The Future China Business Leader

THE CHALLENGES OF BEING A GLOBAL LEADER IN AN ERA OF “PAINFUL HAPPINESS”
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The Future China Business Leader

The challenges of being a global leader in an era of “painful happiness”

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Foreword

China’s business environment has never been more challenging and complex. It remains a country in transition, with the only certainty being that even more challenges and greater complexity lie ahead for business leaders and companies, be they state owned or privately held Chinese firms, joint ventures, or multinational behemoths headquartered outside the country.

Slowing economic growth, along with the constantly shifting and often erratic business, social, and political environment both globally and in China, requires a new and innovative brand of Chinese business leadership—one that blends a more collaborative and adaptive global mindset with the very best of relevant local traditions, experience, and culture. Future business leaders in China must be willing to let more of the outside world in, and, as they go global, embrace diversity, understand the essence of true collaboration, and develop a meaningful value system that stresses teamwork, integrity, and talent development. They must be capable of inspiring innovation and modeling ethical behavior.

According to participants in the Future China Business Leader project, what lies ahead for China is a period of painful happiness, one that promises great reward from the fruits of globalization, if leaders and organizations succeed in what promises to be a difficult journey of change and transition to adapt to the evolving economic and social landscape. Slowing (but still enviable) economic growth, looming but uncertain policy reforms, the outward race for global expansion, and the intensified impact of globalization internally are combining to offer potentially large gains—but it will require some painful adjustments by business leaders to take full advantage.

So what does this new leadership style, one that is unique to the Chinese experience but translatable to the global stage, really look like? And how does one get there? These are questions that are simply too big for one person or one organization to answer effectively. Welcome to the Future China Business Leader project, an ongoing crowd-sourced dialogue focused on developing leadership solutions for the Chinese business community, by the Chinese business community. At the heart of the Future China Business Leader project is the un-Conference—a new type of interactive event using in-person facilitated breakout sessions, informal discussion groups, live polling, and multiple social media channels to define the development of future leaders in the country. The un-Conference in China took place in Shanghai from May 22 to 23, 2014.

Harnessing the power of co-creation and crowd sourcing to find peer-developed solutions and best practices to the leadership puzzle, The Conference Board un-Conference brought together more than 75 of the country’s most experienced human capital practitioners, senior business executives, and industry experts, representing more than 50 organizations, for a two-day deep dive into the essentials of business leadership in China. In a true spirit of peer assist, many questions were answered; but many answers were also questioned.

To assist and facilitate the crowd-sourcing sessions, The Conference Board teamed with several of the country’s most effective and respected business organizations and consulting firms to find solutions and define future actions.
One result of this singular and highly energetic peer-to-peer dialogue is this report, which features problem definitions and crowd-dictated solutions in the very words of the participants in the Future China Business Leader project. This report highlights quotes from un-Conference delegates throughout and features several “The Crowd Thinks...” sidebars that reflect, in their own words, the insights of delegates during their breakout discussions. There are also numerous links to video clips of regional human capital practitioners and business leaders looking ahead at the demands of business leadership in China.

The era of “digital abundance,” which features an overwhelming volume of information delivered at dizzying speed, means the “wisdom of crowds” has the potential to be a game changer—if harnessed effectively by China’s business leaders. The next generation of leaders must understand that problems can be solved by expert networks outside the traditional employee domain, and that others outside the inner personal and corporate circles may have the best solutions. This will require future business leaders in China to become truly collaborative, develop the ability to trust nontraditional partners, and seek solutions in nontraditional forums.

Firms in China, whether focused on international or domestic markets, will not be immune to pressure for organizational change as global businesses search for a way of working that is relevant and effective in all regions. The Conference Board believes the un-Conference and the Future China Business Leader project will contribute mightily to this unconventional search for crowd-sourced solutions.
About the Future China Business Leader Project

The Future China Business Leader project is an ongoing crowd-sourced multimedia dialogue focused on creating leadership development solutions for the business community in China, by the business community in China. An essential part of the project is the un-Conference—a new type of interactive event using in-person facilitated breakout sessions, informal discussion groups, live polling, and multiple social media channels to define the development of future leaders in the region. The initial China un-Conference took place in Shanghai from May 22 to 23, 2014, and followed similar events focused on business leadership in Bangalore, India, on January 22 and 23, 2014, and in Kuala Lumpur in June 2013 for the ASEAN business leadership community. The aim of these projects is to sustain a long-term interactive multichannel dialogue among participants as organizations and individuals share new techniques and effective practices in the field of leadership development. To stay connected to the Future China Business Leader, check out the group on LinkedIn at The Conference Board 2014 Future China Business Leader un-Conference.

About the data

The data used in this report were compiled through instant polling of un-Conference participants on-site in Shanghai on May 22 and 23, 2014, by Pigeonhole® Live. Pigeonhole Live enables conference attendees to post and vote for questions using their mobile device. Speakers can then identify questions to address on the spot, taking into account the popularity of questions. For further information about this service, go to http://www.pigeonholelive.com/.

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Executive Summary

The message from participants in the Future China Business Leader project could not be clearer: If you are a business leader in China today, be warned: what got you where you are is not going to be enough to keep you there in the future.

Participants at the un-Conference note that, when it comes to developing a sustainable pipeline of leadership talent, many organizations in China are victims of the country’s decades of economic success. The short-term, unbridled, frantic pursuit of performance and top-line business growth have blinded organizations to the need to develop organizational and leadership competencies capable of building a sustainable leadership pipeline and developing new types of future leaders capable of adapting to a more diversified and slower-growth business environment.

With the gradual shifting of the world’s center of economic growth from West to East, China will need more leaders and will need those leaders to be global thinkers: visionary, innovative, and empathetic.

While most organizations in China have a business strategy to meet the economic challenges ahead, few, if any, have formally aligned their talent and leadership development programs with their company’s future business objectives. The failure to co-create these strategies and develop them in tandem is one of the biggest obstacles to forging the new type of Chinese business leader that is required.

From two days of rich interaction, delegates at The Conference Board 2014 Future China Business Leader un-Conference wrestled with the challenges of what it means to be a business leader in China, not only today, but, more importantly, tomorrow. Among the discoveries that surfaced at the un-Conference are:

The Drivers of Change Affecting the Future Chinese Business Leader

1 The changing role of China and Chinese leaders on the global business stage
   More prominence means more and varied demands for performance, versatility, and a global mindset.

2 Chinese organizations that have gone global will be forced to accept different leadership styles
   Future business leaders will have to adopt different working styles when they work abroad.

3 The impact of imported ideas
   Ideas from Chinese business leaders who have traveled, lived abroad, and returned are already having an impact on organizations’ views as to what is essential for future leadership success.

4 The local regulatory environment is unpredictable
   The lack of consistency in regulatory enforcement challenges leaders.

5 The emergence of cost pressures
   The demand for operational efficiency in a slowing economy is already being felt.

6 China’s aging population
   In the future, China will have a smaller workforce supporting a growing number of older nonworkers.

7 Rising expectations for good corporate citizenship; breakdown of consumer trust
   In light of the country’s environmental crisis and concerns about corruption, businesses are being held more accountable for their behavior.
8 Rising income inequality and the potential for social instability A widening gap between “haves” and “have-nots” not only heightens the potential for social unrest, but it also has the potential to stymie economic growth in the long term.

9 Shift in core strength of Chinese society There is now a mad chase for wealth instead of tapping into passions and purpose in life. Confucian tenets still dominate society, but materialism is making headway.

10 Shift in customer base and expectations for quality Future business leaders must develop a better sense of “the customer,” better understand consumer trends and fads, and be more agile in meeting those demands.

11 Creating opportunities for women/ gender equality It is time to recognize that the differences between female and male leaders (e.g., diversity of thought and leadership approach) actually benefit organizations.

12 Generational conflicts need to be managed In China, these generational differences are aggravated by the influence of Western culture and values.

13 The workforce must be more mobile In China, leadership talent is not considered to be very mobile, which exacerbates the talent shortage and skills/location mismatch.

14 Corporate culture versus national culture There is constant tension in the workplace between the national culture and corporate cultures, especially in multinational corporations (MNCs).

The Essentials for Future Business Leaders in China

During breakout sessions at the un-Conference, participants developed a comprehensive list of values, behaviors, competencies, experience, and knowledge that will be essential for future business leaders in China. Among the essential:

VALUES/PERSONAL ATTRIBUTES
• Collaborative
• Integrity
• Agile
• Inspirational
• Self-aware

BEHAVIORS
• Courageous and bold enough to challenge the status quo
• Ethical
• Accountable and willing to hold others accountable
• Mobile, including transferable skill sets; willing to follow nontraditional career path
• Willing to take risks, less fear of mistakes or failure

COMPETENCIES
• Has global mindset
• Strategic thinker/forward looking/problem solver
• Effective communicator
• Change leader/change influencer/change manager
• Talent optimizer: a leader who focuses on talent nurturing and successor development
Challenges in Development: Filling a Spiritual Void

Participants believe that, while there is much to admire in Chinese business leadership styles today, leaders still need to adapt their style considerably to meet a rapidly changing global environment. While Chinese business leaders are certainly pragmatic, there seems to be a motivational void of sorts in the Chinese business world. Future business leaders will need more than pragmatism to drive them; they are looking for a value system, a set of beliefs that gives them and their teams a greater purpose. Participants note that a key challenge for leadership development professionals is to help those leaders find real purpose—once they have that, the right behaviors will follow.

Making the leap from successful regional leader to a player on the global stage will require a shift in mindset and an acceptance that, at least for now, people outside of China are making the judgment on what constitutes effective global leadership in business.

For human capital professionals, there is a need for more empathy. Often the focus within organizations and the HR function is on the challenges faced by those who develop leaders rather than on the leaders being developed. There needs to be more professionalism in the talent management and leadership development functions, with greater alignment to business goals. Leadership development needs to be raised to the strategic level.

### The future Chinese business world will see...

- More compassionate business leadership.
- More Chinese companies going global, exporting Chinese culture and management techniques, as well as a rise in meaningful cross-cultural collaboration.
- An explosion of consumer-centric R&D as companies develop China-designed and -made products for global markets, and an increase in “cross-branding” collaboration for bringing product to global markets.
- More value-centered organizations as people look for meaning at work—as new generations of workers demand more autonomy, freedom, empowerment, and flexibility.
- Recognition that sustainability is a responsibility for all, with a voluntary emphasis on “clean tech” and “green tech.”
- Higher costs of doing business, ranging from wage inflation and operating expenses to meeting environmental regulation and quality expectations of consumers.
- Diversity awareness and recognition of the need for diversity in management.
- Stronger labor protections and more attention to work/life balance.
- Younger leaders at the helm in meaningful positions, both within local companies and in MNCs, as new generations come into the workforce more confident, more tech savvy, and world wise.
- More susceptibility to global boom/bust business cycles and the need for more efficient operational management, with an emphasis on improving worker productivity—the ability to do more in fewer hours. Organizations must “right-size” as growth slows. Layoffs will need to be implemented in some sectors.
- A concerted effort by business and government to overcome the language barrier: generally, Chinese business leaders have not attained the foreign language skills needed for personal interaction on the global business stage.
The Compelling Case for Change

According to participants in the Future China Business Leader project, what lies ahead for China is a period of painful happiness—one with bigger opportunities, greater risk, more competition, and higher stakes. Slowing (but still enviable) economic growth, looming but uncertain policy reforms, the outward race for global expansion, and the intensified impact of globalization internally are combining to offer potentially great reward—but it will require business leaders to make some painful adjustments to take full advantage.

While the global center of economic gravity continues (albeit more slowly than in the past decade) to shift from the West to the East, the realization that China will be expected to play an even more important and influential role on the global stage means future business leaders will need to adapt their leadership styles to be more self-aware, become authentic change leaders and talent developers, and broaden their managerial skill sets to fit a new era of globalization.

“I don’t think execution is an issue for Chinese leaders. The top challenge for business leaders in China is not their professional skills. It is their ability to translate their success in China across borders and in diverse environments. Our leaders struggle to connect in a diverse environment. They are just not comfortable or assertive enough outside of China.”

un-Conference participant

And, according to participants on the Future China Business Leader project, while most organizations in China have a clear and evolving business strategy to meet the challenges ahead, few, if any, have a leadership development strategy that matches it. Participants see the failure to create these strategies in tandem as one of the biggest obstacles to developing the new type of Chinese business leader that is required.

Too often, organizations use yesterday’s tools and filters to develop tomorrow’s leaders. The current paradigm of leadership development in China and in many places around the globe—cloning an organization’s current leaders, shortcomings and all—presents a danger that companies and their leaders will become irrelevant and isolated in an environment that demands a new type of dynamic and culturally aware leader who is able to perform on a global stage. The future of business leadership in China will need to be different from today’s hierarchical command-and-control leadership style, with its primary focus on a regional, rather than global, identity.

Participants in the Future China Business Leader project believe that the rules of the game in China are significantly different than elsewhere—and are changing because of globalization. Leaders have to be aggressive, yet patient; respectful, but unafraid to question when necessary; receptive to change and outside influence, rather than defensive—all while seeking opportunity in adversity. Developing an effective leadership pipeline is a challenge anywhere in the world, but human capital professionals in China must be successful against a backdrop of rapid global expansion; social, cultural, and political upheaval; and significant demographic change. For MNCs in China, language adds yet another significant obstacle.
Participants say organizations in China also struggle with diversity—not just gender diversity, but the urban/rural divide, as well as rising income and wealth inequality. They see a clear failure within organizations to leverage diversity of thought to improve performance and broaden the horizons of management teams.

The strength (or lack) of an organization’s leadership bench is especially pertinent in China—without the right leaders, organizations cannot achieve quality growth. After all, strategies are only as good as the people who execute them.

“Globalization for a Chinese business leader creates specific challenges. Chinese leaders can be very strong and sometimes single-minded. But placed in an international setting, the behaviors that work at home do not work elsewhere. They have to adapt to another kind of relationship, a real partnership of equals and being part of or leading strong teams. There is a trend that we think of ourselves as the first priority. Meaningful delegation or reliance on a team is a sign of weakness.”

un-Conference participant

EXPERT VOICES

Anne Myong, chief financial officer, Walmart, says companies need leaders in China who understand how to navigate an emerging-market environment and the cultural elements of operating in China, while respecting the corporate culture of their company.

http://youtu.be/Y021ggp-V9w
http://v.youku.com/v_show/id_XNzU2MTk3NDcy.html
The Crisis Defined: Business Leaders Are Not Prepared for the Challenges Ahead

Fully 100 percent of participants in the Future China Business Leader un-Conference say challenges for business leaders in China will increase in the next three years. However, 73 percent believe they do not have the leadership bench strength to meet these challenges successfully. And developing that bench strength is extremely challenging. Fully 100 percent of respondents to the instant polling survey at the un-Conference said it is “difficult” or “very difficult” to find, develop, deploy, and retain local leaders in their organizations.

Perhaps more telling is a failure to address the upcoming gap. While almost two-thirds of project participants said they do have a leadership model in place, many admitted they struggle to keep it relevant in the changing global and regional business environments and to deal with the new realities on the horizon. A third of participants said their model has not changed in the past three years.

“One difference between global leaders and business leaders in China is that Chinese leaders do not develop successors. They don’t develop talent pipelines at the most senior level. Here, strong companies are about one strong leader, and some companies are beginning to pay the price for not having enough leadership bench strength.”

Chart 1
Insufficient bench strength to meet future challenges underscores China business leadership crisis
Do you believe your company has a leadership bench sufficient to meet these challenges?
(N=15)

<table>
<thead>
<tr>
<th>Definitely yes</th>
<th>Probably yes</th>
<th>Probably not</th>
</tr>
</thead>
<tbody>
<tr>
<td>7%</td>
<td>20</td>
<td>73</td>
</tr>
</tbody>
</table>

Chart 2
Finding, developing, and retaining business leaders in China is a critical challenge
How difficult is it to find, develop, deploy, and retain local leaders to support your organization’s business needs?
(N=19)

<table>
<thead>
<tr>
<th>Difficult</th>
<th>Very difficult</th>
</tr>
</thead>
<tbody>
<tr>
<td>79%</td>
<td>21</td>
</tr>
</tbody>
</table>

Chart 3
Many leadership models fail to change with the times
Has your company’s leadership model changed in the last three years?
(N=21)

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>67%</td>
<td>33</td>
</tr>
</tbody>
</table>

Source: The Conference Board from audience polling at the un-Conference events.
CEOs Believe Leadership Is Critical for Success

To counter this emerging slow-growth trend, CEOs in both China and across the globe are focusing on stronger business leadership within their firms by both pushing and enabling leaders to drive change and boldly innovate (and even fail) in a performance-focused environment. In the 2014 edition of The Conference Board CEO Challenge™ survey, in which CEOs are asked to rank their top challenges for the coming 12 months, respondents globally ranked Human Capital first. Human Capital ranked second in China and first in the rest of Asia. The focus on talent is easy to understand. Human capital is, in essence, the thread that runs through the other top-ranked challenges and forms the basis for C-level action. Leadership development and succession planning are seen as critical to meeting the talent challenge.

Throughout Asia, and especially in China, staff and leader performance and accountability is top of mind as CEOs work to counter the slowing productivity trend. While improve performance management processes and accountability is a top-five strategy to address the Human Capital challenge globally, it is the top Human Capital strategy in China, as well as the rest of Asia. Underscoring the focus on building a performance culture, enhance effectiveness of the senior management team is the second most-favored talent-related strategy in China—the highest ranking anywhere in the world and up from seventh in 2013. Improve effectiveness of front-line supervisors and managers is sixth (up from ninth in 2013) in China, the second-highest global ranking. It is hard to imagine how employees could be retained, developed, and encouraged to take risks without a cadre of strong managers and senior leaders doing an effective job of articulating strategy, developing talent, ensuring performance, inspiring innovation, and aligning efforts.

Table 1
The Human Capital challenge cuts across all regions; CEOs in China also see political and economic risk as an issue

<table>
<thead>
<tr>
<th>Challenges 2014</th>
<th>Global N=1,020</th>
<th>China N=139</th>
<th>Europe N=105</th>
<th>Latin America N=114</th>
<th>United States N=233</th>
<th>Asia N=479</th>
<th>ASEAN N=180</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human capital</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Customer relationships</td>
<td>2</td>
<td>5</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Innovation</td>
<td>T3</td>
<td></td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Operational excellence</td>
<td>T3</td>
<td></td>
<td></td>
<td>3</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Corporate brand and reputation</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
<td>T5</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Global political/economic risk</td>
<td>6</td>
<td>7</td>
<td>6</td>
<td>6</td>
<td>7</td>
<td>T6</td>
<td>8</td>
</tr>
<tr>
<td>Government regulation</td>
<td>7</td>
<td>9</td>
<td>9</td>
<td>5</td>
<td>T5</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td>Sustainability</td>
<td>8</td>
<td>4</td>
<td>8</td>
<td>10</td>
<td>8</td>
<td>T6</td>
<td>6</td>
</tr>
<tr>
<td>Global/international expansion</td>
<td>9</td>
<td>10</td>
<td>5</td>
<td>7</td>
<td>9</td>
<td>T9</td>
<td>9</td>
</tr>
<tr>
<td>Trust in business</td>
<td>10</td>
<td>8</td>
<td>10</td>
<td>9</td>
<td>10</td>
<td>T9</td>
<td>10</td>
</tr>
</tbody>
</table>

N=Number of overall responses. The response rate varies for each challenge. Each score represents the mean of the ranks given the challenge. In addition to other countries, the Asia category includes China, India, and Australia. T=Tie.

## Table 2

CEOs in China are focused on retention, engagement, training, and leader effectiveness

<table>
<thead>
<tr>
<th>Human Capital Strategies 2014</th>
<th>Global (N=738)</th>
<th>China (N=90)</th>
<th>Europe (N=72)</th>
<th>Latin America (N=95)</th>
<th>United States (N=169)</th>
<th>Asia (N=335)</th>
<th>ASEAN (N=133)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide employee training and development</td>
<td>1</td>
<td>5</td>
<td>T4</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Raise employee engagement</td>
<td>2</td>
<td>8</td>
<td>2</td>
<td>1</td>
<td>5</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Improve performance management processes and accountability</td>
<td>3</td>
<td>1</td>
<td>8</td>
<td>3</td>
<td>4</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Increase efforts to retain critical talent</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>T5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Improve leadership development programs</td>
<td>5</td>
<td>10</td>
<td>1</td>
<td>4</td>
<td>T5</td>
<td>11</td>
<td>9</td>
</tr>
<tr>
<td>Focus on internally developed talent to fill key roles</td>
<td>6</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>10</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td>Enhance effectiveness of the senior management team</td>
<td>7</td>
<td>2</td>
<td>6</td>
<td>8</td>
<td>3</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Improve effectiveness of front-line supervisors and managers</td>
<td>8</td>
<td>6</td>
<td>14</td>
<td>5</td>
<td>7</td>
<td>T7</td>
<td>6</td>
</tr>
<tr>
<td>Improve corporate brand and employee value propositions to attract talent</td>
<td>9</td>
<td>9</td>
<td>T4</td>
<td>13</td>
<td>12</td>
<td>T7</td>
<td>11</td>
</tr>
<tr>
<td>Improve succession planning for current and future needs</td>
<td>10</td>
<td>15</td>
<td>T10</td>
<td>9</td>
<td>8</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>Hire more talent in the open market</td>
<td>11</td>
<td>11</td>
<td>T10</td>
<td>11</td>
<td>9</td>
<td>12</td>
<td>14</td>
</tr>
<tr>
<td>Redesign financial rewards and incentives</td>
<td>12</td>
<td>3</td>
<td>19</td>
<td>12</td>
<td>13</td>
<td>9</td>
<td>5</td>
</tr>
<tr>
<td>Promote and reward entrepreneurship and risk taking</td>
<td>13</td>
<td>12</td>
<td>13</td>
<td>10</td>
<td>11</td>
<td>13</td>
<td>16</td>
</tr>
<tr>
<td>Increase diversity and cross-cultural competencies</td>
<td>14</td>
<td>14</td>
<td>9</td>
<td>17</td>
<td>T15</td>
<td>14</td>
<td>13</td>
</tr>
<tr>
<td>Expand talent pools by recruiting nontraditional workers</td>
<td>15</td>
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<td>Invest in education systems to improve workforce readiness</td>
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<td>Pay more attention to labor relations issues</td>
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<td>Manage multigenerational workforce</td>
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<td>Require the use of analytics to articulate the business impact of key human capital initiatives and programs</td>
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<td>Increase the use of contractual or contingent workers</td>
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<td>Encourage use of social media for talent recruitment and acquisition</td>
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<td>Decrease the use of contractual or contingent workers</td>
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N=Number of overall responses. The response rate varies for each challenge. Each score represents the mean of the ranks given the challenge. T=Tie.

Setting the Context: A Long-Term Slowing Growth Environment—But Not Only in China

The Conference Board Global Economic Outlook projects a marginal global growth rate for 2015 of 3.4 percent—a slight improvement over 2014, but below the trend of recent decades. Importantly, it projects this rate to continue until the end of this decade. The ongoing shift of economic activity from mature to emerging markets will continue, but not with the rapidity seen over the last decade. Overall, growth in developing and emerging economies is projected to drop to 4.7 percent in 2015 from 4.8 percent in 2014, 4.9 percent in 2013, and 6.4 percent in 2010-2012.

GDP GROWTH (AVERAGE ANNUAL PERCENT CHANGE) 2015–2019 and 2020-2025

Some recovery bonuses remain until the end of the decade; after that, growth is projected to slow.

* Europe includes all 27 members of the European Union (excluding Croatia), as well as Switzerland and Norway.
** Other mature economies are Australia; Canada; Iceland; Israel; Hong Kong; Korea; New Zealand; Singapore; and Taiwan.
*** Southeast Europe includes Albania, Bosnia & Herzegovina, Croatia, Macedonia, Serbia & Montenegro, and Turkey.

Source: The Conference Board Global Economic Outlook 2015
Most of this deceleration is driven by China’s economy, for which further slowdown is anticipated in 2015 to 6.5 percent. After three decades of very rapid growth, China’s economic performance has been declining since 2012. According to official projections, GDP growth was 7.5 percent in 2014—significantly lower than the 9.3 percent average growth rate between 2008 and 2012. The Conference Board medium-term outlook for Chinese growth calls for a trend GDP expansion of 5.5 percent in the 2014–2019 period, with average annual growth falling to 3.9 percent during 2020–2025.

Underlying the real slowdown is the exhaustion of China’s investment-led hypergrowth model (which has relied on high public and private investment and strong export performance). Overreliance on this growth model has resulted in, among other things: rapidly declining returns on investment, slowing productivity growth, and a consequent explosion in the debt burden. If China can successfully transition to a more mature growth model that relies more strongly on consumption and the rise of advanced service industries, then a slower growth rate could lead to a much healthier, sustainable economy. Enacting reform policies to achieve these aims would not only elevate household consumption and private-sector investment as key next-stage growth drivers, but also ensure that the transformation ultimately leads to more balanced and sustainable economic development. However, making such a transition will require a fundamental realignment of the economic incentives that are currently in place—and given the overall social and political context, it is far from certain this will be accomplished.


“This frantic pursuit of growth belongs to another era. It is an outdated idea of what it means to be competitive in China. Being competitive requires a different kind of agility for leaders than in the past. ‘Right sizing’ has become the critical factor for competitiveness. You lay off in one underperforming sector, and you hire in those sectors where performance and potential warrant. You close a factory in one area; open another in a new one. This is what agility means now. Before, agility was about how many people you bring through the door. Now it is about bringing in the right people, in the right place to build quality growth, in the right sector. It really is very different and requires smart and strategic decision making.”

un-Conference participant
A Case in Point: Uncomfortable on the Global Stage

Strong local talent in key markets provides access to the global economic growth. Critically, this talent must be positioned at leadership levels where they have the ear of the global organization and are able to influence strategies that position the company for success. Multinationals need leaders who are not only adding value at a local level, but also taking positions of global relevance and influence. In Aperian research, 80 percent of the business-unit leaders interviewed cited managing this transition from strong local capabilities to successful and influential global capacity as the organization’s critical challenge.

In one recent example, a China-based expatriate leader for a global manufacturing company came into conflict with his European offices over the sourcing of some high-tech equipment. The German offices insisted that China operations would need to import the equipment from Europe to ensure quality. The expatriate in China pushed back hard and escalated the issue to the corporate level, insisting that his source in China was high quality and less expensive. In the end, due to the expatriate leader’s strong global relationship network, his good global business acumen around the organization’s sourcing channels, and his ability to push through a strong point of view, the company made China the sole sourcing agent for the equipment globally—at a huge savings to the company.

The expatriate leader who drove this initiative said that the current Chinese local leaders would not have been able to succeed in the same situation:

But this is exactly what we need them to be doing. What we are looking for is the ability to leverage that in-depth local knowledge, not just for the benefit of the local subsidiary, but for the entire global organization.

This example highlights key themes that have come up repeatedly in Aperian research. When describing what they need from their Asia-Pacific leaders, Western MNC business-unit leaders and learning and development directors highlight skills for working within a global matrix environment, including influencing global strategy decisions through strong global business acumen, leveraging a broad global relationship network, and articulating a strong point of view to key stakeholders.

Leaders need to articulate their points of view in the context of the holistic global business. This requires a cross-functional and cross-geographical breadth of knowledge and experience, which is rare in young leaders from the region. Due to the growth and the relatively nascent establishment of many industries in the region, local leaders are pushed into relatively high positions much faster than their global counterparts elsewhere.

The Lonely Cliff Climber vs. The Team Skydiver

Participants in the Future China Business Leader project were asked to visualize the current and future states of business leadership in China. One group of participants likened current Chinese leadership styles to that of the lonely cliff climber versus the team skydiver.

The lonely cliff climber:

- Prefers to go it alone
- Leaves her supporting team behind
- Avoids the need to communicate
- Has only a limited vision of what lies ahead
- Trusts only herself
- Takes limited and more predictable risks (tackles the smallest peak in the range; loads up on safety precautions but uses outdated safety equipment)
- Is narrowly focused
- Feels no need to share credit for her achievement

Meanwhile, the team skydiver:

- Leads and is part of a highly skilled team; is willing to help and be helped
- Sees a big picture of the world and its challenges
- Is prepared to trust her team and delegate responsibilities
- Is willing to go way outside her comfort zone
- Is willing to take the big risk
- Understands the need to communicate and for collaboration
- Is ready to be out in the open/transparent
- Relies on state-of-the-art technology and equipment
- Shares success
Drivers of Change and Their Impact on Future Business Leaders in China

With the gradual shifting of the world’s center of economic growth from West to East and rising performance expectations within China, the demands on local business leadership will be much greater in the future. China will need more leaders and will need them to be global thinkers—visionary, innovative, and empathetic. Slowing growth (but growth that will likely remain the envy of most of the world) means success is not automatic. For organizations, achieving growth—and, in some instances, survival—will very much depend on the quality of their leaders and a pipeline full of high-potential, globally minded local talent.

Participants in the Future China Business Leader project see considerable overlap in the factors they perceive as driving change globally and in China, but they also cite an extensive list of factors that are unique to the local environment. In many circumstances, the intensity of these drivers and their impact on business leaders in China will be game changing. While the actual degree of influence and importance of specific drivers (many of which are interrelated) will vary depending on industry sector, company size and ownership type, and international or domestic focus, each will have an impact on future business leaders.

“If the center of economic gravity is moving East, why don’t MNCs move their headquarters closer to where the money is being made? Are MNCs really nurturing future leaders, or are we using local leaders just to drive profits? If you are not sincere, people will see right through it, and your best will move elsewhere.”

un-Conference participant

Global Drivers of Change

1 New markets are open for business Market globalization is increasing the opportunities to do business. But while markets may be more open and receptive to investment from China, in many instances, access is still challenging and not easy to figure out.

2 The innovation revolution Independent funding is driving the development of new businesses (and new competitors), where innovation is flourishing. The competitive advantage that once lasted years now lasts just months. Constant innovation remains crucial to survival in the modern competitive environment. Inspiring and driving innovation will be a critical demand of business leadership in China, which is striving to shed a fairly staid international image of “made in” or “copied in” in favor of “invented in” or “designed in” China.

3 Compressed/shortened and more volatile global business cycles This requires more precision in short-term strategic planning, more accurate data-driven forecasting, and certainly more agile organizations and business leaders.

4 Diversity and inclusion As workforces, customers, markets, and cultures fragment into smaller and smaller niches within a broad global context, the ability to value diversity of all kinds, including diversity of thought, to create competitive advantage is critical.
Increasing protectionism, as governments everywhere play a more activist role in business, National chauvinism (or inward focus) is developing in many countries despite globalization, participants say, and China is no exception. More walls are going up than coming down (both officially and unofficially in many countries), and this may slow global trade and challenge existing growth and supply chain strategies. Oversight and regulation is growing in all regions of the globe, and this is going to shape future practices and place new demands on leaders. Even as China officially proclaims an open-door policy for MNCs and Chinese-led businesses expand across borders, participants say they sense a rising tide of China-first sentiment domestically that favors the “home team.”

Sustainability/environmental impact Competition for scarce resources, especially energy and water, will increase. Volatility in energy prices means organizations are thinking twice about traditional sourcing models—something that should be cause for concern among countries focused on lower-end manufacturing. Constraints on natural resources will have a negative impact on profitability and operating margins. Consumer and government attention to the environment is especially acute in China, where a true environmental crisis is already under way.

The globalization of business processes Businesses source materials from one place, manufacture in a second, and sell in a third. Wherever they are, business leaders and organizations must still network—they cannot avoid knowing the markets in other parts of the world, but have to be completely globally connected. Currently, Chinese business leaders struggle to form truly global networks.

Interconnectivity and the digital/technology revolution The world is more highly connected than ever before, and the digital revolution is at the core of everyone’s business and even personal life. Communication styles, learning styles, personal interactions, company processes, and even personal leisure are all affected by digitalization. The physical workplace is changing, too: staff no longer works in a traditional office space, but is globally connected through the internet, social media channels, and other tools.

Heightened geopolitical risk Participants say they see a rise in the number of global “hot zones” and potential conflict in every region of the globe. Religious and territorial conflicts have made the world a more risky place to do business. Many expressed concern about the risks involved with Chinese nationals working in conflict zones, particularly in Africa, as well as a restive Muslim population in the northwest region of China.

“As our companies grow, there is a corresponding increase in the level of complexity that needs to be managed. Managing complexity is an issue for our business leaders today. Here, everything is siloed, but it is a matrixed world out there, and our leaders are going to have to learn to better manage that complexity. It’s a different approach, a different way of thinking, and a realization that one person just cannot do it all. They are used to making decisions on their own, and now they have to get some consensus. It’s challenging.”

un-Conference participant

EXPERT VOICES

Harvey Chen, chairman of the board of advisors, CCL Greater China, believes China’s business environment is now dominated by four trends: demographic change, environmental constraints, increased government regulation, and pursuit of innovation.

http://youtu.be/hpS3Gbv6N9Y
http://v.youku.com/v_show/id_XNzU2MjMyMDEy.html
China’s Unique Drivers of Change

The global drivers of change will clearly have an impact on the local business landscape, but participants see additional change drivers and leadership challenges emerging from China’s highly unique business, cultural, and social environment. In some cases, the global drivers of change are being manifested in peculiarly Chinese ways, all of which place even more extreme demands on business leaders.

1. **The changing role of China and Chinese leaders on the global business stage**
   
   Chinese business leaders are, for the most part, still feeling their way as global players, as more and more China-based companies expand across borders. Also, MNCs are now locating a greater number of key global strategic roles within their organizations inside China. Such senior-level global positions were once exclusively located in the headquarters country. As a result, future business leaders in China will need to build deep competency in managing cross-cultural global teams—something participants see as lacking presently. Still, it is a positive that the world is finally paying greater attention to leaders from emerging markets and will need to rely more on them in the future.

2. **Chinese organizations that have gone global will be forced to accept different leadership styles**
   
   Future business leaders will have to adopt different working styles when they work abroad. They can’t simply replicate homegrown styles outside of China but must seek a blend of approaches. Future leaders will need to be more receptive to varying their leadership styles to local markets.

3. **The impact of imported ideas**
   
   Chinese business leaders who have traveled, lived abroad, and brought back ideas—greater innovation, cross-cultural awareness, greater collaboration on a global scale, and more open mindsets—are already having an impact on the skills and attributes that organizations view as essential for future leadership success.

4. **The local regulatory environment is unpredictable**
   
   There is too much going forward and backward, zigzagging, unexplained change, and lack of consistency in enforcement. Sometimes it appears the rules are not for everybody. Corruption is a major issue.

5. **The emergence of cost pressures**
   
   The demand for operational excellence, often driven by cost optimization in a slower-growing economy, is having an impact on the ability of talent managers to recruit and retain top talent and leaders. Among the most worrying factors for organizations are increasing overall wage and salary bills, health care costs, and looming pension benefits. They see the competitive advantage of lowering labor costs by moving from China to other countries in the region. Outside of the talent sphere, the demands of running a leaner, more efficient organization are exposing gaps in the experience of current business leaders, who lack the experience of managing through a full cycle of up and down, boom and bust in the economy.

6. **China’s aging population**
   
   While for much of Asia, demographic change favors East over West, this is not so for China, where the demographic tipping point for the working-age population (ages 15 to 59) has already been reached, meaning a shrinking workforce must support a growing elderly population. The demographic realities mean it will become even more difficult to fill talent and leadership pipelines, and employers will have to provide more support for the families of employees and see labor costs increase.

7. **Rising expectations for good corporate citizenship; breakdown of consumer trust**
   
   Businesses are being held accountable for their behavior. It is the new power that has been unleashed by ease of communication and leads to more diverse interest groups placing demands on companies. Social media can be crippling, but it can also drive a lot of positives. Authenticity is critical—people can easily spot disingenuous gestures and lip service. Future leaders will need to avoid being perceived as self-serving and understand that taking a broader view of corporate social responsibility gives them credibility with stakeholders, from governments to customers.
Participants also see industry self-regulation growing (eventually), with trade and industry organizations expected to do more self-policing and adopt more uniform standards of practice and reporting, though they admit it is still a considerable way off. Future business leaders will have to deal more with the levers of governance and become more comfortable with oversight from outside. An organization’s leadership team will be dealing with new agenda items including specific country regulations and building political influence both at home and in distance lands. The costs of noncompliance, especially for corporate and personal reputation, will be high.

8 Rising income inequality and the potential for social instability Social stability is a critical political imperative in China. A widening gap between “haves” and have-nots not only heightens the potential for social unrest, but it also has the potential to stymie economic growth and China’s commitment to a consumer-driven rather than an investment-driven economy. Participants say to maintain order and a healthy business environment, growth and wealth must be more evenly shared among classes, between rural and urban populations, and geographically across the country. Leaders, both in business and government, must address inclusiveness to ensure China grows more uniformly. If some parts of the country are not doing well, then China as a nation cannot do well. A better focus is required to develop the country as a whole, and business must play a role in equitable growth across all of China. On the positive side, participants say the existence of one political party in China means there is more stability in long-term policies to address such issues compared to the West, where the election of a new party usually means a significant shift in policy direction.

9 Shift in core strength of Chinese society Participants say they see values shifting. There is a mad chase for wealth instead of tapping into passions and purpose in life. This is especially true among the middle and upper-middle classes as well as the wealthy and newer, better-educated generations entering the workforce. Confucian tenets still dominate society, but materialism is making headway.

10 Shift in customers and their expectations for quality The growth of the middle class, female and rural spending power, the speed of upward mobility (at least for some) and rapid wealth accumulation in China, and a more discerning global consumer requires developing a diverse product and service portfolio for different markets and a more sophisticated approach to brands and the global composition of product ranges. Future business leaders must develop a better sense of “the customer,” better understand consumer trends and fads, and be more agile in meeting those demands. Business as usual simply does not cut it anymore when it comes to meeting rapidly shifting consumer demands.

11 Creating opportunities for women/gender equality Organizations must prioritize empowering women and retaining or re-recruiting women with families if they wish to expand their leadership talent pool. It is also time to recognize that the differences between female and male leaders (e.g., diversity of thought and leadership approach) actually benefit organizations.

12 Generational conflicts will need to be managed Leading multiple generations in the workplace underscores the demand for embracing diversity, especially diversity of thought. Different mindsets among gen X and millennials require adapting leadership styles. Each generation has different requirements in terms of work/life balance and career advancement. In China, these generational differences are aggravated by the influence of Western culture and values. Job hopping remains a challenge for HR professionals and business leaders, with the reality being that newer generations stay with an organization for an even shorter time than previous generations did. By the time they are productive, they move out. It is imperative to engage these generations to maximize growth potential, and future business leaders in China must embrace the role of talent developer.
The need for a more mobile workforce

Enhanced career mobility rises in importance as organizations attempt to achieve a balance of people with the right skills in their global and regional workforces. Matching the right job with people with the right skill sets in the right location is a challenge globally, but especially acute in China. Leadership talent in China is not considered to be very mobile, which exacerbates the talent shortage and skills/location mismatch. Future business leaders must manage not only their own mobility but that of their workforces as well.

Corporate culture versus national culture

There is constant tension in the workplace between the national culture and corporate cultures. In the case of MNCs, where this tension is especially evident, there is growing reliance on corporate culture to direct behavior in the workplace, especially when it comes to diversity and inclusion and gender issues. But the danger comes from imposing the parent corporate culture without being cognizant of local culture. Business leaders in China must find the right balance between the two to lead effectively locally and globally.

“I think it can be alarming for some leaders to see increasing activism from NGOs and customers in China, but it is an important lesson for global leadership. Our leaders and our managers here need to understand that all of the stakeholder groups outside of China are demanding and persistent and expect accountability. It is hard sometimes to explain to Chinese managers why this is important, why they need to listen to all stakeholders.”

un-Conference participant
The Future Business Leader in China—Values, Skills, and Competencies

Participants in the Future China Business Leader project say they are less than enamored with “imported” leadership competency models. China’s unique culture and its frenetic business environment require a blend of leadership characteristics and behaviors that encompasses the best of East and West. While they believe there is considerable overlap of critical attributes for effective leaders everywhere, there are important and subtle differences that define an effective business leader in China—and these differences are underappreciated in the West.

Participants say that among business leaders in China, there is a strong bias toward performance and pragmatism, which often limits the ability of Chinese business leaders to inspire and motivate their teams. Where leaders in the West seem to focus more on personal traits such as charisma, business leaders in China are more focused on implementation and execution. Chinese culture is more about relationship building compared to the West, and future business leaders in China will need to strike a balance between focusing on their strengths in execution and building local networks and developing a more global personal brand.

Participants see the growing importance of values and integrity, especially as Chinese business leaders move onto the global stage. There is a desperate need for development of greater cultural awareness and a global mindset. Assertive and effective communication is also a critical necessity for any future business leader in China—a trait that participants see as being in short supply in today’s leaders.

“Chinese business leaders won’t give hard constructive feedback because they fear it may damage relationships, and this is a relationship-driven culture. Until they can do that, we won’t be able to build strong, self-sustaining organizations locally. We need to hold leaders accountable, but as a multinational company, we need to give them a safe environment to do so. And we must recognize and reward leaders who can do this well.”

un-Conference participant

Handling the pressures of growth is challenging

Business leaders in China must know how to diffuse pressure, how to pass it down the organization without causing concern but yet conveying the urgency. At an MNC, headquarters always thinks the organization should be growing faster. Local leaders have to make sure this performance pressure is passed down to subordinates, but they need to dilute it. A leader can’t just be the messenger; he needs to filter that pressure down but in such a way that staff is engaged and inspired, not simply panicked. This requires highly effective and authentic communication skills.
Key Challenges for Global and Chinese Business Leaders

When asked to rate the most significant challenges facing global leaders and business leaders in China, participants in the Future China Business Leader project noted that while there are common challenges for both global and Chinese leaders in the areas of collaboration, change leadership, and driving innovation, there are significant differences, too. Specific challenges for business leaders in China are global awareness and ethical decision making.

Interestingly, participants believe that because of the rapid pace of change, the once-unbridled economic growth curve, the uncertainty of regulation, and the uneven enforcement of law, business leaders in China are ahead of their counterparts globally when it comes to the ability to adapt to a VUCA (volatile, uncertain, complex, ambiguous) world. In other words, thriving in this type of environment means business leaders in China are better at dealing with ambiguity than their global counterparts are.

Challenges for Global Business Leaders

1. Collaboration—working effectively across boundaries
2. Change leadership
3. Adaptability
4. Building effective teams
5. Driving innovation

Challenges for Chinese Business Leaders

1. Collaboration—working effectively across boundaries
2. Global awareness
3. Change leadership
4. Ethical decision making
5. Driving innovation

“If our Chinese leaders want to earn credibility globally in the business world, then they must stop using the ‘China card’ as an excuse to do things differently and resist global norms of behavior.”

un-Conference participant

Source: The Conference Board

Eric Zwisler, chairman, Cardinal Health China, says superior communications skills and a strong ethical foundation are the must-haves for future business leaders in China, along with the ability to manage complexity.

http://youtu.be/1M1TeHFnVJY
http://v.youku.com/v_show/id_XNzU2MjM5NzMy.html
Chinese business leaders have strong IQ, low EQ

Participants say that while Chinese leaders have very high IQs (intelligence quotient) when it comes to conducting business, they have very low EQs (emotional quotient) when it comes to the people side of leading. They struggle with motivating and engaging teams, and this requires a lot of improvement. They say that while Chinese business leaders are smart, they like to follow the pattern of the past—and when they are successful doing what they have been doing, they will be defensive and unwilling to change even as the external environment demands that they must change.

When it comes to engagement, building a leadership team, engaging with their people, engaging with the global executives from their company or other companies, and with global employees, Chinese business leaders are still in the process of acquiring critical interpersonal skills.

Is there a significant difference between Chinese business and global leaders?

(N=15)

Source: The Conference Board from audience polling at the un-Conference events.

Bridging the Chinese Business Leadership Gap

Based on a survey of 450 Chinese business leaders who attended Center for Creative Leadership (CCL) leadership programs between 2000 and 2011, the key leadership gaps for Chinese leaders are: leading employees, participative management, and change management. To strengthen their leadership skills, Chinese leaders need to leverage the collective wisdom by empowering employees, developing them, and encouraging them to participate in decision making. To succeed in a fast-changing environment, leaders need not only adapt quickly, but also truly embrace change and even initiate important changes in their organizations.

Leading Employees: By leading employees, we mean that individual leaders have the ability to lead the team to set up a common goal or vision (direction), coordinate the collective actions (alignment) and make sure that the team members’ personal interests are subsumed within the collective interest (commitment). Leaders can strengthen their ability to lead employees in a number of ways, including starting a new team; broadening the services or products of their team; and making each employee aware of how important their job is to the team, the organization, or even how their job makes a difference in society at large. Organizations should communicate the importance of leaders’ taking time to develop their employees and should understand

Participative Management: Chinese leaders need to learn to involve employees in management. Strong leaders value participative management, share information with the team openly and push decision-making to the lowest appropriate level. They also have an open mind to different perspectives and opinions. Leaders can enhance their participative management skills by meeting regularly with their subordinates as a group to solve problems or come up with new ideas; focusing on listening and requesting more input, and being open to receiving input. For organizations, it is important that communications be transparent and that employees have a forum for sharing and exchanging ideas.

Change Management: Leaders need to be more open to change, think about taking small steps to get to the final goal, and become savvy in asking the right questions to understand the issues or problems involved. Organizations can improve leaders’ ability to manage change by providing them with stretch assignments. Job rotations are also effective ways to expose leaders to different environments, enabling them to learn different and essential skills. Leaders could also join a project team opening a new market or installing new systems, or they could be responsible for a new project or new process in their own group. Whatever is done or whichever special assignment is given, organizations must provide leaders the necessary support, such as coaching and mentoring, so that they can learn and adapt quickly, and the time to experiment, make mistakes and corrections.

Source: Adapted from Sophia Zhao, PhD, and William A. Gentry, PhD, A Leadership Gap Analysis for Chinese Leaders from a 360-Degree Survey, Center for Creative Leadership, 2013.
The Essentials for Future Business Leaders

Future business leaders in China will be influenced by factors such as: the macro business environment, organizational change, new generations of workers, government policy, societal norms, family values, and, of course, their own individual behaviors and experiences. Keeping pace with evolving economic, social, and technical norms will require leaders to be infused with additional competencies, an understanding of a diverse and fragmented world, and a keener sense of self-awareness.

In an increasingly connected workplace, where information is available to everybody, there will be situations where business leaders must admit they do not have all the answers. Smart leaders won’t go it alone—they will create a strong leadership bench and great teams where the group’s expertise matters more than that of any single individual.

During breakout sessions, participants developed a comprehensive list of values, behaviors, competencies, experience, and knowledge that will be essential for future business leaders in China. While leaders should be expected to possess the values and personal attributes and to exhibit the behaviors on this list, participants point out that no single individual should be expected to possess all the competencies and knowledge listed. These should, however, at least be present in composite form within a diverse leadership team.

VALUES/PERSONAL ATTRIBUTES

- Collaborative
- Integrity
- Agile
- Inspirational
- Self-aware
- Authentic
- Transparent/trustworthy
- Open and willing to share
- Curious
- Resilient

BEHAVIORS

- Courageous; boldness to challenge the status quo
- Ethical
- Accountable and willing to hold others accountable
- Being mobile, including transferable skill sets; willing to follow nontraditional career path
- Be willing to take risks; less fear of mistakes or failure
- Lead by example; live the values; credible—walk the talk
- Constructive collaborator
- Independent thinker
- Continuous learner
- Innovative; entrepreneurial spirit
- Results oriented
- More health conscious personally

EXPERT VOICES

Julian Buckeridge, managing partner, Greater China, NGS Global, believes future leaders must be able to engage and communicate with the employees, maintain and demonstrate high ethical values, and be resilient to maintain balance in a challenging business environment.

http://youtu.be/O-ZvgqR5pBo
http://v.youku.com/v_show/id_XNzU2MjUyNDU2.html

“Chinese leaders are extraordinary networkers—they have very complex networks within the China market. However, when they work outside of the China market, the skills they need to develop strong external global networks is lacking. This is one of the key skills that Chinese managers need to develop in order to take on broader, global roles.”

un-Conference participant
COMPETENCIES

• Global mindset
• Strategic thinker/forward looking/problem solver
• Effective communicator
• Change leader/change influencer/change manager
• Talent optimizer; focuses on talent nurturing and successor development
• Able to value and manage diversity and multiple generations in the workforce
• Able to delegate decision making down the chain; empower subordinates
• Culturally aware/sensitive—connector of cultures
• Ability to manage global virtual teams
• Manage conflict/conflict resolver
• Ability to influence (not command) and be influenced
• Technology savvy, including social media
• Good judgment
• Deep understanding of the corporate culture (MNCs)
• Able to set a clear vision and inspire others—give employees some space to innovate; tolerating risk and failure and fostering risk taking
• Able to synthesize the flood of information to create business relevance

EXPERIENCE

• International and regional exposure
• Manage multidisciplinary teams across borders
• Strategic decision making and problem solving
• Generalist, NOT Specialist

KNOWLEDGE THEY WILL NEED TO POSSESS

Macro level

• Business acumen; global macroeconomics
• People management
• Market segments
• Competitive market insights
• Government regulation, both internal and external
• Customer engagement/how to maintain connections with diverse customers
• Identify trends
• Technology/IT literacy; big data, social media

Micro level

• Self-knowledge; understanding own strengths, weaknesses, and limitations
• Able to create a greater stage presence personally in international arenas

“If you are an international company, when you define leadership standards, it is important to consider the local culture. Culture will always be the obstacle because the leadership culture is defined by the Western companies. Even a strong and effective local leader may not be viewed as such through a biased Western lens. That is why multinationals say it is hard to find strong Chinese business leaders. The definition of strong may not be relevant here.”

un-Conference participant
In a Chinese context, you can take collaboration too far

While clearly recognizing the critical importance of constructive collaboration within an organization, participants in the Future China Business Leader project say there can be a negative trade-off when it comes to collaboration/consensus building and speed in decision making. Within the hypercompetitive Chinese business environment, quick decisions, not collaborative ones, give companies an edge and deliver results. As an example, they say that while MNCs are going through committees to make product decisions for the Chinese market, a local competitor has already pulled the trigger and is out with two or three variations of the same product under discussion back at headquarters. They believe that in some circumstances collaboration can be taken too far when it comes to local market decisions, and they do not necessarily see intensive collaborative decision making as always the best way to deliver performance and bottom-line results in China.

The Future China Business Leadership Model

Built on integrity and values and fueled by self-awareness

EXECUTION AND RESULTS

AGILITY

CHANGE AND INNOVATION

Constructive collaboration
Accountability
Strategic vision
Self-awareness
Risk-taking/challenging the status quo
Talent developer/maximizer

INTEGRITY, VALUES, AND RESILIENCE

Corruption is not scalable. You can’t build a global sustainable business on corruption

Participants say that the enormous growth pressures and fierce competition of the past decades have distorted how business is conducted in many parts of China and skewed what is acceptable business practice. The notion is that regulatory compliance may not be expedient when it comes to hitting growth targets. However, they see companies placing a much greater emphasis on ethical behavior and integrity; it’s not just hitting sales targets, but rather how those targets are hit, i.e., through acceptable ethical actions.

Ethical behavior and integrity are musts now as Chinese business leaders and organizations take a greater role on the world stage. Global Chinese companies simply cannot afford to have leaders who don’t believe in this kind of a foundation, participants say. As global business citizens, Chinese organizations and their leaders will have to abide by the global rules. But they should not expect to be specially rewarded for ethical behavior because everywhere else it’s what companies are supposed to do anyway.
Developing the Future China Business Leader

Participants in the Future China Business Leader project say leadership is contextual, and an effective leadership development strategy requires taking account of the specific business environment in which an organization operates. Industry sectors and geography certainly play a critical role as well, but there is one overarching truth: the alignment of leadership values, competencies, and behaviors with long-term business goals is critical to an organization’s success.

Those developing the next generation of leaders and nurturing change in current leaders are wondering: How do we prepare someone to be globally aware, culturally sensitive, agile, ethical, and collaborative, traits that future Chinese business leaders will need in growing abundance? Many companies are already moving away from highly centralized leadership development structure and a rigid career path and adopting more of a loose, “let’s just get them ready to cope with a rapidly changing landscape” philosophy. Leaders are not born but groomed by the experiences they are thrown into or the ones they consciously go after.

“While most organizations, not only in China but around the world, have a business strategy, they don’t have a leadership strategy that is co-created at the same time. Doing this pays performance dividends. Best-in-class companies link business strategy and leadership strategy directly. More need to take this approach in China. Right now, it is mostly about getting enough people in the door.”

un-Conference participant

Today’s leadership crisis is compounded by the compressed time frame allotted for developing leaders throughout Asia, and especially in China. No one sees that pressure easing or the development time lengthening in a meaningful way in the near future. If anything, the pressure may even get worse as the clash between a culture of performance and a culture of development within companies heightens.

Participants say the lens needed to identify potential leaders in their organizations is increasingly a combination of values and business priorities. One particular challenge: while participants in the Future China Business Leader project say that rotational assignments and regional/international exposure are components of a future leader’s development, business leaders in China are not particularly mobile. A total of 92 percent of respondents to the un-Conference instant poll believe their leadership cadre is either “not very” or only “somewhat” mobile. Hidden within those numbers is the idea of “selected mobility,” where leaders are only willing to physically relocate to “cushy” assignments such as Shanghai, London, New York, or Singapore. Their biggest recruiting challenge is finding leaders in or willing to relocate to so-called tier two and tier three cities within China.
The mobility/deployment waters are further muddied in China, participants say, because performance demands mean business unit leaders protect their high potentials and simply do not want to share talent with the rest of the organization. Participants blame the current leadership culture in many organizations, which actually supports this “blockage” by emphasizing short-term performance over long-term leader development.

Finally, participants overwhelmingly agreed with the notion that the Hukou system, which has been used to restrict migration by requiring a government-issued residency permit to move to certain locations, has not been an issue for their workforce planning and has not had an impact on labor mobility in terms of filling their organization’s leadership pipelines. The Conference Board believes that nationwide reform of the household registration system will be gradual. Local governments will first pass regulations to channel migration to small and medium-sized cities. An additional 100 million people will be given an urban hukou in coming years, which may ease the burden for lower-skilled job shortages in smaller cities.

"Take the Shanghainese: they enjoy their lives, and successful business leaders anchor themselves to a better life in China in a big city and near their families. Future leaders must be more mobile than the current generation of leaders. Maybe the message should be ‘if you are not prepared to be mobile, to move around the world, then you are not ready for global leadership.’"

un-Conference participant
Chinese business leaders are looking to fill a motivational void

Chinese business leaders are certainly pragmatic, but there seems to be a motivational void of sorts in the Chinese business world, and to some extent in society in general. Future business leaders will need more than pragmatism to drive them; they are looking for a value system, a set of beliefs that gives them and their teams a greater purpose. Leaders are looking for something outside of delivering successful business results as the driver of their own destiny. Participants believe that a starting point for leadership development professionals is to help those leaders find that purpose—and once they have that, the right behaviors will follow.

The DNA of Leaders

Companies known for consistently developing great leaders—whether determined by financial performance, employee metrics, or comparisons with their peers—have much in common:

- a clarity of vision about what strong leaders need to be and to do (both now and in the future) that is intricately linked to core values;
- a deeply involved senior leadership team;
- holistic, systematic processes; and
- dedicated professionals who will lead the hard work of forging leaders in a turbulent environment.

**DNA of Leaders: Leadership Development Secrets**, seeks to define the characteristics—the DNA, if you will—of successful leaders. Among the 17 companies that fully participated in this study, it was found that:

- While global thinking/mindset was the attribute they selected as most critical for successful global leaders, collaboration and integrity are also considered critical attributes.
- Regional differences in leadership, while nuanced, still matter. Respondents to the survey indicate integrity and leading change as the top two attributes for regional leaders.
- Based on the case studies, the operating model for leaders, especially for regional ones, has evolved from strict rules to a “freedom in a framework” paradigm that relies on guiding principles to increase local market success and foster an entrepreneurial mindset.
- Leadership development programs and processes are evolving. More specifically, they are being streamlined, simplified, and becoming even more closely aligned with corporate values.
- The success of leadership development programs and processes is increasingly measured by business linkage and impact.

Also, successful companies had a solid commitment to experiential learning through action learning projects and simulations designed to provide business experience in a controlled environment. Another commonality was the commitment, including financial and personal support, of senior leadership to the development programs and initiatives in good times and bad.

Adapting Leadership Models to Local Cultures

Participants say they have seen a significant shift in recent years when it comes to how multinational corporations deal with the global development of leaders. The rigid inflexible headquarters-dictated approach is giving way to more freedom to adapt at the local level—freedom within a framework. Responses to the un-Conference instant poll reflect this, with 67 percent of respondents saying there is either “some” or a “great deal” of adaptation of their organization’s leadership development approach to reflect diverse cultures and local sensitivities. They say the most effective method of development for future leaders is action learning, with focused skill development second.

**Chart 5**

Few companies have done a great deal of adaptation of leadership models to reflect diverse cultures

Have you adapted your leadership development approach to reflect diverse cultures/local sensitivities?

(N=39)

<table>
<thead>
<tr>
<th>A great deal of adaptation</th>
<th>Some adaptation</th>
<th>Little adaptation</th>
</tr>
</thead>
<tbody>
<tr>
<td>17%</td>
<td>50</td>
<td>33</td>
</tr>
</tbody>
</table>

Source: The Conference Board from audience polling at the un-Conference events.

**Chart 6**

Action learning is effective in developing leaders in China

Of the various methods of development, what do you find the most effective?

(N=23)

<table>
<thead>
<tr>
<th>Action learning initiatives (business challenges, simulation)</th>
<th>Focused skill development</th>
<th>Rotational programs</th>
<th>Executive coaching or mentoring</th>
</tr>
</thead>
<tbody>
<tr>
<td>61%</td>
<td>17</td>
<td>13</td>
<td>9</td>
</tr>
</tbody>
</table>

Source: The Conference Board from audience polling at the un-Conference events.
Best and Next Practices

Participants in the Future China Business Leadership project outlined actions they believe can be effective in developing and retaining high potentials and raising future business leaders. The consensus: it is an enterprise-wide responsibility to develop future business leaders.

- Integrate life and work experience and action learning projects. Provide challenging and diverse experiences. Be more thoughtful about assigning meaningful projects and the sponsorship of action learning projects on job assignments/job enlargement and enrichment. Accept that some will succeed and some will fail.
- Have individual development plans and follow through; provide regular assessments: set up career review panels. Develop consistent and authentic career road mapping that delivers on agreed processes.
- Ensure potential leaders and high potentials own their own action plan. Not all business unit leaders can be relied on to follow through and buy in to development plans for their high potentials if it means losing them even for a short period of time.
- Promote work-life balance and a holistic viewpoint; give time for self-reflection.
- Hold current leadership accountable for talent development. It is the job of current leaders to be fully engaged in the talent process. Leadership development is not an event; it is a process, and executive teams need to be an integral part of it. Encourage dialogue between different leadership levels.
- Use employee engagement scores about people management items and link them to salary and promotion. But one word of caution: in China, for cultural reasons, engagement survey scores are usually higher than in other geographies, so these scores may not be fully accurate and need closer analysis.
- Provide flexible benefits packages; choose between different options—fitness, health care, etc.
- Ensure leaders and the organization live the employee value proposition and brand; link company culture and career potential.
- Implement a succession planning mentality throughout the organization and link it to compensation.
- Adjust actions to provide for flexible thinking when dealing with staff outside tier one cities—motivations and career aspirations can be different in tier two and tier three cities. Understand what motivates leaders in diverse geographies.

“There is often resistance among our rising business leaders to take on rotational assignments within the company. The only career move they will consider is up—not sideways to build additional skills and obtain new knowledge. You have to think of your company as a large house. You have four rooms: living room, dining room, kitchen, and bedroom. To get people to move between them, you have to make all of the rooms comfortable and exciting. Then no one will leave the house.”

un-Conference participant

EXPERT VOICES

Darcy Roehling, managing partner, Asia Pacific, Aperian Global, advises that to be successful, multinational companies must customize leadership development initiatives in the China market for Chinese leaders versus taking Western initiatives and bringing them to China.

http://youtu.be/-YdNjXXx3rU
http://v.youku.com/v_show/id_XNzU2MjM2NTI0.html
The Challenge of Developing Local Leaders for the Global Market: The Global Mindset

For both Chinese companies seeking to expand into global markets and multinationals hoping to maintain competitive advantage within China, the key is in taking the country’s talent to a global level. Multinationals working in China need strong management teams to act as bridges between headquarters and their Chinese subsidiaries. The source of these talents has changed quickly. Initially, the majority of these managers were expatriated from the West to China. Then, for a period of time, Singaporeans, Taiwanese, and Hong Kong Chinese were sent to fill these positions as well. They were later replaced by Chinese returnees: Chinese employees who had lived abroad and returned to live and work in the country. Congruent with the insomniac pace of China’s market shifts, the Chinese returnee has now become passé, and the focus has shifted to developing local Chinese talent.

The challenges in developing Chinese talent to operate on a global level are not insignificant. Multinationals praise Chinese employees for excelling in execution and implementation, possessing a strong and efficient work ethic. But the missing link is most often a strategic, global perspective. Global firms often complain that their divisions in China focus too narrowly on the domestic market alone. As such, many Chinese managers show little interest in global or regional strategic thinking. This disconnect between a multinational corporation’s global strategy and local operations risks giving non-Chinese counterparts the impression that the division is not acting with enough transparency and in alignment with the rest of the company.


Cultural hybrids can be a great addition to a leadership team, but they need nurturing

Participants in the China Future Business Leader project say hiring Chinese returnees, those who have had periods of prolonged study or working experience in the West and are now looking to return home, can provide a “shortcut” in the leadership development process with considerable dividends. The returnees, or cultural hybrids, bring a different thinking to the company. They think partly in Western terms but maintain an essentially Chinese outlook with an understanding of both cultures.

However, participants warn that returnees can end up very frustrated because of a lack of empowerment and the command and control leadership style prevalent within many Chinese business organizations. They are simply used to more autonomy than what is common in hierarchical firms and as such need extra encouragement and nurturing to stay engaged.

Some participants further warn that although returnees have enjoyed a Western education and have been shaped by Western behaviors, once they return to China they will often be overwhelmed by the culture and revert to the behavior of native Chinese employees.

Finally, favoritism and rapid promotion of these so-called cultural hybrids, even if they are more able or more advanced at a specific point in time than their local colleagues, can wreak havoc with the morale of local peers within an organization.
The Challenges of Technology

Future China Business Leader project participants say that technology is having a moderate to significant impact on business leaders in China, and being a “wired” leader improves leadership effectiveness. But most also say their leaders still have a way to go before being fully comfortable with technology. Perhaps most telling, 95 percent of respondents say their organization does only an “adequate” or “poor” job in supporting them on the tech side.

But the use of technology presents a paradox in relationship-based, high-touch cultures such as China, participants say. Yes, leaders must optimize the use of technology, but never at the expense of depersonalizing the workplace or the organization’s relationships with its customers. While technology may be changing the way leaders work and act, it’s still important for future leaders to maintain the personal touch with their teams and peers. Good interpersonal skills are needed even more in an era of technology, especially in the local business environment. In other words: leaders need to drive technology rather than being driven by it.

**Chart 7**

**Technology’s impact will be felt by future business leaders in China**

What will be the impact of technology on Chinese business leaders? (N=25)

- Significant: 40%
- Moderate: 60%

**Chart 8**

**Most business leaders are in touch with technology**

How “wired” are your company’s leaders? (N=21)

- Extremely: 29%
- Somewhat: 71%

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Lin Liangqi, president, AkzoNobel China, says with emerging technologies and social media, the world is becoming smaller, which means future leaders in China must be expert at handling business-disruptive technologies and communications tools, while dealing with an ever-shifting and demanding customer base.

http://youtu.be/ZIZdb41nsGI
http://v.youku.com/v_show/id_XNzU2MjU4MDQw.html
“Being comfortable with new technologies is a must for future leaders. We are confronting more and more information in this emerging era of big data. Future leaders must know how to manage the tools and the team around them. Big data requires analytical skills but also a unique ability to focus in on not just the data but how the analytics that can be derived from it can help business performance. If you are not clear about what you want to get from the data, you can be easily confused and overwhelmed by the tools and the sheer volume of data available in the Chinese market.”

un-Conference participant
CEOs in China: They Just Don’t Get Social Media

Since 1999, The Conference Board CEO Challenge® survey has asked CEOs, presidents, and chairmen across the globe to identify their most critical challenges. Of all regions and countries covered in the 2014 edition of the CEO Challenge survey, CEO attention to social media is lowest in China compared to other global regions and countries—and by a considerable margin. Social media-related strategies are near the bottom of the list for meeting the Customer Relationships, Corporate Brand and Reputation, Human Capital, Innovation, and Trust in Business challenges.

For example: use social media and new communication technologies is the twelfth-ranked strategy for Customer Relationships in China (eighth in the United States, tenth in Europe and Latin America) and eleventh in China as a strategy to meet the Corporate Brand and Reputation challenge (second in Europe, third in the United States, and fourth in Latin America). Encourage use of social media for talent recruitment and acquisition is ranked nineteenth in China for Human Capital (though it seems few CEOs “get” social media in the HC space—it ranks no higher than seventeenth anywhere else). Use social media tools for internal knowledge sharing is number twelve in China for Innovation (same as in the United States and Europe and one rank worse than Latin America). For Trust in Business, better manage use of social media is tied for seventeenth in China, but fourth in Europe and tied for tenth in the United States.

Social media management does present organizational challenges for business. Companies are seeing a convergence of the public relations, marketing, customer experience, corporate communications, and human resources functions—all of which play some role in communicating through social media. Unifying the message and managing social media effectively mean breaking down internal silos, a task CEOs know is not easy, especially in China. Also in China, government oversight of social media is likely another dampener, as is the overall technological savvy of CEOs. The latter is likely a generational issue.

The challenge for human capital (HC) professionals

The incredibly rapid emergence and evolution of social media adds to both the opportunities and the challenges for HC professionals. It can be powerful when used with care and consideration and supported by formal policy and procedures to guide employees/users. The potential risk from social media use should not dissuade an organization from exploiting it for business purposes, including recruiting. With appropriate awareness of the risk factors involved, active participation in establishing policy by relevant stakeholders, and well-considered procedures and tools for proficiency training and managing social media use, organizations of every size may reap the rewards in identifying, attracting, and retaining top talent.

Companies are increasingly looking to social media to help them attract and recruit new employees. Exploiting social media for recruiting goes far beyond job listings, however; the most effective organizations improve their recruiting by utilizing social media in many ways, including:

- participating in social media communities of relevance to potential employees (e.g., Twitter, Wechat, Weiboa, LinkedIn groups);
- demonstrating the organization’s social media understanding and competence far beyond recruiting practices, especially in customer service;
- using social media to improve the organization’s reputation and reach; and
- combining advanced searches and tracking with analytics tools to gather competitive intelligence about industry trends, competitors’ activities, and other factors that may be of relevance to potential employees.


“In China, because the market dynamics change so fast, business leaders tend not to think very clearly about what they want to do, where they want to be, in the long term. To help their development, you need to ask them that question—most won’t know the answer, so you have to coach them to look at themselves holistically, make them think clearly what they want to do in the longer term, and then help them plan how to get there.”

un-Conference participant
Four Trends for the Future of Leadership Development

Organizations are increasingly reliant on HR departments to build a leadership pipeline of managers capable of leading “creatively” through turbulent times. However, there appears to be a growing belief among managers and senior executives that the leadership programs that they are attending are often insufficient to help them develop their capacities to face the demands of their current role. The majority of managers are developed from on-the-job experiences, training, and coaching/mentoring; while these are all still important, leaders are no longer developing fast enough or in the right ways to match the new environment. This is no longer just a leadership challenge (what good leadership looks like); it is a development challenge (the process of how to grow “bigger” minds). Four trends are emerging in the future of leadership development:

More focus on vertical development There are two different types of development: horizontal and vertical. A great deal of time has been spent on “horizontal” development (the development of new skills, abilities, and behaviors), but very little time on “vertical” development (developmental stages that people progress through in regard to how they “make sense” of their world). The methods for horizontal and vertical development are very different. Horizontal development can be “transmitted” (from an expert), but vertical development must be earned (for oneself).

Transfer of greater developmental ownership to the individual People develop fastest when they feel responsible for their own progress. The current model encourages people to believe that someone else is responsible for their development: human resources, their manager, or trainers. We will need to help people out of the passenger seat and into the driver’s seat of their own development.

Greater focus on collective rather than individual leadership Leadership development has come to a point of being too individually focused and elitist. There is a transition occurring from the old paradigm in which leadership resided in a person or role, to a new one in which leadership is a collective process that is spread throughout networks of people. The question will change from, “Who are the leaders?” to “What conditions do we need for leadership to flourish in the network?” How do we spread leadership capacity throughout the organization and democratize leadership?

Much greater focus on innovation in leadership development methods There are no simple, existing models or programs that will be sufficient to develop the levels of collective leadership required to meet an increasingly complex future. Instead, an era of rapid innovation will be needed in which organizations experiment with new approaches that combine diverse ideas in new ways and share these with others. Technology and the web will both provide the infrastructure and drive the change. Organizations that embrace the changes will do better than those who resist it.

Developing Culturally Sensitive, Diversity-Aware Leaders

Globalization and regionalization are putting more pressure on business leaders in China and thrusting them into often unfamiliar cross-cultural leadership situations. Participants in the Future China Business Leader project say a successful diversity and inclusion strategy must be built on a convincing business case. If people understand that it is important for business, they will align behind it—eventually.

If leaders surround themselves with similar people with similar styles from similar schools and a similar home region or city (i.e., clones), it sets an organizational culture that is difficult, if not impossible, to reform. And participants warn that bringing in diverse people doesn’t necessarily result in diverse thinking if the same standards, expectations, and parameters are applied as before.

Diversity is a business issue, not an HR issue, but in the trenches, participants say people are constantly questioning why an organization needs diversity. Many employees believe it is simply a fashionable thing to do, and they do not understand its importance to the business. And senior managers may not be doing a good job of explaining the business case to them.

A few participants believe that too formal an emphasis on diversity planning can distract from business results and that business capability must be foremost in any hiring decisions. Others who work for MNCs say the headquarters-driven diversity policy being enforced in China takes no account of local conditions and culture and is thus discounted by most employees.

Participants say developing culturally aware leaders is never easy, but there are some basic principles that do help. Among them:

- To drive diversity awareness (and other behaviors), identify and define the company purpose, values, and mission—get energy behind a purpose larger than the individual. Embed cultural awareness into corporate values; instill a diversity-aware culture.
- Set expectations that cultural sensitivity is a critical competency early in an individual’s tenure with the organization. Hold everyone accountable.
- Constantly build the business case for diversity; companies whose management and staff resemble their diverse customer base in makeup are the most successful across the globe. Being inclusive and diversity aware can open whole new talent pools for organizations—from women to highly capable physically challenged individuals.
- Introduce programs that expose potential leaders to new cultures and diverse populations aimed at overcoming the male-dominated culture and the inexperience of working with a female boss. Educate line management to overcome the “embarrassment factor” for male employees working with female coworkers and seniors, which is particularly true in specific industries.
- Provide support systems for women and people from different cultures and geographies, such as assistance for working mothers, staff relocation for family issues, and male mentors for high-potential women. Provide flexible career choices to match the life stage or lifestyle of individual high potentials.
- Plan facilities practically, including such basics as ensuring washrooms for female workers.
- Use balance, not quotas, to achieve diversity.
- Implement reverse-mentoring.

EXPERT VOICES

Sharon Yang, head, human resources, SPD Silicon Valley Bank, says she has seen great success by matching more mature senior executives with young creative and innovative mentees who invariably inspire their mentors and open them up to new ideas and approaches.
http://youtu.be/Zw29YZ7j2iQ
http://v.youku.com/v_show/id_XNzU2MjY2MTI4.html
Conclusion: Crossing the Bridge from Local to Global Leadership

Business leaders in China are facing a difficult and complex set of challenges—both in their global dealings and their own unique and evolving economy. To succeed, the Chinese business leaders of the future must be less defensive and open to new ideas; to let the world in, not keep it out. They must become effective global communicators and committed talent developers, and they must develop a more global mindset while continuing to draw on the wisdom and the most meaningful and powerful traditions of China’s celebrated culture. Carving out time for self-reflection is the first step.

Slowing global economic growth and internal structural issues in need of reform present not only challenges but great opportunities—if business leaders in China become less risk averse and organization structures become more agile. To make the leap from successful regional leader to a player on the global stage will require a shift in mindset and acceptance that, at least for now, people outside of China are making the judgment on what constitutes effective global leadership in business.

For human capital professionals, there is a need for more empathy. Often the focus within organizations and the HR function is on the challenges faced by those who offer leadership development rather than those being developed. There needs to be more professionalism in the talent management and leadership development functions, with greater alignment to business goals. Leadership development needs to be raised to the strategic level.

There is much to admire in Chinese business leadership styles today, and much that needs to be adapted to a rapidly changing global environment. The un-Conference has taken the first step by identifying the weaknesses and challenges in current regional leadership models. The next step involves creating, through the wisdom of crowds, effective solutions and development techniques that can uplift the best and the brightest of business leaders in China to the global stage. The delegates to the Future China Business Leader un-Conference remain dedicated to finding those answers.

To stay connected to the Future China Business Leader project, check out the LinkedIn site at The Conference Board 2014 Future China Business Leader un-Conference.
APPENDIX

Leadership Development Research Highlights for the Future China Business Leader un-Conference, Shanghai, China


A joint study from The Conference Board and Right Management presents the challenges and needs of organizations globally, their intentions and goals for leadership development, and proven approaches and strategies implemented by companies for developing their leaders.

Key highlights of this study are:

- The leadership development model maps its development from individual-based development to team-based, and then to collaborative relationships. The current leadership development stage is more holistic and includes elements of all three.
- There is an urgent need to build leadership capabilities across all levels of the organization as only 61 percent of respondents indicated that their leaders were “very prepared” or “adequately prepared.” Thirty-eight percent thought their leaders were “marginally prepared.”
- The top three most important leadership competencies for today and the next five years are: leading change, retaining and developing talent, and having a global mindset/thinking.
- It is encouraging that, given the need to develop effective leaders, respondents believe that future investments into leadership development will either stay the same (47 percent) or increase (39 percent) in organizations globally; only 11 percent plan to decrease spending.
- To fill the leadership gaps, organizations are more likely to grow talent internally than hire externally.


In a study of global leadership development (GLD) programs around the world and a survey of almost 1,200 global practitioners, it is shown that more organizations are addressing GLD. Thirty-nine percent of surveyed organizations in 2013 indicate they have a formal GLD, compared to 31 percent in 2010 and 2012. Fifty-four percent of companies with GLD standardize their programs for consistency, but customize at the local level for cultural and regional differences. Based on the study outcomes, the top-line findings are:

1. **The definition of a “leader” is broader than in the past.** Whereas leadership has traditionally been defined in terms of job level and scope of authority, over half of respondents defined it in terms of sphere of influence and superior job performance, not just level within the organization.

2. **GLD is lacking in innovation and technology skills, as well as in global cultural knowledge.** It is important for leaders to develop innovation and technology skills, but in practice these topics are often not covered in GLD. With tech-savvy younger generations entering the workforce, the technology skills gap may have wide-reaching implications for building effective and collaborative teams.

3. **Executive involvement is key in effective GLD delivery.** Respondents ranked lack of executive leader sponsorship as the second largest obstacle to GLD.

This report surveys the state of leadership in 2011 and the future leadership development needs. With the ever-changing landscape of the business world, change and unpredictability are the only guarantees. Leaders need to be prepared to meet tomorrow’s challenges, but the research reveals many leaders unfortunately lack many critical and progressive skills to effectively lead into the future. The survey respondents indicate three key elements that promote and improve high-quality leadership: leadership development, talent systems and practices that build a high-quality leadership pipeline, and management culture.

To improve the quality of leadership, organizations need to reform leadership development practices and concentrate on developing critical skills for future leadership, such as driving change, fostering innovation, and identifying and developing talent. An organization’s management culture and practices also significantly influence leadership performance. Only about one-third of organizations reported having a highly effective management culture, which demonstrates many organizations have progress to make to improve from hierarchal structures to fluid and flexible structures that encourage innovative, agile leadership and can drive business results in the future.


By engaging the Global Leadership Competencies (GLC) Model developed by C.O. Chin, John Gu, and Stewart L. Tubbs in 2001, this qualitative study confirms the predictive nature of the model and further identifies specific and most important competencies within the model. Interviews were conducted with 26 experienced business leaders from various countries, all of whom have a combined average of 48 months of international expatriate assignments. Business leader responses are predictably categorized within the six sequential phases of the GLC model: (1) ignorance, (2) awareness, (3) understanding, (4) appreciation, (5) acceptance/internalization, and (6) transformation. The phases begin at the cognitive level, and progress to attitudinal and behavioral levels, which suggest that truly effective global leadership begins with acquiring and developing a certain mindset before advancing to other areas of leadership development. Among the interview responses, the following competencies are emphasized as necessary for leaders to successfully conduct business on a global platform: (1) communicational skills, (2) motivation to learn, (3) flexibility, (4) open-mindedness, (5) respect for others; and (6) sensitivity.


This report examines talent management through the perspective of high potential managers to help organizations effectively manage and leverage their high potential talent. Key findings include: high potentials’ desire to be formally identified as such; their expectation for more development, support, and investment; an increased sense of commitment and engagement when a clear career path has been identified; and active involvement in identifying and developing potential in others. These insights offer organizations the opportunity to accelerate leadership development and to realize the potential return on their talent investment.


According to recent research, there is a critical shortage of what this research refers to as global leaders – or “an organization’s leadership talent who work across geographic and cultural boundaries.” These leaders, which are different than other line leaders and necessary from the front lines of a business to senior management, are in dangerously short supply.
In large part, this can be remedies by getting the right infrastructure in place. To do this, advocates will have to start with the executive team and be able to tell a compelling story for why the organization must build its global leadership capabilities. Highlighting the critical gaps and using case studies can help to better make this point.

Making this programs work however, will require a great deal of work. Career development paths, establishing a pool of high-potential talent, well thought out job placements, and a rigorous and standard performance management process will all be needed to create a bench of global leaders.

To help understand this process more fully, researchers Conger and O’Neill discuss the core leadership capabilities that organizations should look for in potential global leaders, in addition to how that potential can be better understood. This article also delves into some of the barriers your organization may face in bolstering your global leadership talent, along with other factors that may derail planning.


Lenovo, a truly global Chinese company, has a unique cross-cultural leadership philosophy that merges traditional Eastern and Western concepts. After Lenovo acquired IBM’s PC division in 2005, it was tasked with the challenge of creating a consistent leadership culture among its managers across the company. Part of the solution is Managing@Lenovo, a two-day global manager development program. Interviews with program participants show that the impactful program had four main leadership themes that resonated with attendees:

1. Balancing individualism with collectivism
2. Blending results with personal empowerment
3. Influencing remotely and cross-culturally
4. Transparency and a focus on action


This study looks at the current state of the global talent environment and its future configuration in 2015. In addition to surveying senior executives, the researchers developed the Global Talent Index (GTI), which functions as a benchmark for assessing a country’s ability for developing, attracting, and retaining talent. The GTI uses quantitative and qualitative data from 60 countries to measure the economic indicators, cultural contexts, trends in education, foreign direct investment (FDI), mortality, health, and market fluidity that will impact the capacity for talent to thrive within these countries. The report shows rankings for 2011 and projected rankings for 2015.

Overall, surveyed executives feel positive about their companies' future abilities to attract and retain skilled workers. The report links this confidence to satisfaction with recent hires, though it is notable that executives in Asia are dissatisfied with recent hires and are less confident in future outlooks. Additionally, compared to two years ago, more companies are developing employees themselves, especially in Asia, which demonstrates a more active approach to talent management. However, executives highlighted a shortcoming in their recruits: agility and creativity in overcoming challenges and ambiguous situations. This talent challenge was identified by executives worldwide, but it is most critical in Asia and Latin America.
As China loses its low-cost labor advantage, companies in China are focused on capability building (developing leadership, managerial, and team-based skills as opposed to technical skills) to increase business performance. Companies in China, including multinationals, private Chinese companies, and state-owned enterprises, face similar challenges to capability-building efforts that could be overcome with the following strategies:

1. Connect capability building to real experiences and visible operational results
2. Use incentives to motivate employees and create opportunities for promotion
3. Tailor capability-building programs to Chinese context and culture

The report scans the business and talent landscape in several Asian countries and offers recommendations to balance the increasing cost pressures with the challenges of talent and leadership scarcity. The business landscape in Asia is ridden with challenges related to driving business growth, dealing with increased competitions achieving better operational efficiency, and managing cost pressures. However, competitive companies in Asia are focusing on enhancing quality and value, and promoting innovation. Talent scarcity is a significant challenge in Asia, especially in relation to attracting and retaining talent. Key insights from the talent and leadership landscape are:

- Nontechnical skills—innovativeness, risk taking, entrepreneurship—are harder to find than technical skills.
- Managing employee expectations is the primary hurdle to retaining talent. Employees expect faster career progression, better rewards, and better work-life balance all at the same time.
- The ability to drive business in Asia is determined by specific leadership competencies and skills, and not by the ethnicity of the leaders.
- Developing leaders internally may be the answer to companies' lack of confidence in the quality of leaders hired from the market.
- The top two challenges to leadership development are creating a healthy pipeline of potential leaders within the organization and retaining high potential talent.
- Organizations are responding to these challenges by including diversified recruitment channels; leveraging the employer brand; and investing in graduate programs. The downside to these efforts is their focus on immediate, tactical priorities and less on future-oriented strategies.

Based on these results, the paper recommends that organizations balance both strategic and tactical people objectives by optimizing internal and external synergies across the talent ecosystem.

Being a global leader requires a specific set of attributes and skills that allow a person to seamlessly transcend culture in order to best lead and manage in various situations. This article begins by describing how the traditional mindset will have to change for leaders to truly manage on a global scale. To help better understand this, the authors provide a short “Global Mindset Needs Assessment,” allowing readers to get a feel for how global their mindset might be.

Scientifically identified by the Najafi Global Mindset Institute at the Thunderbird School of Global Management, the makeup of Global Mindset is based on extensive research, including...
data from over 13,000 managers around the world. The structure of Global Mindset identifies sets of attributes that help a manager influence individuals and groups from a cultural, political and institutional background that speaks to them.

This research both details the attributes of Global Mindset, in addition to how those attributes can be recognized within organizations, and how an organization can work to build its stock of Global Mindset.


This paper seeks to understand the development of leaders through the lens of geography as companies expand into emerging economies. Based on an assessment of leaders from 10 different countries, the study investigates their leadership styles and how they vary by country, and its implications for global companies. There are four main functions of a leader: developing a vision, sharing goals, gaining support, and delivering success. Each function is determined by a corresponding competency (transformational or transactional), which varies further by country. For example, when developing a vision, a visionary leader will display greater propensities for creativity, innovation, and strategic thinking (transformational competency), while a manager will focus on operational management and data analysis (transactional competency). Similarly, leaders from the Netherlands and Belgium are more visionary by style than leaders from Norway or the United States, who tend to be more conservators. Based on the balance of competencies by country, the authors make the following recommendations:

• tailor development to “meet leaders where they are”;
• respect individual differences and play to the individual strengths;
• broaden leadership capability sets by strategically blending both transformational and transactional leadership styles;
• hire and develop local leaders rather than relocating expatriates with different leadership styles and cultural norms; and
• recruit the right varied skill sets in order to facilitate diversity of styles in the leadership teams.


A literature review of 646 leadership studies from the past sixty years show that although Chinese and Western leadership are historically different and conceptually conflicting, cross-cultural exchanges have led the two models of leadership to converge and have similar leadership values and practices. The cross-cultural incorporation of Chinese humanistic principles and Western management theory is argued to be a convergence of leadership attributes, roles, qualities, and treatment of subordinates. The convergence creates holistic concepts of leadership that are increasingly global in nature and allows for flexibility when leaders respond to various cross-cultural situations.


The global talent shortage is particularly acute in Asia, where Western multinationals and local companies compete to attract and retain top talent. Although some Asian countries have large populations of young workers, many do not have the necessary skills for modern companies. Meanwhile, in India, China, and other emerging Asian markets, women are largely concentrated in low-skilled or low wage jobs, or not participating the in the workforce. Leveraging women in the workforce is essential to resolve this talent shortage and promote both social and economic development in these countries.
Promoting female employment in developing countries is a valuable investment, with lasting benefits for both private companies and national governments aiming to build sustainable economies. Companies benefit from a larger talent pool to alleviate shortages of skilled talent, and evidence shows that companies benefit financially from hiring women. The ability to solve organizational problems in an increasingly complex world depends on diverse perspectives and leadership styles. Innovation, too, requires a diverse set of perspectives and backgrounds. For the economy as a whole, a more educated and high-quality labor force triggers a cycle of greater productivity, a more competitive economy, innovation, income growth, and higher living standards.


This study examines how learning processes affect the level of cultural intelligence acquired by global leaders through overseas work experience. Cultural intelligence, also abbreviated as CQ, is defined as the ability to effectively deal and work with others from different cultural backgrounds. The researchers build on the concept that international assignments are rich experiential learning contexts, and they use Psychologist David A. Kolb’s experiential learning theory to better understand the most favorable learning style for global leaders to develop CQ through international experience.

The results establish that there is a positive correlation between the length of overseas work experience and CQ, and the positive relation is best strengthened by a divergent learning style. A divergent learning style differs from the other learning styles in that it highlights concrete experience and reflective observation. People with divergent learning styles tend to be imaginative and emotional. They are also able to mentally adjust and map different points of view to a concrete situation, which helps them work effectively and appropriately in different cultural contexts.


This report addresses the issue of scarce managerial talent in China and how Chinese leadership development could be improved to effectively meet the business demands of globalization. Given the relatively recent entrance of Chinese companies to the global economy, Chinese executives have less than two decades of global leadership experience and they have insufficient opportunities to cultivate the essential leadership skills to lead businesses in the global setting. The research compared Chinese managers to a sample of global leaders in various positions, and it revealed that Chinese respondents and those from other regions similarly rank important leadership traits. The general agreement proves effective leadership is perceived in same manner among the global management population. However, the study highlights a Chinese leadership skill gap is widest between middle and top management, where Chinese managers do not have the critical skills or competencies to transition to the executive level. The authors pinpoint five key leadership development needs to Chinese executives: business acumen, strategic agility, managing vision and purpose, comfort around higher management, and command skills.


This study examines the values of two generations of Chinese business managers to gain insight into employee and managerial motivation and to understand how talent management systems can be designed to leverage workers’ talents. The quantitative and qualitative results show that there are substantial value differences between different generations of Chinese executives and between executives at different hierarchical levels in the organization.
Chinese generation X executives stress self-enhancement values, combined with honesty and traditionalism. However, generation Y emphasizes independence and individual responsibility for their social circles. They want personal success, and they anticipate making sacrifices for it. They can also be traditional, but are unwilling to recognize hierarchy at face value outside the family. These generational and hierarchal differences lead to tension in the workplace. However, these differences can be overcome by generational similarities: Both generations X and Y managers want to advance, learn, be acknowledged, and be rewarded. Highly adaptable systems are needed to meet these demands from different employees. Examples of practices include: creating bi-annual or quarterly performance and bonus reviews (instead of annual reviews), closely and openly connecting leadership development to succession planning, and openness about horizontal moves. Successful organizations set up regular talent reviews, fast-track career advancement, and development programs. They also highlight social significance in employees’ work and offer a traditional, familial atmosphere.


This chapter evaluates the conventional forms of leadership development in China, particularly among multinationals that have pushed to accelerate local leader development since the early 1990s. In 2005, the authors detected trends that indicated Chinese companies were no longer requiring that individual “stars” within a company be fast-tracked and allowed to quickly advance through functional or business silos. Instead, companies increasingly understand the need to develop leaders with familiarity in cross-functional roles and responsibilities. The authors also identified other related changes: Chinese organizations are changing their approach by shifting from a focus on conceptual knowledge to actionable knowledge. Additionally, there are changes in talent management as Chinese cultural strengths of group reliance and leadership are integrated into managerial development and the focus is shifted to:

• investing time to cultivate mature managers and instill an integrated perspective of the company;
• highlighting action learning and hands-on projects;
• encouraging coaching and mentoring in conjunction with formal training as a part of the succession management process; and
• outlining detailed international experiences for personal development and exposure to other approaches to working and thinking.


This report reflects the discussions, concerns, and conclusions of more than 100 executives about the challenges and role of leadership in an increasingly complex, high-speed, and ambiguous business environment. Members of The Conference Board councils on leadership development, learning, talent management, and diversity and inclusion met in three continents to discuss the new forces impacting leaders and how they can be addressed. The participants concluded with a list of nine factors with the greatest influence on shaping leadership in 2020 and beyond:

1 Complexity
2 Speed of change
3 Diversity (fragmentation)
4 Sustainability/corporate social responsibility
5 Customer sophistication/value propositions
The report raises the issue of intercultural competency. For multinationals based outside of Asia, there can be a fundamental lack of understanding in corporate headquarters about the complexities and subtleties of individual country markets, demographics, and cultures. Only recently has there been a growth in sensitivity to specific country cultures and their nuances. The notion of an all-encompassing “Asian strategy” needs to give way to a “China strategy” or a “Singapore strategy.”


Due to the rapid globalization of economic activities and increased level of knowledge transfer among Asian nations, business leaders in these countries will have to work harder than ever to make sure they are developing leaders with the necessary management skills and cultural sensitivities to lead in this multi-cultural environment.

This research identifies a new set of essential leadership qualities and attributes for future Asian leaders:

• Ability to recognize the decline of national boundaries
• Ability to manage cultural differences in three dimensions: international, national and regional
• Ability to cope with the speed of international events and crises, including the speed at which technology changes
• Ability to adapt to different management styles for changing economic environments while maintaining a vision that incorporates various cultural backgrounds

These qualities and attributes were all developed under the notion that there is no “one-size-fits-all” approach for leadership development.


Ethical leadership, which researchers Ofri and Toor argue is essential to an organization’s success, is an important factor that should be considered in leaders’ everyday talk, actions and decisions. This research examines the effect of ethical leadership on employee outcomes and organizational culture in the construction industry in Singapore. To further examine the role of ethical leadership, researchers established six hypotheses to help explain the links between ethical leadership and organizational culture, employee outcomes and other established forms of leadership.

Through a series of interview and surveys, researchers found that there were a number of statistically significant relationships when examining ethical leadership. It was found that ethical leadership was positively and significantly linked to transformational leadership, the effectiveness of a leader, an employee’s satisfaction with their leader and an employee’s willingness to go the extra step. On the other hand, ethical leadership was seen to be negatively correlated with a transactional organizational culture and a laissez-faire way of leadership.
In this informative interview with General Electric Chief Learning Officer Susan Peters, the value of both online and face-to-face learning is clearly supported. Furthermore, the GE Global Learning programs break up development areas into three buckets: leadership, specific functional skills, and business. Peters reports that tens of thousands of employees participate per year in on-demand learning programs and essential skills courses.

There are approximately 9,000 participants each year in face-to-face learning courses at GE facilities around the world. GE believes that the mission of “inspire, connect, and develop” happens with real impact when people are physically together, which is even more critical as the organization becomes global and participants are often from foreign offices.

Companies known for being the “best companies for leaders” were identified through several established rankings for an in-depth study examining elements of successful global and regional leadership development programs and the DNA, or 23 common characteristics, of leadership. A general survey was sent to business-line executives and compared with responses from a targeted survey for human capital professionals who lead development efforts at “best companies for leaders.” Seventeen of the targeted companies contributed to follow-up interviews which provided the basis for company profiles and case studies. Notable leadership development patterns across the various participating companies include:

- The importance of a truly global mindset for global leaders.
- While most human capital professionals do not formally distinguish between successful regional and global leaders, most cite the regional leader position as a necessary “stepping stone” for becoming a global leader and agree that determining regional priorities for leadership development is necessary.
- The operating model for leaders has evolved from one that emphasizes strict rules to a “freedom in a framework” model that uses guiding principles to increase local market success and foster an entrepreneurial mindset. It represents a cultural shift from a rules-based system to a principles-based framework.
- Leadership development programs are increasingly measured by business linkage and impact.

There is an increasing need for qualified leaders who can effectively navigate the complexity of globalization and economic development in Asian countries. In a joint study conducted by The Conference Board and Right Management, 210 executive-level human capital professionals in Asia were surveyed to identify top leadership development challenges in the region and the most critical leadership characteristics in leaders today and in the future. The survey results were supplemented with interviews, and it is shown that three conditions are guiding the accelerated leadership development of high potentials in Asia: globalization driven by Asia (though initiated in the West), the preference of experiential and action-learning over theoretical training, and the deliberate acceleration of leaders across functions and business units. Today the three most important leadership characteristics in Asia are global thinking, leading change, and retaining and developing talent, but the qualities leaders in Asia will need to master in the next five years are: people engagement; navigating and making decisions in a complex, diverse, ambiguous environment; relationship building and collaboration; agility;
Leadership development approaches and strategies to closing the gap between important characteristics today and the future are shared and combined with real world application in company case studies.


The authors identify four key attributes for the development of top leaders:

1. **Brand:** The reputation for overall excellence—both ongoing success and inspirational leadership.
2. **Purpose:** Engaging employees with a culture, mission, or business model to which they can relate. This is especially important for millennials.
3. **Opportunity:** Offering growth opportunities and accelerated career progression.
4. **Culture:** Portraying a clear image of integrity, meritocracy, and transparency.

The article provides several examples of how companies implement these attributes. For example, the Chinese technology company, Lenovo, provides accelerated development programs, giving each high potential a career path. Career maps are linked to positions across the globe. Accountability for the process rests with line leadership, rather than HR.

The authors conclude with three lessons:

1. Beware of exporting your domestic talent strategy to emerging markets.
2. It is critical to establish a core of local talent.
3. Putting too much weight on English language skills can exclude potentially good recruits.


This study surveys the leadership skills, competencies, and development initiatives that enable and derail successful global leaders. Most important, the research reveals that business leaders and human resource professionals deeply understand the need for leadership development, but it is in practice that the similarities diverge. The researchers emphasize the need for human resource professionals to make the business case for talent strategies and high potential development. Likewise, business leaders need to clearly see that talent management and high potential development will lead to superior operational value, competitive advantage, and financial results. Human resource professionals and business leaders need to work together to invest in longer-term strategic initiatives, such as succession management and leadership development, to thrive in the future global business world.


This report explores the human capital implications of China’s Twelfth Five-Year Plan (FYP), which was released in March 2011 and covers the period from 2011 to 2015. More so than previous FYPs, the Twelfth FYP emphasizes the “human factor” in economic development. The following are key findings for companies operating in China and executives responsible for the region:

- There will be an increasingly tight labor market due to population demographic shifts.
- Job creation targets remain a high priority, with a continued focus on increasing urban jobs.
- Leading companies need to be proactive in shaping educational reforms to improve workforce readiness.
• Prepare for significant increases in wages and welfare entitlements for rank-and-file employees.
• Expect wage and labor welfare compliance enforcement to intensify.


This study demonstrates the causes of culture shock experienced by Chinese business expatriates in international business settings. Because cross-cultural factors are likely to significantly contribute to expatriation failure, the research aims to understand the influential causes of culture shock and the major difficulties in cross-cultural adaptation. Based on a literature review, an online survey, and interviews with Chinese business expatriates from various companies and industries, the eight influential causes of culture shock are: business communication, language, individualism, collectivism, power distance, time orientation, religion, and tradition. The three major difficulties in cross-cultural adaptation are: poor adaptability of business communication, language barriers, and heavy pressure from work duties. Study findings have implications for business leader training programs, particularly emotional intelligence and cross-cultural adaptability assessments and development.


The article suggests that high-performing companies compete successfully on a global scale by mastering the 'creative tensions' that exists between different teams located in different regions. Based on interview responses from more than 40 CEOs and other top leaders at multinationals representing 20 industries, the authors identify three key attributes to help global teams navigate seamlessly across boundaries. The three key attributes are:

1. **Clarity of focus and a sense of purpose** This can be created with the help of a leadership charter and a set of operating principles.
2. **Agility** To achieve this, companies need to get the right people in the room at the right time. Flexibility and viewing the top leadership group as a network rather than as a fixed hierarchy are a few ways of getting the right people into the room.
3. **Change ahead of the curve** Successful global teams are able to bring the future into the room.

The authors also recommend that while exposing the team to new technologies, new demographic groups, and new cultures can foster a global mindset, having learning agility is more important. They point out that global leaders with learning agility do not require constant globetrotting.


DDI’s recent Global Leadership Forecast shows that the quality and quantity of Indian and Chinese leaders varies more than leaders in other countries. The acute need for more effective leadership development in India and China is driven by the potential challenge of having unprepared and poorly situated leaders to drive future business success. The explosive growth in the two countries occurred in spite of strong leadership, but companies need to focus on developing their leaders in a global environment to sustain future growth and innovation.


In this article, the authors explore critical developmental experiences and lessons learned of leaders in China, India, Singapore, and the United States. There are four universally important
sources of leadership learning in the four countries: bosses and superiors, turnarounds, increases in job scope, and horizontal moves and new initiatives. In addition, there are two unique sources of leadership learning specific to each country:

- China personal experiences and mistakes
- India personal experiences and crossing cultures
- Singapore stakeholder engagements and crises
- United States mistakes and ethical dilemma

Among the leadership lessons learned from experiences, the three lessons relevant across all countries are:

- managing direct reports;
- becoming self-aware; and
- executing effectively.

Using the experience-lesson link, organizations can help leaders learn lessons sourced from real-world experiences and develop a leadership strategy that complements their business strategy.


- The “Top Companies for Leaders” study reveals the leading trends in leadership competency models and offers case studies to implement theories into practice. The researchers developed the Leadership Code, a streamlined and balanced competency model derived from common existing leadership competency models. With extensive insight from leadership researchers and consultants, the Leadership Code functions as a summary of foundational high-performance leadership standards.

- The research shows that Top Companies (best-led companies around the world) include the foundational competencies in their competency model, when their models are compared to the Leadership Code. Additionally, Top Companies differentiate and add strategic value to their leadership competencies by incorporating customer and external stakeholder expectations. High-performing organizations are distinguished by their leadership competency models that involve customer input. Finally, Top Companies also align HR practices and talent systems to their leadership competency models. It institutionalizes the model and reinforces to internal employees and external stakeholders an organization’s commitment to create a consistent leadership brand.
About the Authors

Charles Mitchell, executive director, knowledge content and quality at The Conference Board, is responsible for the development of member-generated content and ensuring the objectivity, independence, accuracy, and business relevance of the organization’s research. Since joining The Conference Board in 1997 as the head of publishing, he has authored dozens of reports on business and economic issues including Go Where There Be Dragons—Leadership Essentials for 2020 and Beyond; Give the Working Poor a Working Chance, a look at the role of business in alleviating global poverty; and Water Worries: How Incorporating Long-Term Risk into Strategic Planning Pays Off. Prior to joining The Conference Board, Mitchell spent 14 years as a reporter and writer for United Press International, based in Johannesburg, Nairobi, Moscow, and Washington. He was foreign editor of the Detroit Free Press from 1990 to 1996 and European editor for World Business magazine. Mitchell is also the author of several books dealing with international business cultures, customs, and etiquette published by World Trade Press, including A Short Course in International Business Cultures and A Short Course in International Business Ethics.

Rebecca Ray, PhD, is executive vice president, knowledge organization and human capital practice lead for The Conference Board. In this role, she has oversight of the research planning and dissemination process for three practices areas: Corporate Leadership, Economics & Business Development, and Human Capital. Rebecca is the leader of the global human capital practice. Previously, Rebecca held executive positions in global talent management for several marquee companies. She taught at Oxford University and New York University and led a consulting practice for many years, offering leadership assessment and development services to Fortune 500 companies and top-tier professional services firms. She was named “Chief Learning Officer of the Year” by Chief Learning Officer magazine and one of the “Top 100 People in Leadership Development” by Leadership Excellence magazine. She serves on the advisory boards for New York University’s Program in Higher Education/Business Education at The Steinhardt School of Education and the University of Pennsylvania’s Executive Program in Work-Based Learning Leadership. She is a frequent speaker at professional and company-sponsored conferences and business briefings around the world. Rebecca received her PhD from New York University. She is the coauthor of numerous articles and books, including Measuring Leadership Development (McGraw-Hill, 2012); Measuring the Success of Leadership Development: Case Studies (ATD) expected in 2014; and Measuring Employee Engagement (ATD), expected in 2015.

Nicholas Sutcliffe is the executive director of The Conference Board for Asia-Pacific. He is responsible for the strategic development and growth of The Conference Board operations within the region and also shares responsibility for enhancing the organization’s stature and reputation as a relevant, objective, and ethical institution serving business and society. Having worked in Asia since 1994, Sutcliffe has gained a deep understanding of both the cultural and social issues that affect the region. He has a passionate interest in Chinese and Indian business relations and cultural drivers, and he has been published in newspapers such as South China Morning Post and Hindustan Times. Prior to joining The Conference Board, Sutcliffe was responsible for establishing a knowledge processing outsourcing center in India for a UK-based media company. As the leader of all key activities, he established a 300-strong research center that focused on business operations and strategies across seven vertical industries. Sutcliffe has an extensive track record in global media solutions and research for C-suite executives and has worked throughout Asia, the Middle East, India, North America, and Europe.

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Xiaotong Li, VP, HR, ThermoFisher

Dialogues and Discussion Panels

CEO DIALOGUES

Dr. Lin Liangqi, President, AkzoNobel China
Eric Zwisler, Chairman, Cardinal Health China
Philippe Verneuil, President, Michelin China
Yan Xuan, President, Greater China, Nielsen Company

PANEL DISCUSSIONS

What is the future China business environment going to look like?
Panelists
Narin Phol, Managing Director, East China Cluster, Damco
Eva Leung, Managing Director, Hong Kong & Macau, Nielsen Company
Philippe Estreguil, Human Resources Director, Greater China, Sodexo
David Hoffman, VP & Managing Director, China Center, The Conference Board

What skills are future China business leaders going to need?
Panelists
Jing Wang, Vice President, Human Resources, Shell (China) Ltd
Namratha Roy, Vice President, Human Resources, Asia, Jabil
Sharon Yang, Head, Human Resources, SPD Silicon Valley Bank

What are the strategies for developing future China business leaders?
Panelists
Alex Gu, Vice President & General Manager, Covidien
Lilly Liang, Human Resources Director, Diageo
Angel Li, Human Resources Director, Pernod Ricard China
Anne Myong, Chief Financial Officer, Walmart
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