

With the rise of globalization, more companies are hiring foreigners for senior positions to drive sales abroad.

The trend is clearest in export - focused countries. Canada, for example, ranks fifth in the world for the number of foreign executives and directors in public corporations. Foreigners account for 24% of all executives there, according to our survey of major companies around the world.

This growth is a response, in part, to a growing cultural acceptance of mobility. People are increasingly willing to move abroad, and companies are promoting foreign stints to build the international expertise, insight and strategic views of their executives to help in the push into new territories.

“Fielding a team of top executives with varied cultural backgrounds and life experiences can broaden a company’s strategic perspective,” McKinsey consultants Thomas Barta, Markus Kleiner and Tilo Neumann wrote in the McKinsey Quarterly in 2012.

They found that companies with varied makeup on their boards fetch significantly higher earnings and returns on equity. Their conclusion came after studying the composition of the boards of 180 public companies in France, Germany, the U.K. and the U.S. between 2008 and 2010 and comparing this with their returns on equity and their margins on earnings before interest and taxes.

Indeed, European boards are becoming more international, according to a study by the Hay Group, a Philadelphia - based management

consulting firm. On average, 4 out of the 10 directors of 376 public companies in 12 European countries were foreigners in 2014, up from three in 2013, it found. What is more, boards are now more nearly evenly split between directors with domestic experience and those who’ve worked abroad.

The internationalization of leadership comes “as companies recognize the need to diversify outside their domestic markets and react to increasingly global challenges”, Hay Group said.

It cited as a reason for the diversification a study by Morgan Stanley, a U.S. financial services company that estimates that the share of revenues that European companies will generate in developed Europe was to drop to 46% in 2014 from 71% in 1997.

More can be done to diversify executive boards.

In the U.S., for example, gender and racial diversity is still low on corporate boards, according to the Alliance for Board Diversity. After decades of pushing for greater diversification, the boards of Fortune 500 companies were 86.7% white and 83.4% male in 2012, depriving companies of a greater diversify of opinions, it said.

“To sustain long-term success, companies must continually create new ideas and solutions,” said Ronald C. Parker, head of The Executive Leadership Council, which forms part of ABD. “This innovation is driven by diversity of thinking at every level of the organization, especially within senior leadership teams and in the boardroom. Women and minorities are an important part of that equation.”

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