (2016)

How to improve global business acumen and managing diverse operations

Even if a manager or executive has mastered his craft in the United States, those skills will not necessarily translate into success in foreign countries. The diversity of culture and varying means of conducting business around the world call for “a multifaceted approach” if one hopes to motivate and engage people around the globe, said Erin Meyer, in a recent article for Harvard Business Review^{vi}.

Meyer, a professor at INSEAD and author of *The Culture Map: Breaking Through the Invisible Boundaries of Global Business*, argues that it is common for people from different countries to “grapple with mutual incomprehension,” and that is because managers fail to distinguish between two important dimensions of leadership culture.

The first of these is the one we’re most familiar with: authority. How much attention do we pay to the rank or status of a person, and how much respect and deference do we pay to that status? On this dimension, the Japanese are clearly more hierarchical than Americans. The positions are reversed, however, when we look at the second dimension: decision making. Who calls the shots, and how? Does the boss decide, or does the team decide collectively? On this dimension, which is often overlooked, the Japanese are more consensual than Americans. . . Today it’s no longer enough to know how to lead the Dutch way or the Mexican way, the American way or the Chinese way. You must be informed enough and flexible enough to choose which style will work best in which cultural context and then deliberately decide how to adapt (or not) to get the results you need.

An effective global executive must also embrace instant technologies, such as teleconferencing and videoconferencing, as a means of communicating with workers and colleagues overseas, who often work in time zones that are far removed from that of the United States, argues Tsedal Neeley, an associate professor at Harvard Business School^{vii}. As more and more companies rely on a global workforce, they “draw on the benefits of international diversity, bringing together people from many cultures with varied work experiences and different perspectives on strategic and organizational challenges. . . flexibility and appreciation for diversity are at the heart of managing a global team.”

Conclusion

The United States has long been known as the world's economic powerhouse, and that success today relies significantly on international trade and the skills of a diverse workforce, many of whom have come here to build a career or who work for U.S. interests overseas.

This has created an increased demand for managers and executives who possess global business acumen and experience collaborating with workers from many different backgrounds. There is not a high proportion of mid-level black executives that lead foreign business functions, but those that do manage work overseas belong to a wide array of sectors and most are managing both people and projects. To build the pipeline for talent with global business acumen, training and education may provide an effective solution, as well as recognition of the strengths associated with managing a diverse work force.

Endnotes

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About The ELC and its Institute

The Executive Leadership Council (ELC) is the preeminent member organization for the development of global black leaders. Our mission is to increase the number of successful black executives – both domestically and internationally – by adding value to their development, leadership, and philanthropic endeavors throughout the life cycle of their careers thereby strengthening their companies, organizations, and communities.

The ELC Institute for Leadership Development and Research is the arm of The ELC that develops the pipeline of global black leaders through mentoring, coaching, networking, and leadership training. Our mission is produce research and thought leadership on black executives and the business case for diversity. The Institute also aims to deliver leadership training by building a comprehensive curriculum of stair-step programs targeted for professionals at different levels in their careers.



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