

The CEO Agenda for an Era of Innovation Without Borders

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**Tomorrow belongs to those
who can hear it coming.**

– David Bowie



The CEO Agenda for an Era of Innovation Without Borders

This article is part of a series that explores the innovative potential arising from the global movement of skilled workers. It examines the implications for CEOs and policymakers.

David Bowie had a rare gift: the capacity to sense the future and bring it into the cultural fabric of the present. Visionary business leaders have achieved similar feats for society—from Henry Ford anticipating mass mobility, to Yvon Chouinard at Patagonia pushing for sustainability and climate action years ahead of others, to Elon Musk spearheading not just an e-mobility revolution but also the dream of humanity as an interplanetary species.

In the first article of this “Innovation Without Borders” series, we showed that people crossing borders are not only generating trillions of dollars of innovation and growth benefits for destination and origin countries but also spreading ideas, knowledge, capital, and even human rights. Yet migration remains a hotly debated topic and a source of political gridlock in many countries. As a result, firms, societies, and individuals are not fully capturing its promise:

- While the absolute number of globally mobile people now stands at about 200 million, the corresponding numbers for skilled people remain significantly lower at roughly 52 million.¹
- In fact, migration rates for skilled people actually seem to be in decline: In 2000, 7.5% of all skilled talent had moved across borders. Today, the rate is close to 6.4%—this gap translates into 10 million skilled workers who stayed home.

We argue that there is now a window of opportunity to build bridges into opportunity for skilled global talent that would ignite innovative growth. It’s not politicians but business leaders who hold the keys to make this happen. We lay out two reasons why forward-looking CEOs and aspiring founders should care, describe four strategies that they can pursue to drive firm-level advantage, and show what specific actions look like.

1. Evidently, skilled workers tend to have immediate positive effects on innovation and growth; unskilled workers do so as well, though more indirectly.



A Human Cause Meets Its Business Case

Close your eyes and fast-forward to 2050. In what world will our children and grandchildren live? With the benefit of hindsight, how might they look at the decisions we take today? Is there a chance they will call some of our actions morally questionable or even economically stupid?

We hope they will be gracious enough to say: “Your generation finally turned the corner on climate change, and you started addressing the persistent injustices of discrimination.” Yet we can’t help wondering if they’ll continue: “But there were still massive differences between people. A bright-eyed, aspiring student from Lagos or Lahore simply did not have the same opportunities as you. How could you live in such an unfair world?”

Your grandchildren might have a point. Of all the differences between two randomly chosen human beings, 66% are due to one factor only: where they were born.² Righting this wrong by building bridges into opportunity for the world's most curious talents might soon be seen as a significant human achievement of the 21st century—a moral cause that also had a clear business case. The bridges to opportunity are already partly in operation but not yet scaled up to full potential. Globally remote teams, global freelance platforms, and global hiring are some of these bridges.

In our conversations with executives and startup founders, we sense a nascent excitement for the bigger cause and a clear awareness of the business case of “innovation without borders.”

2. Branko Milanovic, “Global Inequality of Opportunity: How Much of Our Income Is Determined by Where We Live?” *The Review of Economics and Statistics*, May 2015.



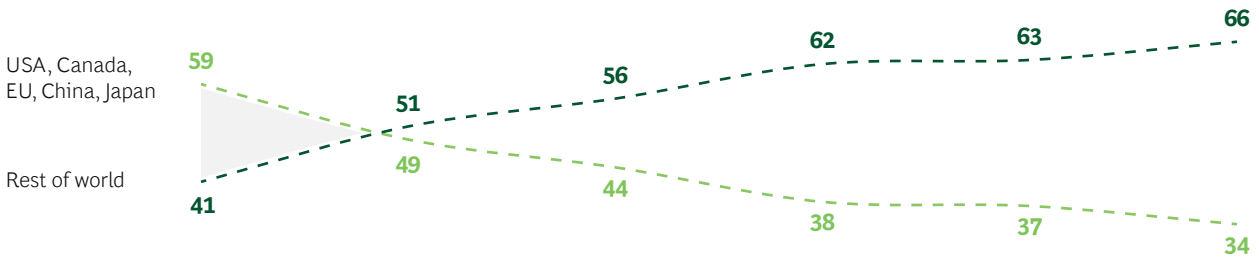
Why the Time Is Now

There are two basic reasons why now is the best time to act. First, talent is now truly universal. Just twenty years ago, global talent was relatively scarce. (See [Exhibit 1.](#)) The world had roughly 420 million skilled people and about 70 million recent college graduates (age group 25-29), but nearly 60% of them graduated from schools in the United States, Europe, China, or Japan. Fast-forward to 2020: the world now counts roughly 840 million skilled people and about 140 million recent grads (twice as many as 20 years ago).³ What's more, the ratio has flipped: now, young students from all other countries are in a clear majority, and on path to represent 66% of all college graduates in 2050.

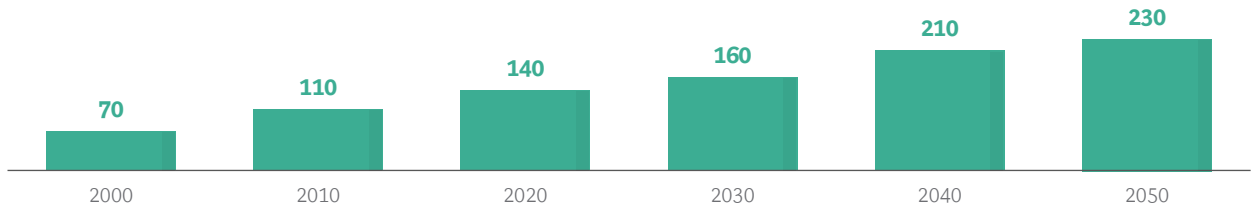
3. Wittgenstein Centre Human Capital Data Explorer

Exhibit 1 - A Seismic Shift: Talent Is Now Truly Universal

Distribution of university and trade school graduates (age cohort 25–29), %



Number of skilled adults, globally (age cohort 25–29), in millions



Sources: Wittgenstein Centre for Demography and Global Human Capital (2018), Medium Scenario (SSP2); BCG analysis.

Note: Graph shows post-secondary education (includes anyone with at least one year of tertiary education), including bachelor’s, master’s, and doctoral degrees.

Second, it’s easier than ever for firms to work with global talent. The COVID-19 crisis led to a surge of startups that support firms in managing globally distributed teams. Meanwhile, counterintuitively, it’s never been easier for firms to hire and relocate qualified workers from abroad. We spoke to legal relocation experts, HR managers, and field practitioners across the world. They showed us that in 11 out of the 12 countries we studied, the legal and administrative hurdles to global movement are low or very manageable. Two notable exceptions: China and the United States (see Exhibit 2).

Germany emerged as the country most open to skilled foreign talent—ahead of even the well-established mobility destinations Australia and Canada. Even Japan, a country not traditionally known as a global talent hotspot, has opened the gates. In the past, firms often faced a complex visa and work regulation landscape that was hard and costly to navigate. Today, countries designated as “easy” or “medium” tend to have an ample supply of work visas, which are given out in a (mostly) predictable fashion and at low or manageable cost. And the process typically doesn’t add substantial waiting time compared with the hiring of a qualified local candidate. Meanwhile, on the labor demand side, BCG research shows that people’s desire to pass through these gates remains strong; about 50% of skilled talent say they would consider relocation if offered the chance.

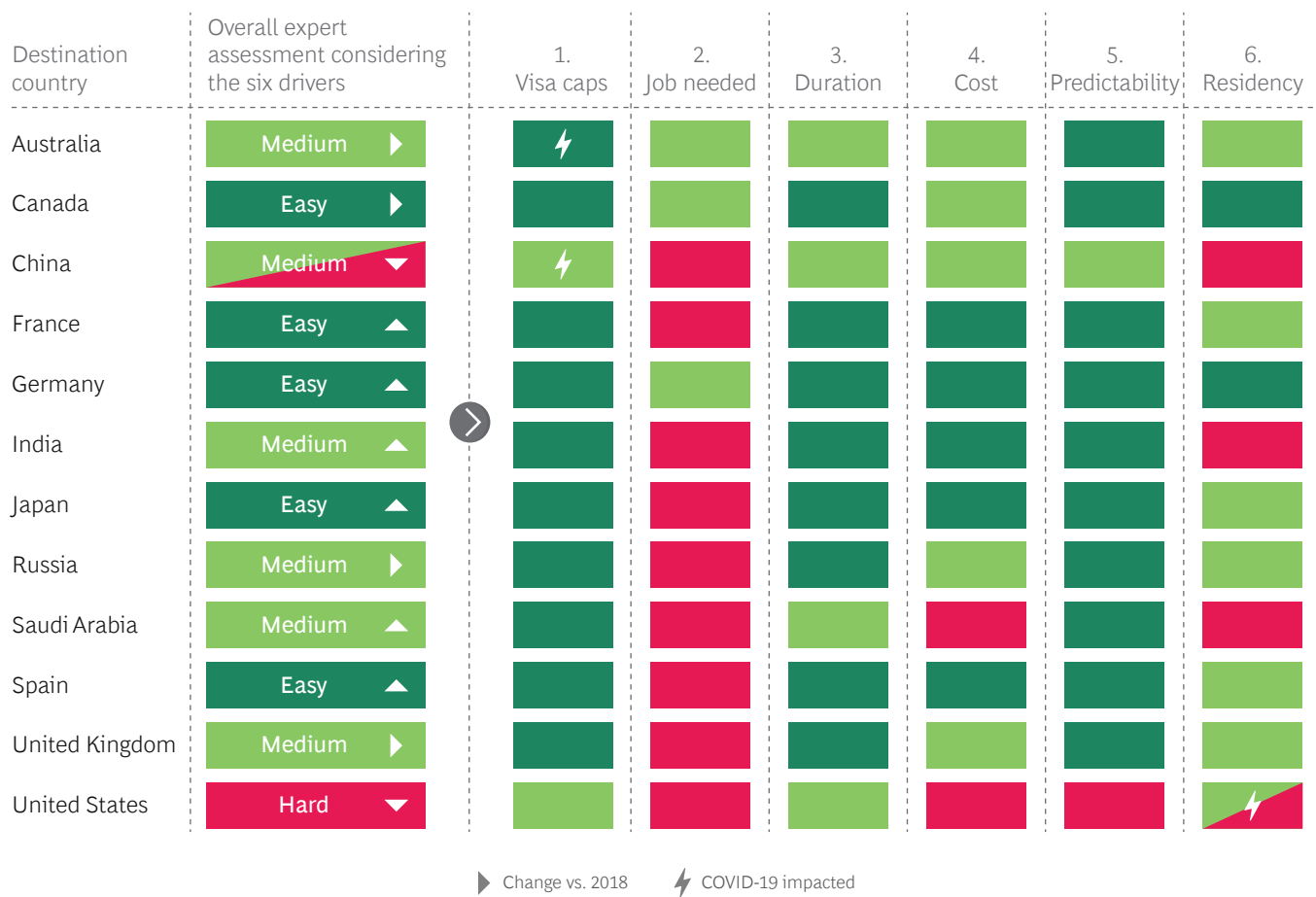
If we can't build a culture in which people of any background can thrive, we have just not achieved anything of value.

– Patrick Collison (Stripe)



Exhibit 2 - The World Is More Open to Immigration Than We Might Think

How difficult is it today for a college graduate to relocate for work?



Sources: Global expert interviews; Localize; Silk Relo; BCG analysis.

Notes: Assessment assumes a worker with a bachelor's degree and a minimum salary of \$60,000 gross/year. Easy = facilitates relocation. Hard = restricts relocation relative to other countries. As of August 2021, COVID-19 restrictions in many destination countries impose additional processing delays and no-travel restrictions for people from some origin countries.



Four Plays for the CEO Agenda

Talent is now more globally spread, and political hurdles to global mobility are lower than ever. What then can leaders in business do to embrace this cause and gain strategic advantage while doing so? To answer this question, we spoke to corporate executives, founders of unicorn startups, and investors in industries ranging from technology and software to FMCG, logistics, travel and tourism, and media and entertainment. In these conversations, a picture of four complementary strategic approaches, or “plays,” took shape. (See [Exhibit 3.](#))

Exhibit 3 - Four Plays Shape the CEO Agenda

Talent play



Tap into deep global talent pools to hire and onboard new talent

Ecosystem play



Build a global talent pipeline for your company and your ecosystem

Innovation play



Assemble diverse teams that are capable of imagining and shaping the future

Purpose play



Seek strategic differentiation by embracing a unique purpose

Source: BCG analysis.

- The **“talent play”** is a typical starting point. This play views foreign-born workers mainly as a valuable resource, as scarce talent to fill open vacancies in hard-to-fill roles or to flexibly cover short-term skill needs. Its strategic value lies in superior access to qualified talent. This play is most relevant for companies facing talent access as a barrier to future growth, which holds especially for asset-light software and people-intensive businesses, fast-growing startups, and heavy industry players facing significant digital transformation challenges.
- The **“ecosystem play”** adds an important leg to the talent play for companies facing restrictions on legal immigration of skilled talent (a factor in China and the US, for example) or for those having difficulty attracting talent, often those with operations outside the main metropolitan areas. Companies executing this play globalize their teams by using global hubs and remote setups, and by investing in their immediate local ecosystem. The ecosystem play is especially prevalent in asset-heavy industries like automotive, chemicals, and manufacturing.
- The **“innovation play”** is a natural extension of the talent play. Strategic value in this play comes from seeing skilled foreign talent not merely as a resource but as a catalyst to drive growth via culturally diverse teams.⁴ It's most relevant for firms facing complex product or business model innovation challenges, and firms that are valued by public markets or venture capitalists primarily on the basis of their future growth potential.

- Finally, we discovered the **“purpose play,”** which puts the cause of global equality of opportunity at the center of the company's declared purpose, much like Patagonia did with environmental protection or Tesla with sustainability. Not surprisingly, few executives see it as currently relevant for their business, showing that in comparison with other topics of global scope, promoting skilled migration is not yet a mainstream movement. But this is precisely why the purpose play can yield first-mover advantage.

Let's now dive into each play and explore what leading firms are already doing.

THE TALENT PLAY

Talent plays create value for companies under two conditions: if companies avoid the “revolving door” problem (attraction but low retention), and if they manage to scout global markets for overlooked talent.

- 1. Switch to English-first.** Change management practices to allow for hiring of English-only talent, even if only initially in a few teams. Douglas, a leading European beauty retailer, for example, switched its default language in its tech teams to English and thus opened itself to global talent. Yet this easy-looking switch is in practice often hard to make. Changing a company's language means changing its culture, and what is a gain for newcomers can be perceived by others as a loss.

4. Such teams tend to outperform homogenous teams on complex tasks because they can draw on a broader collective experience and thus develop novel solutions more easily. (Hong and Page, PNAS, November 2004.)

2. Globalize your employer brand. Build a global employer brand. Use existing talent and diaspora networks in your own recruiting. Firms like Delivery Hero and Zalando motivate employees to recommend their peers from their places of origin and encourage them to apply.

3. Create new depth. Build bridges for global (junior) talent with coaching, extended training and vocational programs, and starter jobs. The Berlin-based music-streaming platform Soundcloud, for example, has established the “DeveloperBridge” trainee program, an effort to bring in more junior talent from other countries.

4. Globalize hiring. Use global sourcing teams to scout for talent in specific places around the world, and add referral programs that are tailored to hiring talent from countries other than that of the firm’s headquarters. The German HR tech unicorn Personio, for example, deployed special temporary recruiting teams to Brazil after realizing it could hire top-notch engineers from various Brazilian cities.

5. Hire for attitude. Hire not on the basis of degree credentials but on attitude. Rely on your own subject matter and personality tests to screen applicants—this avoids rejection of good candidates simply because they do not fit the established domestic hiring expectations. Examples abound in tech firms. One outstanding illustration is Red Bull’s “Wingfinder,” a personality self-assessment test that offers personalized improvement paths for prospective job applicants.

6. Leverage global platforms as a screening device. Virtualize migration by working with global digital talent platforms, leveraging both their cost advantages abroad and their value as a talent hiring screening device. Collaborate remotely and, if conditions are right, bring the best freelancers in house.

7. Internationalize onboarding. Add financial or in-kind relocation support to your onboarding package to ensure a smooth transition for global talent, and be ready to run remote onboarding sessions. These practices are already the standard in the startup world but are now also being adopted at scale by others.

THE ECOSYSTEM PLAY

Firms use the ecosystem play either to circumvent hard legal restrictions to the hiring of skilled talent from abroad or to attract skilled global talent to their region by making targeted investments in the broader ecosystem, often together with other players. It turns out there are often some very concrete opportunities for large firms, startups, and NGOs to work together de-bottleneck the talent migration journey and thus improve their own base of competition vis-à-vis global competitors located elsewhere.

1. Set up your own global network. Internalize the global migrant networks by moving product or R&D hubs to new locations that improve access to global talent. Those locations could be centers of technology (for example, Toronto, Berlin, London, Tokyo). Vodafone, for example, opened an IT and service hub in Cairo many years ago to hire Egyptian talent, because immigration to Europe sometimes proved a lengthier and more costly process.

2. Go remote. Recognize that, in some fields, speed beats in-person setups. Putting in place mechanisms that support remote full-time employment globally can help you quickly staff some of your core teams with global talent. In typical origin countries, both cost advantages abroad and a captive talent hunting ground (for attracting talent who are not yet ready to migrate in a given location) can be found. Firms such as the Germany-based logistics scaleup Forto often start onboarding talent remotely and then later transfer them into larger hubs to work in hybrid setups.

3. Join hands with the public sector. Work with local governments and private partners to set up public-private partnerships (PPPs) that significantly accelerate key bureaucratic processes. In Berlin, firms collectively fund a PPP entity called BerlinPartner, which facilitates and speeds up work visa, work regulation, and other key administrative processes for Berlin-based businesses. This model has recently been replicated in the Netherlands, Sweden, Austria, and elsewhere, but it deserves much wider adoption.

4. Drive ecosystem attractiveness. Especially in cities that are not among the top three talent hubs in their country, ecosystem activation strategies to create a more attractive environment for global talent are key. These strategies not only benefit global talent but also create a more vibrant community for all talent, along with local innovation spillovers that benefit everyone. One way to increase local ecosystem attractiveness is by hosting industry-specific meetups for a diverse set of practitioners to foster cross-company knowledge exchange. Another way is by committing your own talent and resources with that of others, as BCG does via the Jobbing Program, initiated with BMW's Eberhard von Kuenheim Foundation to address the integration challenges of disadvantaged youth from all backgrounds in Germany.

5. Be open source. Spread what works. A visa regulation and support ecosystem exists; use it. Look to firms like Localize, which proactively supports visa and relocation processes for skilled talent from abroad, and share your learnings in an open source manner with other companies.

6. Build for circularity. Close the loop and find partners in origin countries to support knowledge transfer. In the European tech scene, we see some early innovative models in which certain agency tasks are delegated to partners in the same time zone (in Rwanda for example).

THE INNOVATION PLAY

The innovation play is a strategy for companies with culturally and cognitively diverse work forces to launch new products, services, and business models to the market. Based on [BCG's innovation research](#), firms that succeed in making diversity work—those that maximize the variety of ideas and then select the best for scale-up—are significantly more likely to outperform their peers.

1. Mix and match diverse teams. Create teams that go beyond compositional diversity and show genuine functional diversity by having staffing mechanisms that take into account metrics of such diversity. GetYourGuide, a global travel and tourism player, ensured that the foreign-born talent it recruited was spread through the organization, avoiding monocultural silos of any particular nationality or origin, which can often work effectively but lose their creative edge.

2. Circulate innovators globally. Set up internal migration networks (“mobility programs”) to attract daring, unconventional problem solvers from a variety of geographic locations. BCG's think tank, the BCG Henderson Institute, for example, offers secondments for BCG employees to physically relocate to one of its innovation hubs and explore a new research topic. Programs like this should be framed as an innovation rotation—a valuable career step toward leadership that is supported by top management.

3. Break organizational boundaries. Set up circular externship programs with smaller, faster growing organizations. Earlier this year, BCG encouraged employees to join a rapidly growing pharmaceuticals company producing COVID-19 vaccines. BCG regularly offers its employees growth opportunities like this because it believes in the innovative exchange that results from such deployments.

4. Foster divergence. Shape a culture that respects the individual and values new ideas irrespective of place in hierarchy, for example by having regular exchange forums to pressure test ideas in a trusted environment. Stripe, a global financial services firm, forms internal interest groups based on origin. These groups have a dual purpose; first, they provide a second “home” to foreign talent at Stripe, which helps build the employer brand, and second, they play an active role in customizing products and go-to-market strategy for global markets.

5. Remain mission-first. Train innovation product managers to create alignment in multicultural, multi-functional teams and to guide their teams toward maximal outcomes, not maximal output. Tech companies often pride themselves in creating a culture that celebrates the focus and goal-mindedness of “missionaries” in service of their purpose, often a customer need, over “mercenaries,” managers managing perception first, outcomes second.

6. Guide via a pragmatic decision-making process. Guide diverse innovation teams toward maximized outcomes or fast failure, by subjecting them to a lean decision process that ensures the best projects survive. While nearly all companies have such staggered funding logic processes, they often fail to produce desired outcomes because teams are either not empowered or not incentivized to recommend a course correction or a project shutdown.

THE PURPOSE PLAY

Companies that follow a purpose play strategically differentiate from competitors by credibly embracing the cause of global equality of opportunity. Doing so takes foresight, conviction, and courage.

Such purpose-led companies are not rare in other causes, for example in the fight to combat climate change. Patagonia is a globally celebrated brand that spearheads corporate environmental activism, but it had the foresight back when climate change was just a niche topic.

Founded in 1973, Patagonia had sustainability sewn into its cultural fabric from the onset, and it formed dedicated climate change charity efforts early on. The company never stopped at changes that merely advanced its own strategic position. For example, it imposed a 1% planet tax on its annual revenue and rallied like-minded companies to do the same. With the proceeds, the companies fund a platform that connects grassroots movements, activists, and environmental protection experts. Patagonia became the single most credible brand in sustainable clothing.

The cause of global equality of opportunity is still a strategic white spot, which makes it a strategic opportunity up for grabs. As of today, we see only a few companies embracing this play:

- **Chobani**, the dairy produce manufacturer founded by a Turkish-born immigrant to the US, is an example thanks to its embrace of hiring refugees as workers. The company currently employs 300 refugees (15% of the total workforce) across all sites and uses its marketing muscle and voice to celebrate the positive impacts of refugee workers on society at large.

- **Airbnb** (the US-based platform for homestays and vacation rentals) famously commits to “create a world where anyone can belong anywhere.” Airbnb is not only a company thinking and acting globally; it also believes in diversity as a fundamental source of strength and builds its business operation to reflect that belief. The company installed a permanent team of product managers, designers, engineers, and others whose sole purpose is to root out bias and advance belonging and inclusion, thereby creating a culture of boundless innovation. With its foundation, Airbnb.org, the company pioneers activism concerning refugees and displaced communities. It recently offered homes to 20,000 Afghan refugees when the Taliban surged back to power.

When is a good time to credibly embrace such a purpose? The founders of firms like Patagonia, Chobani, and Airbnb embraced a wide societal mission for their firms from day one, and, not coincidentally, they communicated it loudly to differentiate themselves from competitors. Will these early differentiation advantages last forever? The jury is still out, but more than ever, purpose-first companies succeed in achieving category leadership and as a result often see substantial valuation premiums.

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Leading into What's Next

“Tomorrow belongs to those who can hear it coming,” as David Bowie famously put it when releasing his iconic hit “Heroes.” Could a world of global opportunity, facilitated by firm-led migration, be a “tomorrow” discovered by those who are among the first to see it coming? We lay out a pragmatic agenda that helps CEOs and aspiring founders identify their most suitable strategic play and then choose from a list of concrete actions—all with the objective of bringing forward the cause while securing firm-level strategic advantage.

We argue that the best time to get started is now. Younger voters, employees, and consumers increasingly expect CEOs to act on global mobility and opportunity. The majority of populations polled (not just in North America and Europe but also across the globe in China, Japan, Saudi Arabia, Brazil, and South Africa) demand corporate initiative on this very topic.⁵

What starts with better company performance could then trigger a broader change that leads to more widespread innovation, growth, and human happiness.

5. 2021 Edelman Trust Barometer: Spring Update.

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