

## Comments from the Editor



*Tamir Agmon*  
Editor

One of the strengths and the weaknesses of International Business as an area of research is its diversity. The terrain of International Business is almost everything and everywhere. With a little bit of an exaggeration one can say that the business of International Business is our life. As our life is diverse and it is expressed in many ways, in many places by many people so is International Business. Looking at the current issue of AIB Insights is a proof of the above statement. The first article by Professor Constantine Polychroniou takes a macro trade oriented look at the process of globalization. Over the last 30 years International Business as a research has moved away from International Trade both in the conceptual and the institutional dimensions. Yet, national and international policies do count in the process of globalization. Sociological and political considerations affect busi-

ness and personal decisions that at the end are expressed in the status of globalization and its effects on everybody in the world.

Whereas the first article in this issue of AIB Insights focuses on the macro trade level, Professor Mary Yoko Brannen focuses on the contribution of individuals to the process of globalization. Although the subject of her contribution is global talent management with a specific focus on Japan, I find her article very close to the first article. The contributions to this issue of AIB Insights show that globalization is a complex interactive process between national characteristics and policies, history, corporate governance, and personal leadership. The fact that the two contributors to this issue come from different national backgrounds is evidence to the complex nature of International Business.

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# Global Integration: A Strategic Perspective on the Asymmetries of Globalization

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## Introduction

Although the concept of globalization is inevitable, as inherent in the evolution of human civilization, the process of “how to get there” is the point of departure for viable debate concerning policy making. Such exchange concerns an inquiry into the normative framework and it has been the core challenge in the sphere of social, political and economic discourse and strategy formulation. The lack of progress in the Doha Round as well as the previous difficulties with the WTO conferences of 1999 and 2003 point to the disagreements among the various agents of globalization, given an increasingly greater participation of developing countries (Baldwin, Winters, 2004). The socioeconomic integration, which is in the domain of globalization, has helped upgrade the level of importance of the process as such integration has increased interdependence of economic goals and interests (Lauderdale, 2003). This calls for the need to integrate relevant policies promoting coherence in terms of goals as well as implementation. Two pillars of the globalization infrastructure are deemed catalytic in achieving the above integrative effort. First, the institutional agents charged with the responsibility to design, negotiate and fine-tune macro-policies. Second, the transnational organization that will carry out and implement the above policies with consistency. The challenges which are inherent in the progress of globalization reflect the interrelatedness of the issues and they are a function of the presence or absence of similarity not only in economic frameworks but also in

socio-cultural ones. For instance, the assistance provided to developing countries is predicated on different criteria. Such conditionalities in some cases are present; in other cases they are absent (Ruggie, 2003). Although the removal of political ideological constructs has seemingly been a positive development to global integration such removal has been replaced by the dawning of socio-cultural imperatives, a new impetus of differentiation.

## Globalization's Driver

Trade's proliferation, promoted by the propagation of global business and facilitated by an increasingly liberalized regulatory veil, is the subtle driver of globalization. Globalization, whose effect is to homogenize socio-cultural systems, is likely to encounter increasing resistance in the future as it tries to permeate well-entrenched or slowly-evolving value systems. The strategic allocation of trade benefits is expected to have a favorable impact on the rate with which countries accept globalization. First, such allocation will result in an increase of net economic benefits, i.e., higher profitability, an upgraded labor force, access to investment and financial markets, an improved business technocracy, greater availability of business relationships, etc. Second, the ensuing increase in economic benefits is likely to cushion the adverse effects of loss of sovereignty and expedite cultural evolution, both necessary conditions for sustaining globalization. Regional integration, as the precursor to global integration, has achieved relative success. Success at the regional level

has been largely economic as countries in geographic proximity, with common politico-economic systems, have embraced competition in their bid to espouse economic development. Catalytic to the above success has been a framework of institutional governance whose objective has been to iron out differences at the national level as it promotes competition at the microeconomic level. An even greater, however, contribution of such institutional environment has been its impact on bridging heterogeneous culture-specific behaviors, both social and economic. The symbiosis of diverse cultures has helped pave the way for gradual socio-cultural integration manifest through, or resulting in, political unification. For instance, the pending political unification of the EU will eventually exert additional pressure on furthering its economic integration through a more uniform and cohesive regulatory framework, enhanced by one common constitution. Globalization is encountering further difficulties from a lagging or from a less than adequately proactive institutional leadership in eliminating or even minimizing culturally-oriented impediments. This has been a controlled, in fact calculated, policy so that the evolution of free markets can proceed with as little institutional oversight as possible. It would seem, in the presence of the above globalization asymmetries, that institutional evolution is a viable strategy to enlist in the effort to promote relative global market homogenization, given its asymptotic character. For instance, the long-standing stalemate in the Doha Round world trade talks, which were supposed to end in 2004, reflects the presence of asymmetries which have political implications, as such asymmetries imbue adverse effects upon sovereignty. Compromise on the part of the major world economies will be necessary and, in fact, advisable so that the developing economies could be cushioned and propelled into subscribing to an agreement on agricultural products and services. Such compromise in global trade is analogous to creating an economic infrastructure which an economy needs for its development. For instance,

agreements must be articulated or relationships defined so that a business exchange might eventuate. That business exchange, in turn, prescribes both the landscape and intensity of competition. Consequently, a resolution of the Doha Round impasse and Russia's pending entry into the World Trade Organization, in effect, are deemed to enhance the institutional impact of the WTO on globalization's future development. Such universal institutional impact is further assured by a possible compromise of the hegemonic image of the U.S. dollar given the ever-increasing interdependence in international trade and the mounting competitive posturing of the Euro.

### **Where American Trade Leadership Has Led**

The Plaza Accord (1985) marks the transformation of America's unilateral trade leadership into a polyarchical one. The Accord intended to get the major world trade countries to commit to safeguarding free trade and increase economic cooperation. Some twenty years later the landscape of international trade is vastly different and more complex. In the period from 1987 to 1994 U.S. commodity exports to the Big Emerging Markets (BEMs) increased by 5%, from 15% to 20%, of all U.S. exports (Aguilar, Singer, 1995). Between 1993 and 2006 U.S. exports increased by 125%, from \$642.8 billion to \$1,445.7 billion. In the same period, U.S. imports increased by 200% from \$713.2 billion to \$2,204.2 billion (ECONSTAT). From 1992 to 2005 the trade-to-GDP ratio, for the OECD countries increased by 13% and for the EU15 by 14%. In 2005, the trade-to-GDP ratio in the OECD countries was 45% and 51% for

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the European Union (EU15). Although in the early part of 2000 FDI into the OECD countries declined, in 2004 the inflow increased by 6% and the outflow by 27%. As global corporate profitability increased in 2005, FDI into the OECD area increased with the U.S. and the United Kingdom being the recipients of most of it. Despite that inflow increase the OECD countries showed a net outflow in 2005 by about \$95 billion (OECD Factbook, 2007). The United States is competing against economies that are socio-culturally different. Such economies have had a culturally embedded social orientation into their functioning which has retarded if not frustrated economic efficiencies. The increasing interdependence of world economies through trade poses both an opportunity as well as a challenge for the U.S. economy. The opportunity converges on economic growth and the challenge concerns the relative competitiveness of the U.S. economy. For instance, relevant studies indicate that liberalization of global trade in goods and services could help incomes in the U.S. rise by some \$590 billion per year (Economic Report of the President, 2007). As other economies grow, as a result of increased trade activity, they become more competitive presenting a consequential challenge to the U.S. status quo. Strategically, there are two types of positioning that are available to the U.S. economy. One positioning is to compete against other economies assuming competitive parity, and, the other is to exercise leadership based on a comparative advantage that remains dynamically differential. The former positioning assumes that the U.S. economy is in the same strategic group with other competing economies, in which case competition is direct. The latter positioning places the U.S. economy in a different strategic group, in which case competition is indirect. Although the competitive intensity between economies in the same strategic group is greater than in the case in which economies are not in the same strategic group the challenge to the U.S. economy stems from the very nature of global economic integration which, in the long run, tends to shorten the

distance between strategic groups through what seems to be a process of “access homogenization”, i.e., uniformity in accessibility. Access homogenization is encouraged institutionally through multilateral or global regulatory frameworks and promoted by the multinational enterprise. Continued economic leadership of the U.S. would require a comparative advantage in intellectual infrastructure whose core value would be characterized by a relatively sustainable differential advantage on both productivity and innovativeness. Furthermore, the state of the U.S. economy’s institutional sophistication, among others, may be considered as a sustainable advantage with incremental benefits that may not be so easily matched by other economies. The asymptotic drive toward maximum economic efficiencies, that characterizes the U.S. economic model, is not likely to be matched by a relevant effort on the part of other economies that function under a different economic model. As such economies gradually edge closer to the U.S. model the competitive pressure and the risk vis a vis the U.S. economy’s competitiveness is likely to increase (European Central Bank, 2007).

### **Beyond Regional Integration**

Globalization is the politicoeconomic socialization of the world’s economies and their transformation into a world economy. The process of socialization may be hampered by institutional policies that are either suboptimal, given the likely disparity between national or international goals, or reflective of national political constraints. For instance, protectionism’s argument may be economic however its intensity may represent a confluence of economic expediencies and social posturing. Thus, the antithetical forces to globalization that reside in the core of socio-cultural imperatives have a unique and unexpected ally, the inability of global economic policies to fight off fears resulting from economic integration. These economic policies are the exclusive domain of international players whose trade policies have a global impact with direct implications on global economic integration. The nucleus of the intellectual prowess of eco-

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conomic integration resides on its ability to lessen the real and certainly the perceived ill-effects of globalization on such socio-cultural imperatives. Constructs such as the “new regionalism”, “intense marketization”, “social empowerment” and similar designs, despite their attempt to broaden the concept of the traditional economy, are frameworks that focus on economic activity. The supposition of such frameworks is that the ensuing economic activity will expedite cultural socialization and bring about a desirable degree of homogenization of cultural values. This would not seem to be an optimum allocation of strategic effort or to use institutional reflexivity because incremental enhancement of globalization can be sustained by analogously incremental lessening of cultural diversity. For instance, it is argued that cultural diversity is determined by the presence or absence of some human factor competency that defines the level of achievement of cultural integration (Adu-Febiri, 2006). Cultural frameworks, within region, have different tolerance. That is, they differ in terms of level of resistance to assimilation. Cultural homogeneity may best progress slowly on the basis of geographic proximity. For instance, even in a region as culturally diverse as the Balkans, a Balkan country may project its culture as dominant if it is able to influence the assimilation of other cultures in the region by imparting its values to those cultures. The paradigm of the European Union serves as an exercise for the thinkers of globalization. It has confirmed the inevitability of multilayered protectionism by differentiating between intra-EU and inter-EU trade. The

European Union, faced with the threat of worker-displacement, does not favor the elimination of protectionist policies and trade barriers, an indispensable requirement for furthering globalization. The gradual evolution of the EEC into the EU was achieved through a well-conceived and implemented cohesion plan that purported to minimize the impact of socially detrimental dislocation. This was followed by a gradual easing of intra-EU barriers to trade and capital movement. EU’s regional economic integration is progressing despite sub-regional

areas of socioeconomic decline. The use of structural funds to strengthen or promote social infrastructure in select areas that suffer from social exclusion and economic decline has been catalytic. For instance, structural funds have been used to help upgrade regions in the EU, such as, the new Lander part of Germany, NE of England, Italy’s Mezzogiorno, NW of Greece, and others in which productivity is below 75% of the EU average and in which structural problems help dampen economic growth. This framework is productive not only in achieving economic balance but also in the steady and measured socialization of the member-states to the regional realities. In terms of inter-EU trade the existence of global economic heterogeneity calls for defensive trade strategies so that regional integration may be safeguarded and preserved. EU’s foreign trade defensive strategies are keenly defensive given the sociological effects of economic dislocation upon European socio-cultural values. One such defensive strategy that is designed to soften the impact of adverse globalization effects is the formation of the European Globalization Adjustment Fund (EGF) whose purpose is to help in the proactive restructuring of economic sectors for sustaining desired competitiveness (European Commission 2006). The creation of the EGF will help fend off globalization’s undesirable impact as the EU proceeds with further trade liberalization. Global economic integration is an incremental process that is not receiving a fair opportunity to grow amidst the current chaotic new world order, as dominant economies push for increased trade liberalization and subordinate economies, in defense of national interests, guard against it.

### **The Factor Education and Its Dual Advantage**

The institutionalization of the effort to globalize the world economies is a conceptual model that can be used to target limitations or weaknesses in a way that would produce synergistic effects. If we assume the full impact of globalization to be both economic and sociological we, then, should

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try to identify the criteria or the approach that could effectively help weave up a harmonious co-existence of economic and sociological evolution. The dynamic that has a concurrently favorable impact on economic and social progression, without adverse effects, is education. The duality of education refers to its impact on competitiveness and sociological upgrade with favorable effects on cultural evolution. In terms of the former, competitiveness, improving competi-

tiveness will help in an economy's exposure to increased trade and foster a market environment that would be better prepared to effectively manage the pressures of global integration. In Europe, a number of regions have shown a positive correlation between their educational infrastructure and increase in their economic competitiveness (Brioschi, Cassia, 2006). In terms of the sociological upgrade education is a safe and

effective catalyst in helping to fashion expectations of exchange and acceptance of symbiosis of diverse cultures. Pedagogy helps deepen the understanding of diversity by shedding light on the dynamics of existing obstacles present in diverse environments (Morales, 2005). A country's dialectical progression on the ladder of globalization is perceived to be optimum when such progression is based on the integrated advancement of the socioeconomic environment of the country. Such advancement is not likely to be characterized by maximum economic efficiencies due to its socioeconomic positioning, however, it is likely to produce a steadfast and unyielding movement toward a sustainable global environment. That is, in a purely economic growth-oriented envi-

ronment the focus of the metrics is on economic efficiencies as opposed to the focus of socioeconomic goals whose metrics include the measuring of both economic as well as social efficiencies. Thus, socioeconomic progress is preferable to economic progress given the net value resulting from goal integration, the dominance of the socioeconomic concept versus that of economic, and, the long-term proclivity of inequality in the allocation of economic gains, rendering the goal of socioeconomic progress supreme and more strategic. The pursuit of socioeconomic progress would require a new emphasis, a new form of institutionalization. This "new institutionalization" would be an integrated body of effort resulting from the partnering of government, the multinational enterprise, the academic sector and supranational agents such as WTO. This model presupposes that global economic integration might best be achieved by the orderly progression of regional and interregional integration and that liberalization is enhanced by mitigating imbalances and improving the socioeconomic aggregates of the individual countries. For instance, in the case of ASEAN, Singapore sought to sign a security agreement with the U.S. that extends beyond the economic relationship between the two countries denoting the need to satisfy socioeconomic imperatives (Pang, 2007).

## **Discussion**

The argument presented sheds light into the innate complexity of the process of globalization emphasizing the nature and potency of the challenges that are facing established global economic players and regional trading blocs. The nature of challenges refers to the positioning and the drive of globalization to maximize economic payoff. The potency of challenges has a qualitative dimension and refers to globalization's expected maximization of economic value. As noted earlier, the institutional and transnational agents of globalization will likely have to shoulder the task of meeting the above challenges. This position is further legitimized by the increasing inability of national governments to provide leadership, as supranational governmental designs have

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eroded their traditional impact (Polychroniou, 2005). The transnational company, under this new and unofficially mandated blueprint, will have to expand its gamut of fiduciary responsibilities to include social and environmental sensitivities. Already challenged by its very nature, which is to optimally combine the multi-domestic and global designs, the transnational's added role is to assume leadership in providing catalytic assistance to the unimpeded proliferation of globalization by transnationalizing the process of globalization. This role of the transnational company may be collectively encouraged and elevated by a coherent policy emanated from relevant supranational institutions. The above restructuring is likely to require the taming of global capitalism and its subtle reorientation from achieving ultra-efficiencies to creating a friendlier sociopolitical environment in which globalization might gain greater ac-

ceptance and avoid discontinuities. This model capitalizes on the evolving traditional, government-centered structures of power, into a multi-center, collaborative, interdependent, diverse power-base which cannot be effectively managed using the approach used to manage traditional structures and their relevant relationships. For instance, intercultural permeation and the likely resulting dislocation must be effectively managed and mitigated. No single governmental entity could possibly contain and effectively lead the volatile environment that the process of globalization is producing. Simply, this is so because of globalization's multi-dimensionality and reach. For instance, global-wide objectives such as climate change or environmental protection, taken up in the Kyoto treaty, reflect the validity of the above argument for a new approach to manage the contemporary globalization process and assure its continuity.

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## Global Talent Management and Learning for the Future: Pressing Concerns for Japanese Multinationals

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It is both a professional and personal pleasure to be invited to speak here today at the Toshiba Training Center. Professionally, after more than twenty years of research, teaching, and consulting on workforce integration and strategic alignment in global mergers and acquisitions, I am grateful to be given the opportunity to share with such a distinguished group of Japanese managers my thoughts on the most pressing concerns for Japanese Talent Management in the 21<sup>st</sup> Century. Personally, it is with a mixture of joy and nostalgia to be here in Yokohama, the port-city that served as the door to Japan through which my family entered and departed on board the American President Lines during my seventeen years upbringing in Japan. Memories of being sent off on a fourteen-day sea voyage to the United States with colorful streamers and copious tears and then greeted again with deep bows of sincere welcome by our extended adopted Japanese family and friends are still very vivid in my heart and mind.

Our first speaker was American and characteristically commenced his talk with a joke. Our second was Japanese and, also in keeping with national character, commenced his talk with an apology of sorts. Having been born and raised in Japan and often described somewhat aptly as an “egg”—white on the outside, yellow within, I am going to spare you a feeble attempt at an apologetic joke and start rather simply with an acknowledgement of deep appreciation for the opportunity to share with you what perhaps by now I could refer to as my “scrambled egg” sensibility on these issues.

Multinationals are at a crossroads in Global Talent Management — in particular,

as it relates to economic power shifts and changing demographics as companies strive to mobilize global workforces in a race for the future while racing for the world. In today’s fast-paced, quick-to-market, knowledge-intensive playing field of global business, the multinational firm is the promised means for leveraging and exchanging knowledge between locations and across organizational domains. Yet, in order to realize this potential with diverse workforces separated by time, space and economic development, substantial workforce management efforts by all multinationals regardless of country-of-origin must occur in the coming years. At this crossroads we find the complexities of *culture* (national, ethnic, organizational, industrial, occupational, and so on), *contexts* (home, global, virtual, and so on), *technologies* (knowledge-based and constantly changing), and *leadership* (global as well as local) as the key challenges along the path to achieving the transformational objective of becoming 21<sup>st</sup> century organizations capable of mindful, resourceful and effective global talent management.

### Summary of Pressing Concerns in Global Talent Management (GTM)

1. Much of the past globalization of the labor force has been enabled by internet technology and driven by a desire to cut labor costs. This motivation is now being balanced by other pressing objectives, such as continuous production and, most notably, access to and the leveraging of wider talent pools. The shift from replicative offshoring of mass production to accessing global talent pools leads to



various challenges such as less specific knowledge sharing, more innovative combinations and reverse knowledge flows in learning from the periphery. Consequently, global talent management needs to take on fuller management dimensions including, for example, providing the conditions and structures for nurturing and motivating not only co-creation but also co-innovation and ongoing knowledge-sharing.

2. The use of “offshore” workforces has expanded significantly to include small and mid-sized organizations. This trend will continue to grow such that the “global workforce” will become more and more a reality. Accordingly, global talent management will need to include integrating structures and processes for mobilizing and sustaining this global workforce that is globally dispersed yet may be very local. Small subcontractors seldom have much global/ multicultural experience.
3. The cultural makeup of this wider employment pool—both abroad as well as at home—is becoming more and more complex. As such, nationality as cultural indicator is becoming less and less elucidatory. Rather, multifarious cultural hybrids such as Jac Nasser (the Middle Eastern/Australian, previous CEO of Ford Motor Company) or Carlos Goshn (the Lebanese/Brazilian/ French double CEO of Nissan Motors and Renault SA)—biculturals and multiculturals—are increasingly becoming the new demographic. This is the case not only in regards to chief executive officers and managers but even more so among the global workforce. In fact, the cultural hybrid is fast becoming the most significant and growing demographic in the global workforce. The employees who make up this demographic cannot be characterized as either from X or Y culture, but are generally a mix of the cultures-of-origins that have formed them. Further, whereas they might be less cosmopolitan and worldly than Carlos Goshn or Jac Nasser, they possess inherent cultural bridging skills that multinationals would benefit greatly from should these skills be recognized,

appreciated and leveraged.

4. The majority of multinationals and new international players still operate under a “double standard” with respect to workforces in the developed and developing world. Workforces in the developing world are often treated as commodities. This is evidenced by the burgeoning practice of offshore outsourcing to third-party management. As the developing countries (for example the BRIC countries—Brazil, India and China) begin to take their places as economic lead markets and as immigrant workers from these developing countries take their places in workforces in first-world economies, such double standards will no longer be opaque and will likely not be tolerated. As such, multinationals will be held more accountable for global consistency in their human resource management practices.
5. Due to a rapidly changing economic and demographic global landscape consumer power will also be steadily shifting to future powerhouses such as China and India. Employers will need to rethink their practices and become competent in long-term talent management across their global operation. Further, multicultural managers will need to learn how to integrate, facilitate and leverage local portions of the workforce with bicultural/ multicultural workers.
6. Mindful, effective, long-term global talent management will require deep cultural sensitivity, contextual acuity, knowledge-sharing capability, as well as globally sophisticated and agile leadership.

*Employers will need to rethink their practices and become competent in long-term talent management across their global operation.*

### **Key Challenges for Japanese Multinationals**

1. Cultural Sensitivity: Understanding, valuing, and mobilizing complex cultural workforces requires cross-cultural adaptability skills that are not typically found in the monoculturally-based human resource

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toolboxes of homogeneous societies like Japan (nor the U.S. for that matter). Due to the changes in the economic and global demographic landscape Japanese multinationals will not only have to manage more and more diverse workforces worldwide, but also, on the home front, Japan will again (as it did prior to the post-bubble recession) need to consider the opening its doors to immigrants. This time the need will be more pronounced coupled with the diminishing workforce exigencies

due to the aging of the Japanese populace and low birth rate. The challenge for Japan will therefore be in opening to new ideas and practices involving workforce diversity in markets and organizations—abroad as well as at home. This is a big challenge at it would entail loosening up a fundamental Japanese cultural distinction between foreign and home (*uchi/soto*). Rather than limiting the use value of foreign ideas to the periphery, Japanese multinationals will need to find creative ways to integrate such ideas at home.

2. **Contextual Acuity:** Contextual acuity refers to the extent to which a person pays attention to and accurately perceives various aspects of the environment. A high level of contextual acuity—both on the sender and receiver side—is a fundamental and necessary antecedent to the successful development of cultural sensitivity, cross-cultural adaptability and knowledge-sharing capabilities. Because the Japanese culture is what anthropologists call “high context”—one that puts high emphasis on non-articulated, peripheral, and situational factors, Japanese tend to be more aware of context than other “low context” cultures. So, in this regard, Japanese managers have an advantage. However, in order to leverage this advantage, Japanese managers must learn to focus this contextual awareness beyond

understanding and adapting to others, to understanding, making transparent, and sharing information about their own context across cultural domains and organizational subunits.

3. **Knowledge-Sharing Capability:** In the 21<sup>st</sup> century knowledge creation, integration and the leveraging of such “new” knowledge are considered the *raison d’être* of multinational firms. As such, the mandate of the multinational is to be the most effective vehicle for sharing and leveraging knowledge between locations and across knowledge domains and organizational subunits. In order to do this, firms need managerial talent with a deeper understanding of the nature of knowledge and of the difficulties involved in knowledge sharing. Whereas Japanese firms have been successful in transferring simple (explicit, codified and seemingly universal) knowledge (the Toyota Production System being a good case-in-point), it is a much greater challenge to innovate by sharing and combining knowledge inputs from diverse and dispersed sources of complex (tacit, emergent and context dependent) knowledge. The latter requires both a profound awareness of the importance of the contexts from which such knowledge originates and toward which it is being taken and put to use, as well as an appreciation for how the knowledge has been learned. The more tacit and deeply-embedded in the sender’s psyche and socialization experience the knowledge is, the harder it is to identify, bound and move the knowledge. At the same time, this type of knowledge is the most valuable knowledge in terms of innovative and synergistic potential.
4. **Agile Global Leadership**—In my experience working with Japanese managers of large multinationals “acting global” is often viewed as their biggest challenge or what we call in English, their “Achilles heel.” An executive from Fujitsu I regularly coach recently summed-up his view of this handicap in saying, “It is not in my DNA to be global.” This says a lot. Even though this executive travels frequently throughout the world and spends at least

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a third of his year in the Silicon Valley, he has a hard time thinking and acting as an executive of a global company versus focusing on what is good for the Japanese customers and employees. Is this really a question of DNA, or a resultant of how he has been socialized throughout his organizational life? I do not think it is an over-exaggeration to point out that the future success of Japanese multinationals rests in large part on the answer to this question. If it is indeed a question of DNA, then there is really nothing to do but admit the limits of Japanese global talent management. If it were in fact a socialization outcome, then changing the mindset of Japanese managers toward one that would be more globally sensitive, self-aware and agile, however much of a stretch this might be for a particular manager, would be a worthwhile goal.

What would it take for Japanese managers to be globally agile? In my opinion, in addition to overcoming the three key challenges I've just spoken about: cultural sensitivity, contextual acuity and knowledge-sharing capabilities, Japanese multinationals need to make some rather significant changes in the way things are done at home. Specifically, there needs to be deep changes in the traditional decision-making processes of Japanese firms as well as in their hierarchical, center-out organizational approach to managing across distance and differentiated contexts.

In regards to the former, whereas the complex decision making structures and processes of Japanese firms with their many checks and balances, and input and scrutiny from various levels of the organization are very good at managing the incremental evolution of their businesses, such decision-making structures are ill-suited for handling sudden changes, convergence, and redefinition of industries. Sony's difficulties over the past decade, as well as newer multinationals such as Softbank have a lot to do with this challenge. The recent merger and acquisition activity by such mature Japanese firms as Oji Seishi that recently acquired Hokueitsu Paper and Aoki Holdings that acquired

Futata are telling exceptions that underscore the future challenges from industrial change and corporate redefinition faced by domestic Japanese firms in today's fast-paced, quick-to-market global economy.

In regards to the hierarchical organizational structure of Japanese firms, such structures drive a very "center out" strategy and what a colleague of mine and leading strategic management "guru" from INSEAD, Yves Doz, calls a "long thin arm syndrome" in Japanese MNCs. This makes global innovation particularly difficult for Japanese firms. Even when companies are actually global in the nature of their business and their way of working, and the Japanese expatriate managers themselves have well-honed cross-cultural adaptability skills, the lack of agility on the part of the parent company curtails the use of local talent or effective links with local talent (e.g. Mitsubishi trading).

I would like to end with an anecdote in regards to the concept of "Leadership" from one of my personal experiences in Japan. When I was conducting research for my dissertation (actually research on another M&A outcome of Oji—Kanzaki Seishi), as a single mother, I would often bring with me to Japan my daughter, Nora, who was just four years old. I, or my father, who was a professor at ICU at the time, would take Nora to the local hoikuen near the ICU campus. One day as I was waiting for Nora outside the hoikuen with all the other mothers at the end of the day, one of the mothers asked me what I was doing here in Japan. I explained I was doing research for my dissertation so that I can get my Ph.D. and become of professor of Organizational Behavior. She asked, "what's that?" And I proceeded to explain that it was the study of groups and the skills managers need to manage them such as motivational skills, communication and leadership, etc. Then, this woman, who was quite gutsy and outspoken for a Japanese woman stopped me right there and scoffed, "leadership?" "Leadership?! That's what's wrong with America. You train everyone to become a leader. Out of one hundred people all you need is one leader. So, why do you

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spend so much time and energy training people to be leaders? In the end only one person makes it. And then what happens? Ninety-nine people feel like failures and the one who makes it has no respect for those who didn't. Not a great foundation for organizations!"

This woman possessed great wisdom. We don't need as many leaders as team players. And, for the last twenty-five or so years while teaching at American business schools I have kept her comment in mind as I emphasize teamwork and the importance of harmonious subordinate relations.

Yes, it is true that we don't need so many leaders. And, this is a point well-taken and well-modeled in traditional Japanese talent management. However, as Japan, like all advanced nations, is faced with the exigencies of global talent management, now is a time where the Japanese concept of leadership needs to stretch beyond promoting harmony in superior/ subordinate relations and so on at home, to extending these qualities to the greater global domain—exercising global leadership agility through cultural sensitivity, contextual acuity, and knowledge-sharing capabilities abroad as well as at home.