

When Innovation Has No Borders, Culture Is Key

BCG Report | Innovation Without Borders

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There is only one way to see things, until someone shows us how to look at them with different eyes.

– Pablo Picasso



Foreword

*This report is part of BCG's "Innovation Without Borders" series, which explores the innovative potential arising from the **global movement of skilled workers**. It presents research findings from a quantitative survey of 850 business leaders as well as qualitative interviews with executives and founders.*

New ideas often come from looking at the familiar with fresh eyes, connecting and combining what's previously been separate. Innovation is thus a product of people crossing boundaries and imagining new possibilities.

The power of such connections—of bringing people from different nations and cultures together and the creative spark it can enable—has been one of the guiding principles of the "Innovation Without Borders" series. In previous articles, we have argued that reducing the obstacles to global migration, and thus building bridges to opportunity for talented people regardless of where they were born or what their circumstances might be, is a **moral cause that also has a strong business case**. The war in Ukraine, along with ongoing conflicts in Afghanistan, Syria, and elsewhere, reminds us that not all migration is voluntary—which only makes the moral cause that much more urgent.

It is with those principles in mind that we present this third article in our series. Talented, creative people can be found in every part of the world—talent that could enable companies and countries to see things in a new way and ignite the much-needed innovative spark that drives sustainable growth. But whether because of restrictive immigration policies, skill mismatches, or cultural barriers, today only a small fraction of the world's skilled workers choose to live and work outside of their birth countries. Can we afford to keep overlooking this vast but latent creative potential?

We don't think so, and CEOs agree: 95% of senior executives we surveyed for this report say they plan to invest in building more globally diverse teams. Their rationale: closing talent gaps and fueling organic growth. Still, it's one thing to aspire to be a globally diverse company; putting those ideals into practice is another matter.

Our survey is the first of its kind. It explores the potential of globally diverse teams by probing the business strategies of executives in 20 industries and 10 countries, the personal beliefs that guide those executives, and the operational tactics they use. We found that even though executive awareness is high, corporate action is severely lacking. Only 5% of executives told us that their firms have successfully built globally diverse teams and won with them. That's a big disconnect between strategic intent and results. The root cause, according to many of our survey respondents: cultural obstacles.

In the pages ahead, we lay out a pragmatic way forward for business executives who intend to drive creativity and innovation and build a new performance culture through global diversity. We explore executive and societal beliefs about global migration and how executives can help lower the societal barriers that stand in the way of global diversity. And we share the multifaceted perspectives of executives from four continents to highlight the rewards of the journey to global diversity—and the struggles that can occur along the way. Finally, we present a deep dive into our research data to illuminate strategies and operational actions for readers, specific to their own country and industry contexts.

We are convinced that business leaders can create better companies—and societies—by actively embracing globally diverse teams and organizations and ensuring they generate visible benefits for all. The Greek philosopher Archimedes said, "Give me a lever long enough, and I can move the world." Diverse teams composed of local and global talent are such a lever. We believe it's time for business leaders to use it.

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How to Create a Globally Diverse Organization

(While Managing the Inevitable Culture Shock)

On March 1, 2010, Mickey Mikitani, founder and CEO of Rakuten, the Japan-based e-commerce firm, declared that from that day on, the company's 10,000-plus employees would all be required to use English as their official language. Any employee who didn't become proficient in English within two years would face demotion.

Mikitani said he was convinced that if Rakuten wanted to be a globally relevant innovator, it needed to increase communication and collaboration across the company, which included subsidiaries in Brazil, France, Germany, Indonesia, Taiwan, Thailand, and the United States. And to bring together employees from so many different cultures, Rakuten needed a common language.

Firms that move from “question mark” to “diversity as part of DNA” are....



2.2x

more likely to be a world class innovator



2.5x

more likely to be a fast growing company

The mandate applied throughout the organization, down to the menus in the cafeteria at the company’s Tokyo headquarters. “Englishnization,” as Mikitani called it, confused and irritated employees and executives alike, many of whom spoke little English at the time. Frustration ran deep as Mikitani insisted that board meetings be conducted in English even though they initially took twice as long while executives struggled with an unfamiliar language. Many employees considered leaving—at one point, 36% of Rakuten’s engineers said they planned to resign before the two-year deadline.

But Mikitani stayed on course. He constantly communicated the importance of a common language in helping Rakuten reach its larger goals of attracting new talent, sparking creativity and innovation, and (ultimately) increasing growth and profitability. Policies were put in place to encourage frequent contacts between the company’s far-flung divisions, enabling employees from different parts of the world to share knowledge and discover new ways of solving problems. Over time, the new corporate lingua franca began to break down the boundaries between Rakuten’s headquarters and its previously siloed subsidiaries.

Today, Rakuten’s staff is more international than ever, with one of the most globally diverse tech teams in Japan. The firm is now active in 30 countries and regions, but it thrives with a global “one team” culture. Rather than imposing a single point of view, Rakuten’s common language levels the playing field for employees from different nations and cultures, allowing them to trade ideas, build empathy, and look at problems in a new way.¹ The success of this approach is undeniable: Rakuten’s revenues grew from \$3.9 billion in 2010 to \$15.3 billion in 2021, a 13% annualized rate.

Rakuten’s story illustrates the enduring benefits of [building a globally diverse organization](#), one that is not just open to talented people from different nationalities but also more creative and innovative as a result. It also shows the struggles of an organization dealing with a disruptive change in culture.

So how can you build a globally diverse organization while avoiding such disruption?

To answer this question, we fielded a quantitative survey of 850 senior leaders in HR, R&D, and digital functions, and we interviewed 20 senior executives in startups, venture capital, and the corporate world. (See the sidebar, “[About the Survey](#).”)

Our study surfaced three key observations:

- The business case for globally diverse teams is clear: 95% of the survey’s respondents said they intend to build globally diverse teams in order to address talent shortages, better meet the needs of global consumers, and generate the creative spark that drives innovation.
- Yet most pursue global diversity in ad hoc, not strategic, manner: nearly 80% of firms pull some of the operational levers in [the four strategic plays associated with global diversity](#), but only 15% do so in a comprehensive way.
- Finally, only 5% of respondents have fully scaled globally diverse teams throughout their organization, embedded the principles and values of global diversity in their corporate DNA, and captured convincing growth and innovation benefits from it.

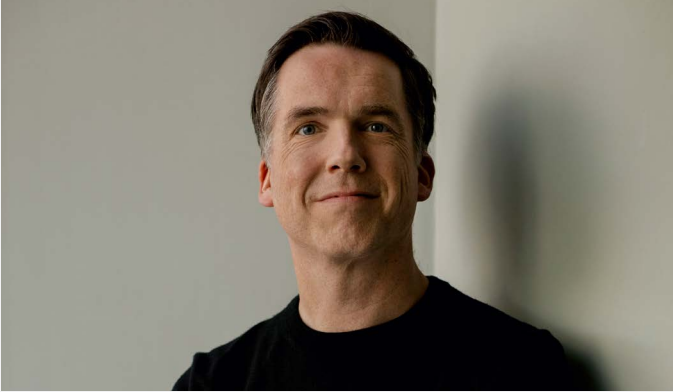
That’s a big gap between ambition and real-world results.

This gap is largely explained by one thing: culture. In times of talent scarcity, it isn’t hard to make a convincing business case for global diversity—even putting aside the strong moral case for it. But senior executives, especially in large, established firms, worry about the soft side—namely the significant cultural change a globally diverse workforce brings with it. Leaders of large companies who express a strong intent to pursue global diversity (and many who already are) also voice a healthy skepticism that they can get thousands of employees to follow them without ruffling some feathers. As Sebastian Klauke, a member of Otto Group’s executive board, told us, “I know lots of firms that are still hesitant to make that switch, partly motivated by an authentic worry that they’ll leave lots of folks in teams and middle management behind.” Our survey bears this out: while only 20% of respondents claim that “we don’t know where to start” with global diversity, 38% cite “big language and cultural barriers” to it.

1. Tsedal Neeley, *The Language of Global Success: How a Common Tongue Transforms Multinational Organizations*, Princeton University Press, 2017. See also Neeley’s “Why Global Success Depends on Separating Language & Culture,” TEDxCambridge, October 2017.

Executive Perspective: Sebastian Klauke

Board Member, Otto Group



“Global talent changes the cultural mix and the performance of your organization.”

Sebastian Klauke opened BCG’s first Digital Ventures office in Germany and cofounded Autoda.de, the first German e-store for used cars, before joining the Otto Group as chief digital officer in 2017. He is currently a member of the company’s executive board and is responsible for its e-commerce, technology, business intelligence, and corporate ventures. The Otto Group is a retail and services company with 50,000 employees, doing business in over 30 countries in Europe, North and South America, and Asia. With online revenues of approximately \$11 billion, it is one of the world’s largest online retailers.

How has Otto Group approached building a culture of innovation?

We’ve initiated a process of culture change, to first heal a few typical dysfunctionalities in large organizations, such as a lack of collaboration across teams and functions, and a tendency to look inward, not outward. We addressed those by introducing new agile ways of working, by reducing unnecessary frictions, and by flattening hierarchies where speed is critical. Now, we’re starting to look at international hiring to mix up our teams and generate a new vitality impulse.

What’s the state of global diversity at Otto Group?

We have very different dynamics in our portfolio. AboutYou, for example, has been very international since day one. To cope with the extremely high growth of the business, we took away all constraints in hiring and focused exclusively on finding the best talent. In our other businesses, digital transformation is on track, and we don’t have a severe talent shortage issue. There, I see global diversity mostly as a lever to improve performance through deliberate culture change. It can help us build a culture of playful challenge, of reinvention through new people coming in, and overall, a somewhat more intense, dynamic organization.

How does global diversity improve performance?

There are two aspects to this. My thesis number one: diversity is a performance driver in teams. Opening up our teams to global talent brings in people with a fresh attitude who are hungry to learn and grow, and who believe they can make a difference. These people bring new perspectives that help us innovate better. Thesis number two: infusing global talent changes the cultural mix of your organization, to the point that it can elevate the performance level of your entire organization.

Why do so many firms struggle to embrace global diversity?

Starting from the top, there’s a lot of “change angst” surrounding global diversity. Introducing English as a new means of communication sounds easy, but it is incredibly hard, even for top executives who fear that established teams will not be able to cope with the change. I believe this worry is genuine and well intended, but it also stands in the way of delivering on companies’ growth and innovation ambitions.

How do you overcome this “angst” around global diversity?

To kick this off, you need a compelling change impulse from the top. It needs to be supported by clear communication that fosters an environment of mutual trust—that is, trust in leadership and also trust that teams will embrace the change.

If you do it right, your organization will not just follow—you will discover that many people will enthusiastically lead the charge. It’s really fascinating to see what global diversity does to your home-grown talent. I’ve often seen people briefly struggle first with the need to communicate in English and not being able to take established views for granted. But when you push through this, you get to this magic moment in which teams operate with a new mental agility that generates more productive frictions but also better outcomes.

How does global diversity connect to Otto Group’s organizational values?

Diversity is a core value, but we’ve not yet fully connected it with the moral cause of global equality of opportunity. However, you can already see it shining through. In our external communications, for instance, we celebrate equality of opportunity for people irrespective of background and national origin. Our employees enthusiastically, proudly support this. Me too!

Is there a way to get to the benefits of global diversity without risking organizational upheaval? We think so. Becoming a globally diverse organization is a multiyear journey, but it can be managed without undue disruption by establishing a clear view of one's current starting position and then following a deliberate series of concrete steps and tactics. Here's how.

Getting to the Starting Line

It's easy to describe the markers of a globally diverse organization—management teams that bring a wealth of perspectives from different origin countries and a workforce that is similarly diverse down to the team level. It's harder to pinpoint the fundamental drivers of such diversity. Our survey results indicate that executive personal beliefs, executive priorities, and strategic objectives are among those drivers. They play an outsized role in explaining why some firms make the leap whereas others don't.

Core Beliefs. Here's the finding from our research that surprised us most: there's a strong link between executives' personal embrace of global migration on a societal level and their companies' ability to embrace global talent. This suggests that executives' personal beliefs can not only help make their home countries more innovative and competitive (as we discuss later in this report) but also are foundational to organizational progress, perhaps because core beliefs drive executive priorities and strategic objectives. In our interviews we captured a wide range of core beliefs, starting from a healthy questioning of the economic value ("What's the business case here?") to a more instrumental, hard-nosed view ("We're hiring globally already, we have no choice") to a celebratory one ("We love our diversity") to the rare but strong values-based conviction ("We see the value of diversity every day, but we do it because it's right").

Executive Priority. Until a new idea becomes embedded in a company's DNA, it needs senior-level attention to survive—and global diversity is no exception. Asking if global talent and diversity are among the top five executive priorities is a great indicator of its strategic relevance within a company. Our data shows a robust link between the level of executive priority given to global diversity and innovation outcomes.

Strategic Objectives. There are essentially four reasons to embrace global diversity in a business context, translating to **four corresponding strategic plays**: the talent play, the ecosystem play, the innovation play, and the purpose play. (See the appendix, "Adoption of the Four Strategic Plays by Country and Industry.") Among those, the global talent and innovation plays tend to be the most salient, because they most directly tie to immediate profit-and-loss outcomes. Still, only few companies truly define a global talent strategy, let alone a strategy to systematically use global diversity to drive innovative thinking at scale.





Four Clusters of Maturity

When we analyzed the drivers above, we found that the firms in our survey fell into four distinct levels of global diversity maturity: companies we refer to as "question marks," companies that see global diversity as a tool, those who see diversity as a celebration, and those for whom diversity is a part of their DNA. (See [Exhibit 1.](#)) Half of the firms in our sample can be found in the first cluster, followed by 30% in the second and 15% in the third. Only 5% of our sample falls into the fourth cluster, which includes firms that are truly globally diverse and positioned to reap its highest benefits. Identifying the cluster a company occupies is a prerequisite for ambitious executive teams to drive action.

Question Marks. This was the largest cluster of the survey respondents. Leaders of firms in this cluster may know the theoretical case for global diversity, but they consider it unproven in their business context. (Granted, the business case may not be strong in firms with no talent shortages or limited digital transformation challenges.) As a result, they put little strategic emphasis on global talent diversity.

Firms in this cluster tend to be quite culturally homogenous, strongly reflecting the majority ethnic and racial profile of their home countries. They often deliver operational efficiencies because it can be easier to manage a homogenous workforce than a diverse one. But, as executives at one of the largest life and health insurance companies recently described to us, they also encounter obstacles, such as difficulties in hiring global tech talent and the regulatory demand that they set up national entities, which typically feature highly homogenous local teams. One German executive told us, "We are open to global talent as long as they speak our language quite fluently—not everyone here is comfortable in English, neither in IT nor in other functions that IT is serving." As a result, the company was unable to fill more than 100 jobs in digital and other areas.

Exhibit 1 – What’s Your Starting Point for Global Diversity?

Global diversity cluster	 Question mark	 Diversity as a tool	 Diversity as a celebration	 Diversity as part of DNA
1. Core belief	Unproven value	Instrumental value	Teaming value	Valuable and 'valued'
2. Executive priority	No priority	On digital agenda	On HR agenda	On CEO agenda
3. Strategic objective	None	Limited	Talent play	Talent and innovation play
% of large firms by cluster ¹	50%	30%	15%	5%

Source: BCG analysis.

¹Firms with over \$1 billion per year in sales.

While companies in all industries can be found in any the four diversity clusters, industries with a strong national focus are often found in the question mark cluster. Insurance companies (64% of whom occupy this value cluster) are a good example, especially when regulators require them to operate dedicated entities to serve different national markets. A similarly high percentage of companies in the power and gas (70%) and transportation (67%) industries reside in this cluster.

Diversity as a Tool. This cluster encompasses firms whose leaders see global talent as an effective operational lever to address specific, persistent talent shortages. Firms in this cluster may not elevate global diversity to the overall HR agenda—placing strategic emphasis on it for specific teams, such as digital units or R&D hubs, instead.

We discussed this approach with a large European retailer that is building an omnichannel e-commerce experience powered by a personalized app. While the group language remains French, the firm has switched to English for most of its digital teams. A senior HR executive told us, “At first, we had to adjust to new virtual hiring processes, and introducing onboarding support for internationals was new for us. But our digital journey wouldn’t be possible without international teams.”

This digital-first dynamic is often at play in firms that are a few years into a digital transformation—and particularly in more global firms. Telecom (35%) and manufacturing (33%) companies are often found in this cluster, as well as companies pursuing initiatives that require skills in high demand.

Diversity as a Celebration. This includes firms that already have globally diverse workforces because they manufacture and source globally, have made recent foreign acquisitions, or sell in a global set of markets. These firms often run mainly on one shared language and have career paths that enable global talent to rise through the ranks to top management. They understand that, in addition to the instrumental value of broad-based talent pools, they need cross-cultural teams to ensure global operations run smoothly.

Yet companies in this cluster tend to celebrate diversity more than fully make strategic use of it and reap competitive advantage. Reflecting this approach, the CTO of a global logistics unicorn told us, “Of course we’re super diverse, but do we use this as an asset to drive cognitive diversity? We don’t. Probably we would be so much better if we did.”

Most of the companies in this cluster operate globally in one way or another: they have international business units, a global supply chain, or sell into global markets. This value cluster includes many global automotive (20%) and software and services companies (24%).

Diversity as Part of Your DNA. This last cluster includes the very few survey respondents who have embedded global diversity in their companies’ DNA. The senior leaders of these companies strongly believe in and prioritize global diversity and pursue it as a strategic objective and purpose-driven priority. They consider it to be both a source of creative power and a potent force for talent attraction and retention.

The companies in this value cluster are translating global diversity into positive and enduring innovation outcomes: they are two times more likely to be world-class innovators than the rest. Zalando, the European e-commerce fashion platform, is one of these companies. Zalando was born global, but it also works hard to be “inclusive by design.”² This effort starts at the top, where senior leaders pursue diversity in all its dimensions as a top priority and engage actively and transparently in advancing it. It cascades down through the workforce, which includes people from over 140 different countries and features various employee resource groups, which represent interest and origin communities. And it leverages their creative potential to develop or test ideas—such as in the development of its “Here to Stay” marketing campaign, which married Zalando fashion with the aesthetics and storytelling of global social justice activists.

Like Zalando, companies in this high-value cluster are often born global. Many are in the media and entertainment (13%) and high-tech industries (5%) but they also include some global players in manufacturing (8%) and consumer goods (6%).

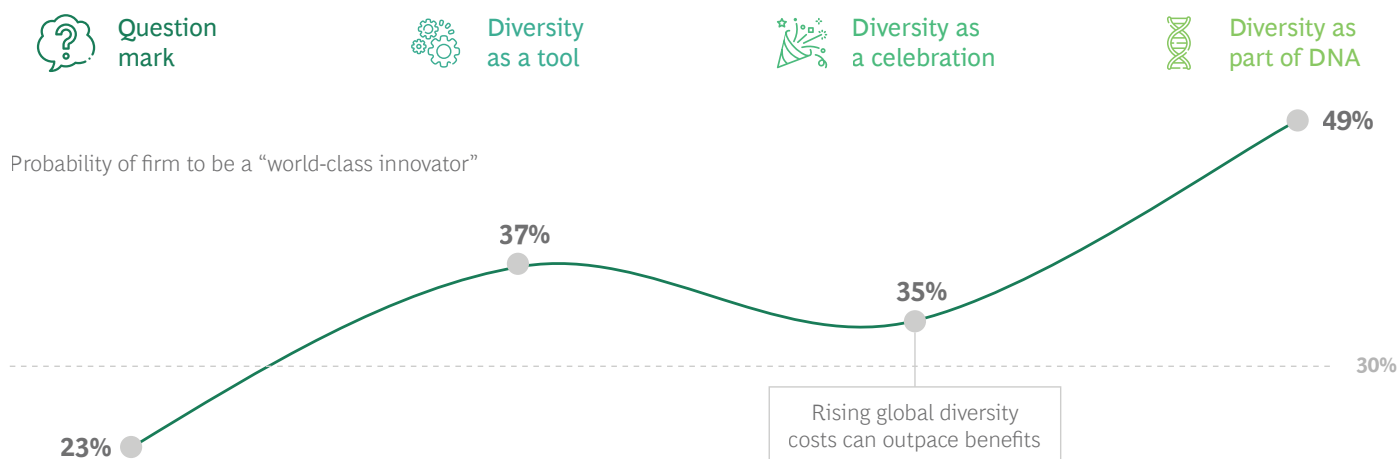
Managing Three Moments of Culture Shock

The four clusters above serve as beacons in the journey to global diversity, with higher creativity, growth, and innovation output the ultimate rewards. Each step on this journey offers benefits from a value creation perspective: firms that start as question marks can significantly increase their chances of becoming world class innovators by taking one or two steps in the journey to global diversity.³ (See Exhibit 2.)

Our data confirms the well-known fact that global diversity and innovation are positively related, but it also shows that the path is not necessarily smooth. Clearly, there are quick wins associated with getting started on the journey, but there are also very real risks of getting stuck along the way. Firms in the middle of the journey face the biggest challenge: taking globally diverse teams out of the confines of digital units and driving toward a one-team agenda across the company, often introducing a common language to level the playing field. This produces friction before it shows results.

The core idea is that the journey does not require a large upfront commitment, but can be taken step by step. (See Exhibit 3.) While the journey is a team effort, each step has one clear owner within the senior leadership team.

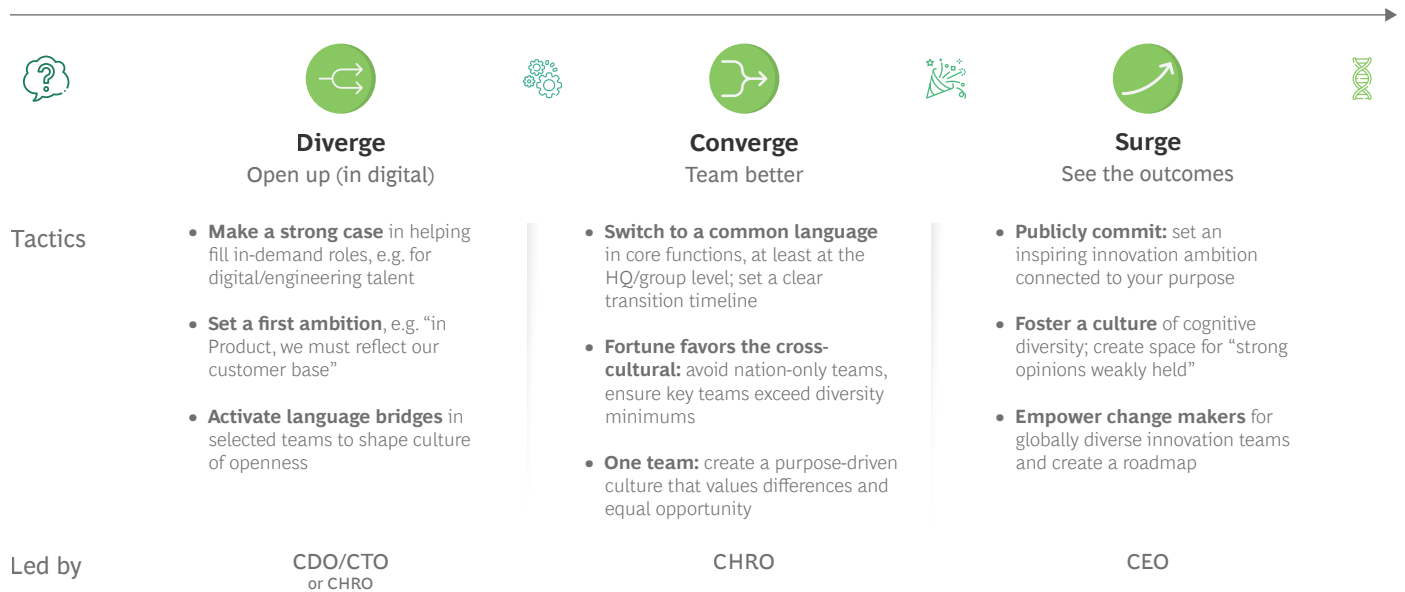
Exhibit 2 - Globally Diverse Teams Are More Innovative



Source: BCG analysis.

2. “do.Better: Inclusive by Design,” Zalando.
3. The relationship between global diversity and innovation is self-reported and correlational, and other factors may be in play. Firms that embrace global diversity today are likely to be different than firms that don’t on many dimensions.

Exhibit 3 - Leading Through Three Moments of Culture Shock



Source: BCG analysis.

FIRST STEP: DIVERGE



The goal in this step is to open up and bring global talent into your digital teams as a quick proof of the value of global diversity.

The risk to manage is that some managers and teams are likely to oppose the prospect of integrating newcomers out of fear that they will upset established processes.

To avoid a broad-based culture shock, firms typically start small, with hard-to-fill roles in teams organizationally separate from the operational core. Once the value of such teams has been established, companies can start to showcase and broaden their efforts.

For any company hiring globally to drive digital transformations and products, chief digital officers or executives in charge of digital units are ideally suited to lead this first step, in partnership with HR. Here are some tactics that we have seen work well.

Make a strong case. Target hard-to-fill roles in your digital and/or product teams for a first foray into global diversity. Relieving severe talent constraints, especially in engineering, data science, and product management roles, helps sidestep resistance from team leaders and members (who are likely to welcome any help they can get) and deliver quick proof of the value of global talent. Because these teams tend to operate separately from the core business, there also is little chance of disrupting the workforce at large; in addition, such teams often are subject to fewer HR constraints, which can make hiring global talent easier. Once a likely team is identified, quickly compare the team’s makeup and results to relevant peers (using sources such as LinkedIn analytics). The degree of diversity and results among peers can help bolster the case for change.

Keep the ambition front and center in daily operations. Simple heuristics, like “our digital teams should be as diverse as our customer base,” can guide team leaders and HR scouts as they consider team composition and proceed through the hiring process.

Activate language bridges. It’s paramount to identify one or two teams that are willing to switch to a common language in their work. If no team is willing, consider hiring from outside or “acqui-hiring” a small team that can form a nucleus to attract next hires. A leading European retail bank did this after finding it too difficult to repurpose an existing team to compete in fintech. “It was hard to develop the right culture from within,” the company’s chief financial officer told us. “Ultimately we acqui-hired a small fintech team and built the entire unit around them.” Today, the 100-plus employees in the unit represent more than 20 nationalities, communicate entirely in English, and serve more than 4 million customers.

SECOND STEP: CONVERGE



The goal of the second step in the journey is to scale global talent throughout the organization and establish the foundations for it to stick. The main risk in this step is the broader disorientation of employees and executives, especially when scaling requires new language requirements for thousands of employees. One way to manage this risk is to showcase the stories of teams that have already become globally diverse and use their experiences in overcoming disorientation to pave the way for this broader effort.

Chief people officers or HR officers are ideally suited to own this second step of the journey, teaming with a chief digital officer as needed. Siemens Healthineers provides a case in point. After the company acquired Varian, it hired a new CHRO, Darleen Caron. With 30 years of experience on both sides of the Atlantic, she brought the right background to the challenge Germany-based Siemens and US-based Varian faced in integrating diverse nationalities and mindsets. From the start, Caron made cultural transformation her top agenda item, both in its own right and also to drive multinational teams to achieve innovation excellence.⁴ In acknowledging that this activity cannot simply be checked off a list within a post-merger integration, Siemens Healthineers prepared the ground for its teams to grow together in global diversity and drive toward its long-term innovation challenge: to eradicate cancer.

We’ve seen the following tactics work in this step.

Find a common language. To realize the full potential of global diversity, a company needs to be able to communicate effectively across borders—and that means establishing a common language. Many companies choose to adopt English; still, leaders must take steps to ensure that an English-first policy does not have the effect of enforcing Eurocentric cultural standards or create pressure on non-English speakers to conform to such standards.⁵ English—or any common language—should merely be a conduit for helping organizations and individuals meet the challenge of maintaining effective communication channels.

And as the Rakuten example shows, leaders also should not underestimate the difficulties of learning a new language and the disruptions it can cause. With that in mind, Mickey Mikitani’s drastic English-only mandate might not be the right path for some businesses. E.ON, the European electric utility provider, took a more moderate approach when it introduced English as the corporate lingua franca a decade ago, restricting the mandate to the employees in corporate headquarters and directly associated units while giving its operating units the freedom to choose their preferred language.

Fortune favors the cross cultural. To avoid nationality siloes, start deliberately mixing the national composition of your teams. People of the same nationality tend to flock together quickly; it’s easy to lose the benefits of diversity when you have a “Dutch” coding team or a “Brazilian” design” team, for instance. Specify minimum diversity levels and mandate regular staff rotations as a preventive measure. In the words of a serial entrepreneur we interviewed: “Avoid [nation]-only teams at all cost.”


4. "Darleen Caron appointed to Managing Board (CHRO) of Siemens Healthineers AG and Labor Director at Siemens Healthcare GmbH," Siemens Healthineers, February 21, 2021.

5. The Rakuten example is instructive on this point; as Tsedal Neeley’s research shows, rather than diluting the company’s traditional Japanese culture, the English-only mandate helped spread that culture to its subsidiaries in other countries.

Promote a one-team culture. Subtle organizational norms can create obstacles to global diversity and negatively influence team performance. Sometimes these norms arise from cultural differences between individuals that are reinforced by language and communication differences. Indicating an acute awareness of the cultural bias at Rakuten, Mikitani felt obligated to say, “No Japanese [employee] is better than any other employee.” And sometimes these differences arise from location—for instance, people who are located at or near centers of power in an organization can be perceived as more important than those working farther afield or remotely.

Companies can counter these issues by being extremely intentional in their internal communication. Levels, a fast-growing, remote-first health tech company, does this by providing online access to employees to all its communications, from core strategy documents to its video-based onboarding processes. The company has an extreme aversion to synchronous formats, like virtual meetings, and instead urges all team members to communicate asynchronously, rigorously documenting everything. Providing equal access to information helps the company reduce non-merit-based distinctions that stem from power, nationality, language, and other differences among its people. As a result, the company creates a more level playing field while upholding extremely high performance standards.

THIRD STEP: SURGE



The last step is arguably the hardest. Its objective is to leverage global diversity and the cognitive diversity that comes with it to generate superior innovation outcomes. The inherent difficulty is that success is dependent on the creation and maintenance of a conducive work environment for global diversity. This takes a long time to cultivate and strong, consistent top-level support to maintain. In the words of Patrick Collison, cofounder and CEO of payment service provider Stripe: “If we can't build a culture in which people of any background can really thrive, I think we just have not achieved anything of value.”⁶

The biggest risk at this step is, frankly, cynicism. If a company makes the sizeable effort involved in becoming globally diverse at the highest level but is not yet able to demonstrate significantly enhanced innovation outcomes, voices of doubt are sure to emerge. These can often be a source of new insights, but also risk stopping the journey just short of the finish line. To maintain a clear and unwavering commitment to global diversity, this step requires the direct involvement and leadership of the chief executive officer.

Here are the tactics that can help companies complete this final step:

Set an unwavering corporate purpose and innovation vision. Revisit the firm's ethos in light of its innovation ambitions—and explicitly embed the idea that innovation outcomes and products can only be realized if teams understand the company's role in the world and can muster the creativity that comes from global diversity.

Harness global diversity to foster divergent thinking. New and valuable insights are rarely the result of a singular individual's heroic insight, but often the result of intense, deliberate discussions within cognitively diverse teams. Especially in digital, product, market, and growth teams, aim to extract diverse perspectives to yield new valuable insights. As Mubarik Imam, former director of GAPS (growth, analytics, product, and strategy) and integrity at WhatsApp, told us, “If you are designing for two billion people, you want the most diversity you can have on your teams. When many voices and cultures are represented, you design better products.”

Firms need to establish a culture with genuinely cognitively diverse teams. We've seen this in action at a renewable energy firm which aimed to reignite its teams' capacity for imagination. The firm runs ideation sessions open to any team member, with globally diverse idea teams forming on an ad hoc basis for less than four weeks to develop projects that can compete for seed funding. This process has already surfaced ideas that could change the future trajectory of the company.

For innovation to succeed, creating an organization where people can break down boundaries and form new connections is often more important than ingenious ideas. Toward this end, Recruit, the Japanese firm that owns HR portals Indeed and Glassdoor, runs a lean “permissionless” process whereby teams form autonomously and scale their ideas—requiring only 1 of 1,500 cluster leads within the highly decentralized firm to say “yes” to pursue an idea.

6. “Stripe Co-Founders John & Patrick Collison on Diversity in Tech,” Bloomberg Markets and Finance / YouTube, May 30, 2018.

Executive Perspective: Mubarik Imam

Former Director at WhatsApp



“Global diversity helped us have greater empathy for a global audience.”

Mubarik Imam was born in the US and raised in Pakistan. She joined WhatsApp, the global messenger service, in 2013; she and her teams helped the company scale from 200 million to 1.9 billion users. Imam was director of GAPS (growth, analytics, product, and strategy) and integrity before leaving the company in 2019.

What attracted you to WhatsApp?

My husband asked me an important question: “Where would you work, if you had to work for free?” My answer was simple: “WhatsApp.”

WhatsApp helps us deepen our relationships with friends and families no matter the distance. It helps us fulfill a basic human need to communicate. Calling my future husband in Pakistan used to be my second highest expense after I moved to the Bay Area. WhatsApp is still how I connect with my family across six different countries.

I was drawn to [the company’s] culture. It had mature founders who wanted to build a product for the world and an international team. I was actively looking for a team whose values aligned with mine and a place where I could be my full self.

How did global diversity enable product innovation at WhatsApp?

Global diversity helped us have greater empathy and design our products for people with very diverse backgrounds. When building a product for very diverse people who will use it in very different ways, it is essential to have a microcosm of people from around the world who represent that diversity. I’ll never forget the first time I walked into WhatsApp’s office (when the entire company fit into a single room). It felt like a mini-United Nations.

WhatsApp had three strong values rooted in our diverse backgrounds: first, simplicity; second, reliability and quality; and third, security and privacy.

Simplicity enabled us to make sure that people feel like our product was designed with an understanding of their context and culture. We always wanted to make sure the product was accessible to everyone, whether that person was a grandmother in Brazil or a first-time smartphone user in Pakistan.

We had firsthand experience with the challenges of weak network connectivity in different parts of the world, so we held ourselves to 99.9999% of deliverability (one message dropped in one million sent). Why is that important? Imagine how often displaced persons might find themselves without access to electricity—and then imagine someone needing to send one last message before their phone loses power. We really wanted to make sure that message got delivered. So, to us, reliability was not a vanity metric. It was a lifeline.

Privacy and security were a big part of our DNA. Protecting people’s private communication was very personal for many of us who grew up in places where people couldn’t speak freely. We built end-to-end encryption by default, because nobody (not even WhatsApp) should be in the middle of those messages.

How do you reconcile the different views produced in globally diverse teams?

More perspectives will help you look at the world with slightly different nuances. But rather than trying to normalize these perspectives to a lowest common denominator, you should build on the nuances and see how they might create value.

In a world that is so centered around data and metrics, diverse perspectives also provide deep context to numbers. This context is often key to making informed decisions. When we were beta testing voice calling at WhatsApp, the metrics told us very little about the very real frustrations people had with calls dropping in low bandwidth settings. My personal experiences calling Pakistan, and then seeing my Turkish colleagues struggling with similar issues, really added flavor to the data and created an urgency that helped us address those frustrations head on.

How did WhatsApp create a culture that supports global diversity?

I believe that culture is a reflection of the founders, particularly in early-stage startups. Jan Koum was from Ukraine. Together with Brian Acton, he not only actively sought to build global teams but also made sure that the teams' perspectives were heard and valued.

Now, the difference in a large company is that the distance between the people who understand the use cases and those who make the decisions sometimes becomes wider. So, the more diversity you have at the highest leadership levels of an organization, the more empathy those leaders are likely to have for the contexts relevant to core product decisions.

Empower the leaders of globally diverse innovation teams. Often, these people are rising figures in key technology, product, or market-facing functions who can orchestrate cross-functional, global teams and deliver meaningful new products or services. Such people are very hard to find, and they will move on unless they are truly empowered to make far reaching autonomous decisions on their projects. A clearly defined purpose—which underscores why their work matters to the whole of the organization—and a lean steering structure, which grants autonomy and offers a level of guidance that is based more on trust than control, is necessary for this to succeed. We have coined the term “imaginative listening” to describe this capacity of senior leaders to listen emphatically and jointly build upon ideas developed by these key team leaders.⁷ If globally diverse teams are to muster the courage to voice ideas (and when necessary, dissent) and develop the resilience to see these ideas through the scaling phase—and ultimately to deliver innovation outcomes beyond expectations—an empowering environment is a must.

Innovation is about imagining new possibilities. In a time when much-needed sparks for innovation are scarce, the prospect of becoming two times more likely to be a world class innovator is by itself a compelling motivation for embarking on the journey to global diversity. And when you add in the human component—the chance to create opportunities for talented people from all over the world—the case for making that journey becomes too compelling to ignore.

Each step in this journey is likely to induce some temporary discomfort and disorientation in companies that already run under significant performance pressure. But strong, committed leadership can manage this challenge and successfully steer firms through it. Such leadership is a team effort that starts with the chief digital officer, needs the chief HR officer, and cannot succeed without masterful orchestration of the CEO.

Leaders who want to retain and bolster their companies’ edge and creativity in the future should set off on the journey now. Their efforts at building globally diverse teams and organizations will deliver both corporate and social benefits for years to come.

7. Martin Reeves and Jack Fuller, *The Imagination Machine: How to Spark New Ideas and Create Your Company's Future*, Harvard Business Review Press, 2021.

About the Survey

Our survey provides a snapshot of the state of corporate global diversity across a variety of industries and geographies. It captures executives' personal beliefs, corporate strategies, and outcomes. It covers firms in more than 20 industries, ranging from asset-heavy cement production to knowledge-intensive software-as-a-service companies. It reveals that:

- Global diversity and workforce size are unrelated. Among companies with more than 10,000 employees, 34% have a highly homogenous workforce, with fewer than 10 nationalities represented. And only 7% have a highly globally diverse workforce, with more than 100 nationalities represented. Meanwhile, 10% of smaller firms report having a highly globally diverse workforce.

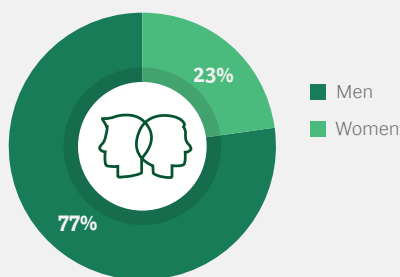
- Many leaders see global diversity as a source of strategic advantage: 45% of the survey respondents identified it as a source of strategic advantage for their companies; 38% indicate that it is already part of their corporate diversity agenda.
- Leaders see three principal benefits of global diversity: "improved global market access," "positively changing our culture," and "boosting our teams' creativity" were cited as key benefits by 40% of respondents.

While the survey was completed in September of 2021, the executives we have spoken with since then tell us that their belief in the importance of global diversity has only strengthened.

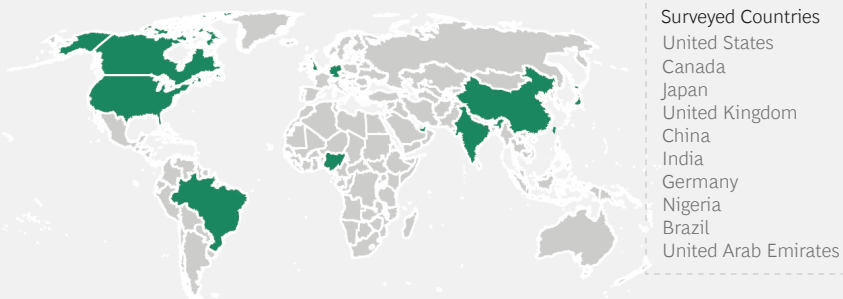
The BCG 'Innovation without Borders' Survey

850+

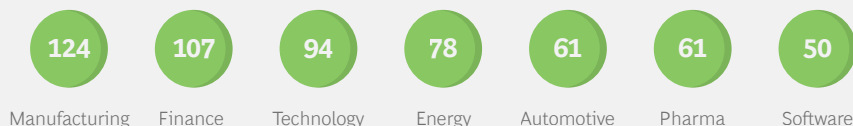
executive respondents



Responding firms covered the 10 largest destination and origin countries for global talent



Full database: 20+ industries. The top 7 were:



~ **\$5.7T** combined revenues
>6M total employees

Source: BCG research.

Globally diverse teams are already the standard in tech. By 2030, other teams likely will become more globally diverse as well.





How Leaders Can Take a Stand for Global Diversity

Senior executives are almost always more conservative politically than society at large. But as a group, they make a hard left on the issue of migration. As Tuoyo Ebigbeyi, the COO of American Tower Corporation Nigeria, explained to us, “While there is certainly no shortage of talented, brilliant Nigerians, I believe there will be a net-positive multiplier effect to the broader economy by enhancing our perspectives through migration.”

Fully 72% of 850 executives we surveyed agree with Ebigbeyi: they also believe that migration strengthens their countries. Unfortunately, only about 50% of their fellow citizens favor open immigration.

This relationship holds true even in the two countries most open to migration among those represented in our survey. In Canada, 69% of executives favor open migration policies compared to 61% in society at large. Similarly, in Germany, 70% of executives support open migration policies versus 64% of citizens overall, and 22% of executives favor of fully open borders as opposed to only 8% overall.

What makes this particularly striking is that the executives we surveyed tend to be more conservative politically than their compatriots. They are 24% more likely to self-identify as “center-right” or “right” than society at large—stances typically associated with support for more restrictive migration policies.

Executive Perspective: Tuoyo Ebigbeyi

COO of American Tower Corporation Nigeria



“Due to the shift to remote work, there’s now an intense competition for Nigerian talent.”

Tuoyo Ebigbeyi joined American Tower in 2016 and currently serves as the COO of its subsidiary in Nigeria. American Tower is a Fortune 500 provider of wireless infrastructure. Its global portfolio includes over 171,000 sites throughout the Americas, Europe, Africa, and Asia.

Why does Nigeria need global migration?

I believe migration is necessary for Nigeria because historically there has not been much socioeconomic upward mobility. The net effect is that relatively few Nigerians have left the country for schooling and work. As a result, only few have developed a global mindset through an exposure to different ways of thinking.

Migration is one way to broaden our talent pool—the pool of diversity in perspectives required to raise the level of critical thinking needed for effective business decision making. We need more repats, Nigerians who go abroad and come back, and more expats, who are foreign born and come to Nigeria for work. While repats often have a higher likelihood of staying longer, both have their unique value.

One of the biggest challenges Nigeria faces today is getting the baseline right. By baseline, I mean the fundamental infrastructure, such as power, healthcare, and transportation, needed to stimulate sustainable macroeconomic growth. To do that we need to successfully attract global talent to talent-scarce industries that are often capital intensive and infrastructure heavy.

How can Nigeria attract global talent?

That’s a challenge. In Nigeria, we are struggling with the macroeconomic headwinds of high inflation and currency devaluation. On average, wage growth has not necessarily increased in line with inflation. So, Nigerian firms can pay employees above market to attract global talent.

At the same time, with the rise of remote work, we are seeing global technology firms competing for Nigerian talent. Perhaps if that trend continues, it may lend itself to the repatriation of Nigerians expats who wish to return home.

Further, there are a lot of interesting and dynamic growth opportunities in the Nigerian entrepreneurial sector, especially in fintech startups, which are skyrocketing and drawing international attention. Look at Paystack, a Nigerian payment-service provider recently acquired by Stripe for more than \$200 million. It is a firm whose mindset was global from day one and that helped them recruit their diverse talent base.

What does American Tower attract and retain global talent?

Of course, one baseline to attract and retain talent is to compensate employees fairly and competitively. But that is not enough. Attracting and retaining the best talent is about culture, too. While culture is very loosely defined, for us it means building an inclusive work environment that fosters diverse thinking. We want our employees to feel empowered and motivated. They are met with respect, and we do not use fear or micromanagement to drive results. It is also about good work. So, we try to give our teams projects that are mission based and allow for a high degree of purpose-driven work.

What do these executives know? Almost all of them (95%) know that global diversity—that is, working with people from different countries and cultures—is an issue of strategic importance to their companies. This view squares with our research into the effects of global diversity on corporate innovation and business results. We found that companies with globally diverse workforces are 26% more likely to realize clear gains from the creative processes of their product and innovation teams and two times more likely to be innovation leaders than those with less diverse workforces. More broadly, the global movement of talent spreads ideas and helps countries attract capital. Economists peg the value of mobile talent to the global economy at \$2.3 trillion annually. That’s nearly the GDP of India.

The moral case and the business case for talent migration are both strong. Yet migration remains a highly politicized and polarizing issue. How can leaders embrace and support global talent migration without becoming lightning rods for political controversy? Here are some ideas:

Lead by example. In 2015, in the face of skilled labor shortages, Kremer Machine Systems, a German specialist in industrial assembly, began hiring Syrian refugees. Though the firm had to invest at first to overcome language barriers, cultural differences, and improve the skills of the refugees it hired, the company found that those investments usually paid off in six months or less.

Rise to the occasion. In the wake of the war in Ukraine, civil society organizations, foundations, and corporate leaders in Europe sprang into action. Under the umbrella organization [Alliance4Ukraine](#), NGOs, corporates, and startups came together to form an effective public-private ecosystem of funding partners, political support (including the German chancellor), and execution players. One of these players, a job-matching platform called [Imagine Foundation](#), has managed to assemble a broad coalition of more than 800 corporate partners to form a hiring network for refugees from the war in Ukraine as well as those fleeing armed conflict and political oppression elsewhere.

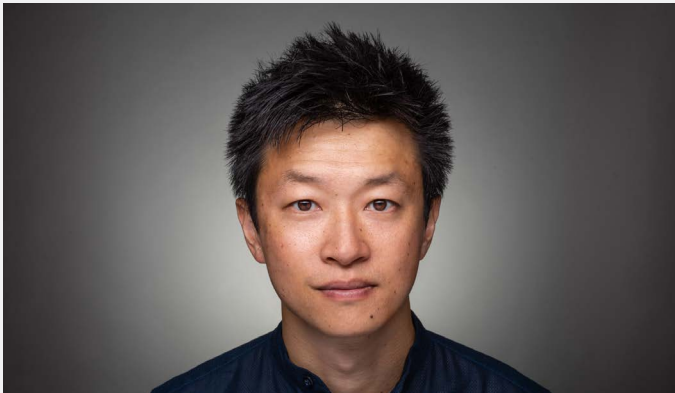
Make successes public. GetYourGuide, the Berlin-based travel platform that reached unicorn status in 2019 and is now accelerating out of the pandemic, attributes much of its success to its ability to hire and leverage the talents of a global workforce. Just ask [Tao Tao](#), the company’s COO and cofounder. He is an enthusiastic advocate of open migration who often speaks publicly about its benefits for his company and Germany and the urgent need to embrace it at a policy level. His words carry weight because GetYourGuide is growing fast—and in no small part thanks to its high level of global diversity. Some of the ideas Tao champions, such as a points-based visa program for skilled talent, have found their way into the coalition agreement of the next German government.

Build a coalition of like-minded leaders. Chobani, the dairy produce manufacturer founded by Hamdi Ulukaya, a Turkish-born immigrant to the US, stands out for hiring 300 refugees (15% of the company’s workforce). But Ulukaya, who is arguably one of the most outspoken corporate leaders on migration, leverages the company’s efforts by enlisting other companies in the quest for global diversity. In September, he launched the Tent Coalition for Afghan Refugees, which brought together Amazon, Uber, UPS, Pfizer, Tyson Foods, and two dozen other companies to provide relocation services, training, and jobs for Afghans who fled their country in the wake of US withdrawal.

None of the ideas above will produce an overnight change in how societies at large—and policy makers in particular—feel about global migration. But in tandem with the voices and support of the many organizations and citizens already in favor of more open borders, they can nudge politicians to reexamine immigration laws. The benefits of global diversity are created in large part by business. It’s time for business leaders to act—for the benefit of global talent, local citizens, and our societies.

Executive Perspective: Tao Tao

Cofounder and COO of GetYourGuide



“More open borders are a must-have for our future prosperity and economic growth.”

Tao Tao is a native of Beijing. In 2009, he cofounded GetYourGuide, a travel site through which customers from over 170 countries have booked more than 45 million tours, activities, and attractions. GetYourGuide is headquartered in Berlin and has offices in 14 countries, staffed by a global team of over 550 travel experts and technologists.

Why does Germany need global migration?

Immigration is not only something that is nice to have—it is a must-have for our future prosperity and economic growth. Without it, stable net incomes in Germany will be hard to sustain. Just look at our slowing rate of innovation and aging population. Migration is not only about helping the people who come here. In fact, it is more about helping ourselves and preserving prosperity for future generations.

What can Germany do to attract global talent?

I believe Germany—and Europe—offer great conditions for immigrants, but we are not marketing that fact. The US is still the number one country in terms of promoting inspirational immigrant stories of success. We need to change our narrative and broadcast it more actively. People all over the world should know that Germany and Europe are the best places to migrate to for people in pursuit of prosperous, free lives and exciting careers.

What role does global talent play at GetYourGuide?

I believe it is important that your workforce reflects the composition of your customer base. We are a travel platform used by people of all genders, religions, and ethnicities from all over the world. Our workforce and team composition must reflect that. We are a global firm and securing competitive advantage is in large part based on having a global team with a global mindset.

How do you build a global team and get it to work?

Often, the best talent in the world is located elsewhere, so we have no choice but to be open to talented people wherever they are. We see talented people in a customer-centric way. We have to offer them something valuable to ensure they will want to join our firm if we are going to compete with the many other firms that are making very attractive offers to great talent.

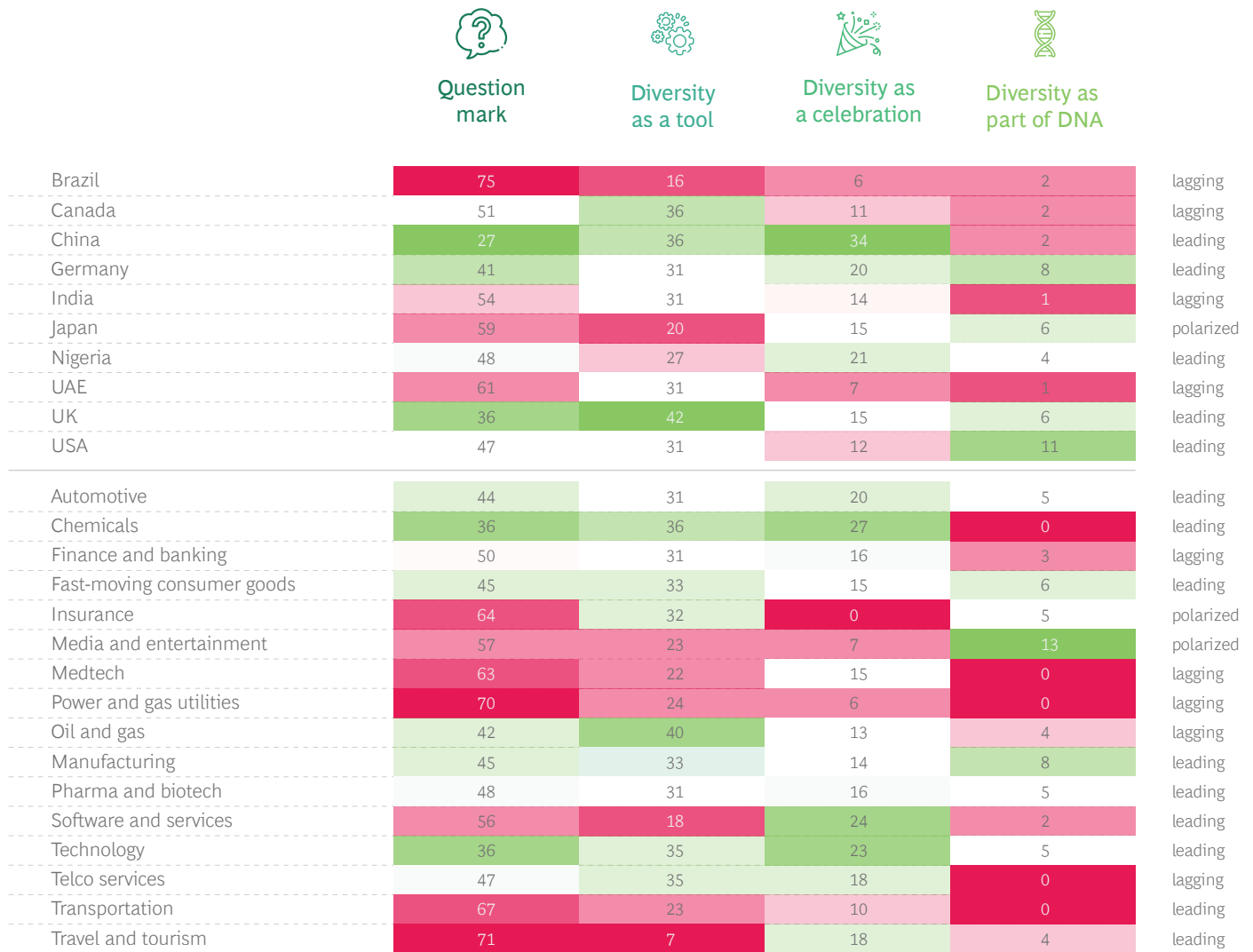
Once we attract talented people, we need to make sure we create the conditions that support them. As a firm, we've become expert at leveraging our culture and teams for social integration. Integration starts with an English-first policy in order to promote inclusion. We've also decided against remote work in favor of an in-person culture post-COVID-19 to capture the high levels of exchange and cooperation that are fueled by multicultural, onsite teams.



Appendix

In the following pages, we offer a deep dive into our survey results. Leaders can use this data to assess their company's diversity cluster, review the state of adoption in their own country and industry, and—based on the 20 actions we suggest—gather inspiration for next steps.

Global Diversity Leaders and Laggards, by Country and Industry



% of firms surveyed Lowest global diversity score Highest global diversity score

Scoring

We tested the four clusters of global diversity maturity by industry and country. A firm's cluster was determined by:

- Core beliefs
- Executive priorities
- Strategic objectives

Source: BCG research.

Note: Because of rounding, not all percentages add up to 100%.

Executives See a Variety of Benefits from Global Diversity

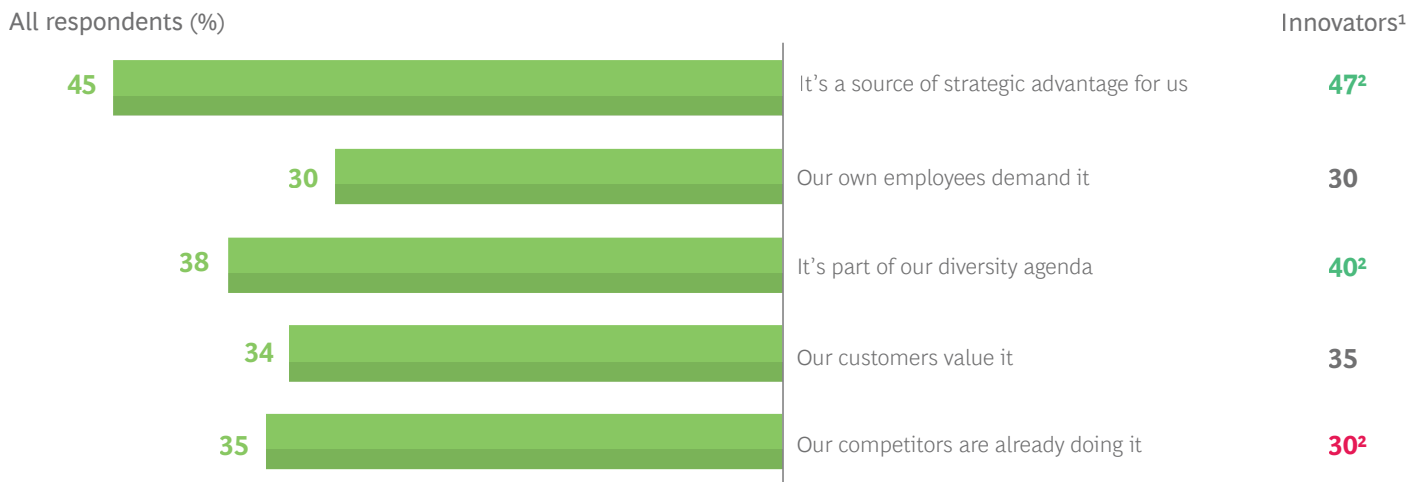
In the past three years, what qualitative benefits do you believe to have been obtained by driving global diversity?



Source: BCG research.

¹Subsample of firms that self identify as leading innovators.

Global Diversity Is a Source of Strategic Advantage

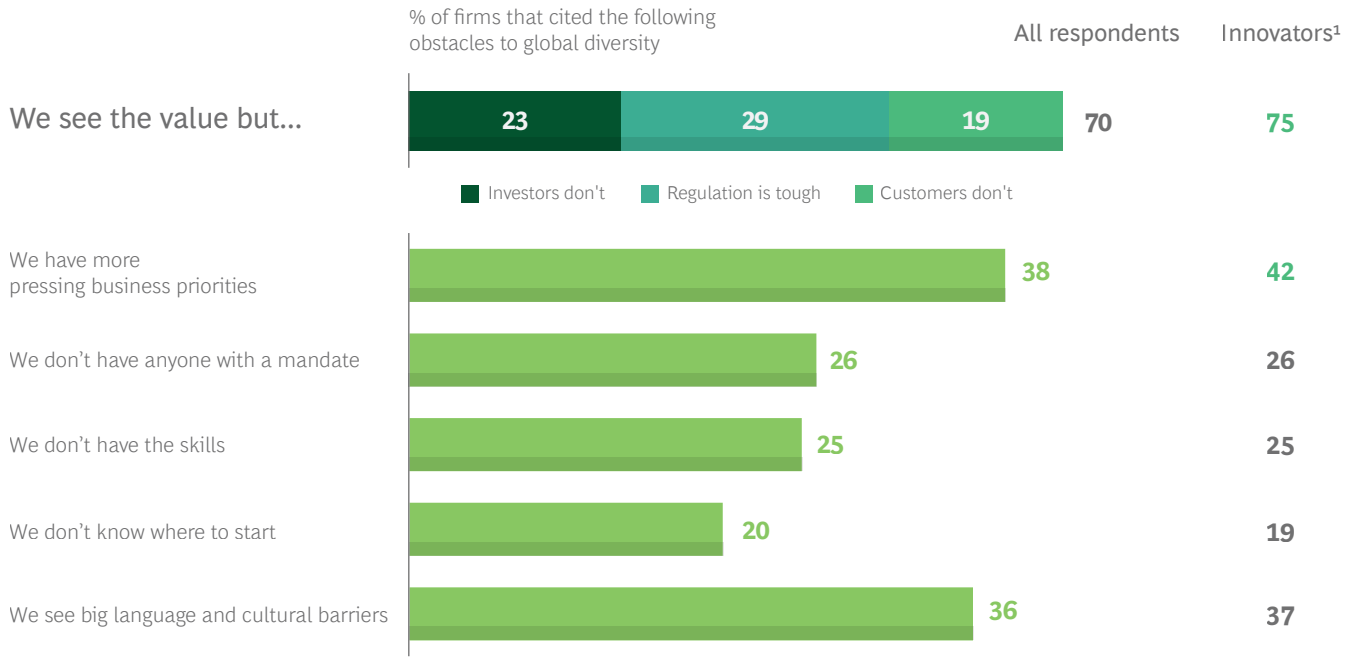


Source: BCG research.

¹Subsample of firms that self identify as leading innovators.

²Difference from overall respondents not statistically significant.

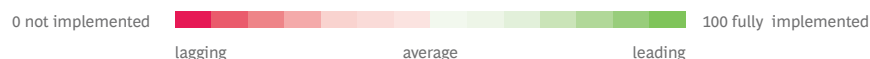
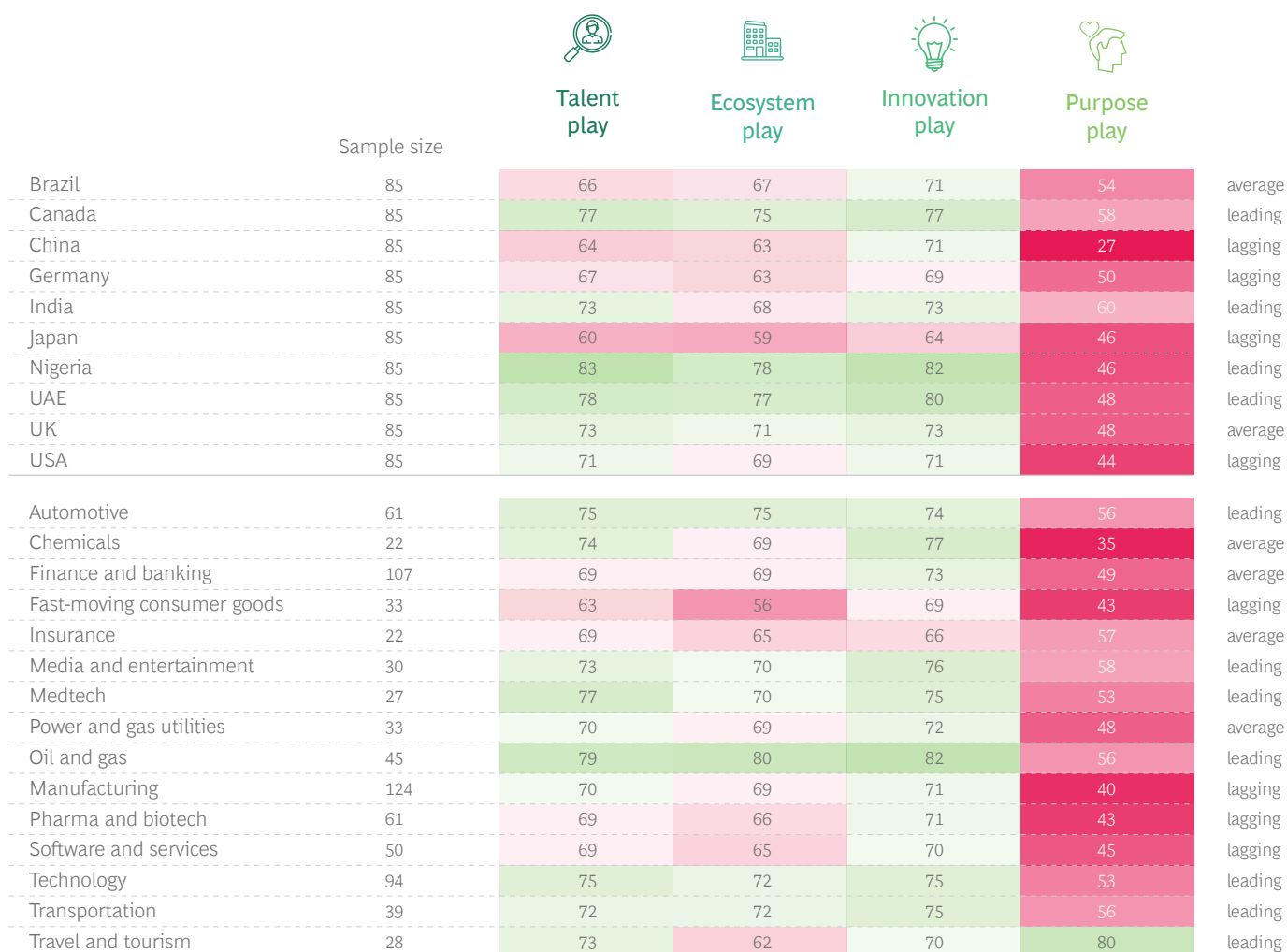
Cultural Barriers and a Lack of Urgency Are Still Major Roadblocks



Source: BCG research.

¹Subsample of firms that self identify as leading innovators.

Adoption of the Four Strategic Plays by Country and Industry



Talent Play	Ecosystem Play	Innovation Play	Purpose Play
A typical starting point, the talent play derives strategic value from superior access to scarce skilled talent. This play is most relevant for companies for which access to talent is a barrier to future growth.	The ecosystem play seeks to globalize teams by using geographic hubs and remote setups and by investing in their local ecosystems. This play is most relevant to firms facing restrictions on the legal immigration of skilled talent.	The innovation play's strategic value comes from using skilled foreign talent as a catalyst to drive growth via culturally diverse teams. It's most relevant for firms facing complex product or business model innovation challenges.	The purpose play puts the cause of global equality of opportunity at the center of the company's purpose. Companies that embrace this approach consistently and credibly communicate that ethos to customers, employees, and partners, and use it to successfully differentiate from competitors.

Scoring

In our article "The CEO Agenda in an Era of Talent Without Borders," we describe four strategic plays that leaders can use to gain the competitive advantage that global talent pools can offer: the talent play, the ecosystem play, the innovation play, and the purpose play.

In this survey, we tracked the current adoption rates of the four plays and their associated tactics by industry and country and assigned a score to each. The numbers in the chart reflect the average scores among the companies surveyed.

Source: BCG research.

¹Firms with over \$1 billion per year in sales.

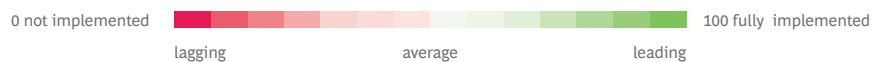
Twenty Tactics and Their Adoption by Industry

		All	Globally diverse teams	Automotive	Chemicals	Finance and banking	Fast-moving consumer goods	Insurance	Media and entertainment	Medtech	Power and gas utilities	Oil and gas	Manufacturing	Pharma and biotech	Software and services	Technology	Transportation	Travel and tourism
Talent Play																		
1. Switch work mode in key teams to "English first"	Rakuten	74	94	82	65	74	62	73	76	81	71	80	74	77	73	78	71	77
2. Build a globally recognizable employer brand and value proposition	Tipico	74	90	79	71	76	70	70	78	79	66	84	72	70	71	78	68	75
3. Build dedicated bridges for global junior talent	Delivery Hero, SoundCloud	73	90	81	82	71	68	73	77	78	67	79	69	72	71	77	73	70
4. Globalize hiring with global sourcing teams and referral programs	Zalando	73	87	76	79	70	67	71	78	75	73	75	70	72	67	76	79	72
5. Add customized skills tests to lessen reliance on formal credentials	Red Bull	70	87	66	74	67	68	67	71	83	72	78	69	65	70	73	73	69
6. Use global freelance talent platforms to find full-time hires	Toptal	69	83	70	73	62	57	68	72	69	69	81	70	66	69	71	74	76
7. Add relocation support to smooth onboarding	Douglas	69	80	71	74	66	60	65	64	73	72	78	67	67	65	74	65	73

Ecosystem Play																		
1. Allow global remote, full-time employment	Facebook	69	94	74	61	72	56	65	72	70	69	78	67	65	71	73	69	62
2. Establish new hub in city/country with favorable regulation	Shopify, Wayfair	71	87	81	68	68	57	62	65	71	74	84	72	70	67	76	74	69
3. Engage in public-private partnerships to address visa, administrative bottlenecks	Berlin Partner	66	96	70	70	70	55	64	66	62	73	77	65	62	55	67	71	67
4. Invest in local communities to attract more talent	OMR, City of Hamburg	71	84	79	71	71	61	71	76	69	72	78	72	71	66	74	71	62
5. Share what works with other corporate peers and government entities	GetYourGuide	68	76	69	73	69	57	62	71	78	63	83	66	62	67	70	77	68
6. Work with firms in origin countries to circle back technology and capital	Google	70	79	72	73	69	64	48	79	81	68	82	68	62	67	73	78	68

Innovation Play																		
1. Set up teams that are truly (functionally) diverse	Stripe	77	90	79	77	78	74	76	82	74	79	82	75	74	79	79	77	75
2. Circulate innovators globally by setting up rotating migration networks	BCG Henderson Institute	72	79	76	70	74	68	70	72	80	70	86	70	70	67	74	73	74
3. Support "externships" that allow staff to temporarily work with an external partner	BCG, World Food Programme	67	73	67	76	67	60	55	69	69	71	78	65	67	62	68	71	70
4. Foster divergence by respecting individuals and valuing contrarian ideas	Airbnb	74	85	72	77	76	71	67	80	67	73	79	70	79	76	79	76	75
5. Create alignment in cross-cultural, cross-functional teams	Adobe, Netflix	76	90	74	89	76	72	76	78	79	73	82	73	72	74	77	73	82
6. Run a pragmatic decision-making process to ensure best projects survive	Amazon	77	94	80	82	74	79	71	75	77	76	84	76	73	70	76	76	83

Purpose Play																		
1. Put global diversity at the heart of your purpose	Chobani	60	78	65	49	61	54	68	68	63	60	66	54	56	57	65	65	56



Source: BCG research.

Note: The numbers in the chart reflect the average adoption rates for each tactic, by industry, among the companies surveyed. The "Globally diverse teams" column refers to the adoption rates among the 100 most globally diverse firms in our sample.

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Acknowledgments

The authors would like to thank Tuoyo Ebigbeyi, Mubarik Imam, Sebastian Klauke, Tao Tao, and other interview partners for sharing their insights and experiences with us.

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