

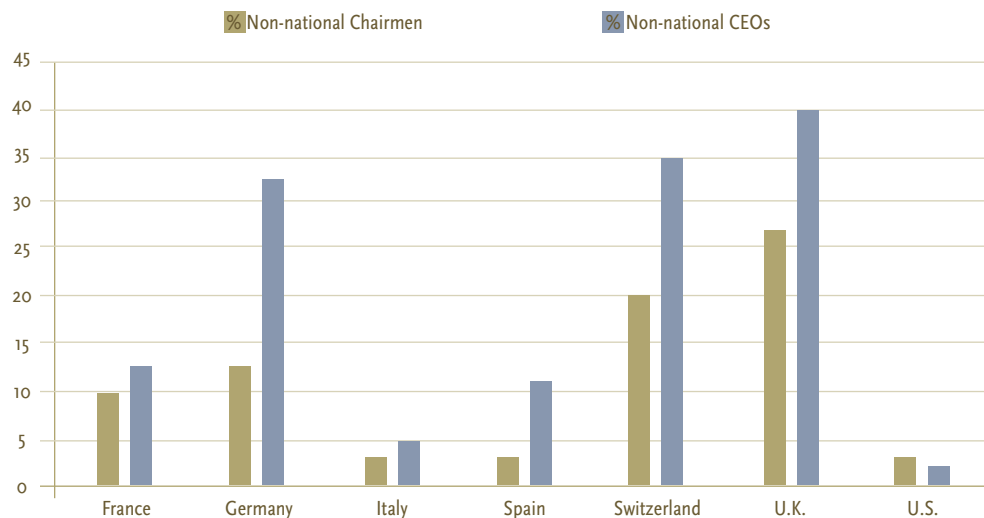
Global View

The International Leader

More companies are casting a wide net for top executives

Globalization and the rise of BRIC and other developing economies have resulted in a proliferation of multinational companies dispersed all over the world. More and more businesses are shifting their focus from national to international markets, resulting in a dramatic increase in the proportion of revenues generated by overseas operations.

In our role as advisers to leading businesses across continents, we see enormous variation in the readiness of companies to hire the best talent regardless of nationality, background or domicile. Recent research by Spencer Stuart into the nationality of CEOs and chairmen of many of the world's leading companies shows that when it comes to appointing non-nationals into the top roles, there are astonishing differences between countries, as the chart below shows:



We believe that the companies best placed to take advantage of opportunities in international markets are those most open to hiring talent from anywhere in the world. This is particularly true at the board and senior executive levels. Yet many companies that need to take a more expansive, global approach are still a long way from even considering non-nationals in the top roles. These companies are in danger of losing out to their global competitors by limiting the pool of candidates they are prepared to consider. The point is not that every company with global ambitions should be led by a non-national, but that most organizations should be open to the possibility.

Certain factors influence whether or not a company will turn to a non-national as its leader. Where the majority of a company's revenues come from outside the "home country," there is every reason why the CEO should be a non-national. The location of some stock exchange listings carries a greater likelihood that boards and senior executives will be internationally diverse. Foreign companies attracted by the status and access afforded by a London listing, for example, have no particular affiliation to the U.K. and are just as likely to be led by a foreigner as a British citizen (although where this is the case, they tend to recruit a British chairman for reasons of governance credibility and to win the respect of the local establishment).

In some sectors, such as defense, nuclear power and utilities, it can be mandatory for companies to be led by nationals. And in some countries, such as France, the level of political influence over top corporate appointments can be very strong, resulting in top leadership positions invariably going to nationals.

Despite these factors, there are still plenty of businesses operating on a global scale that could be casting their nets far wider in order to benefit from fresh ideas and new ways of thinking. There are multiple ways of introducing international experience and perspectives into an organization, such as appointing a non-national to the role of CEO; creating a more internationally representative executive committee; and nominating foreign directors to the board. For some companies, this is a necessary, low-key first step towards introducing a more internationally diverse executive team. Another option is to assemble an advisory board, which can be a useful means of tapping into local expertise when building presence in a specific region or market.

Although today's market for leadership talent is truly global, some companies face significant cultural, social, political and linguistic barriers that prevent them from accessing this talent. To succeed on the global stage they will need to take positive steps to overcome such barriers if their leadership teams are to reflect the international footprint of their businesses.

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Factors influencing leadership nationality

More open to non-national leader

Significant revenues generated from outside the "home" country

Stock exchange listings outside of home country, especially for nonexecutive chairman role

Presence of international directors on the board or an advisory board with local expertise in key markets

More likely to have a national leader

Revenues outside the home country are not significant

High degree of political influence over senior corporate appointments

Nationally important strategic sectors, such as defense, nuclear power and utilities