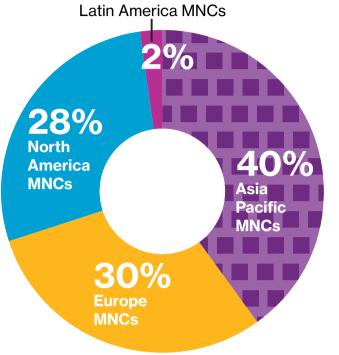
Asian Trailblazers: Masters of Multitasking and Transformation Insights from the 2016 Asian Trailblazers Study

Multinationals (MNCs) headquartered in Asia Pacific now form the largest group in the Fortune Global 500.



For Asia Pacific MNCs, this represents a significant growth from only 24% in 2006.

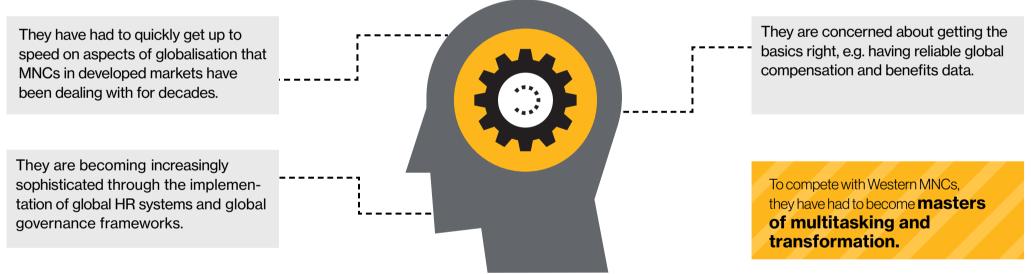
New players from 2006 to 2016

Included in the Asia Pacific group are not only established multinationals such as Sony, Toyota and Samsung from developed Asian markets, but also newer MNCs from markets such as Greater China, India and Southeast Asia that only started to globalise in the last decade or two.



What is powering this growth?

Asian Trailblazers understand that to grow sustainably, they have to accelerate their globalisation capabilities, and also transform internally.



Not all Asian Trailblazers deal with transformation in the same way...

Greater China MNCs are dealing

with a range of basic issues and need to develop compatible internal structures both at home and overseas.

Indian MNCs need to adapt strong family business legacy structures, so although basic systems and processes are already in place, younger generations of leaders are transforming inherited structures to ones that are scalable, work beyond Indian borders and are globally competitive.



Japanese and South Korean MNCs

are focused on increasing efficiency, sustainability and fully realising the potential from previous acquisitions.

Southeast Asian MNCs typically also started as family-owned businesses, and are now dealing with second and third generation leaders that have different business training and ambitions from their predecessors.

Willis Towers Watson

willistowerswatson.com

Asian Trailblazers are focused on the following areas of transformation:

Globalisation Strategy

Asking the right questions: Why? Where to? How? Seeking footprint in developed and emerging markets simultaneously, redefining their brand and exploring new frontiers and "difficult" niches.

Reprogramming Cultural DNA

Enabling globalisation through change of organisational culture, such as adapting to cultural differences and diversity.

Global Governance

Development of Leadership Identifying leaders early and providing a range of tools and support for their development.

M&A

Changing the nature of acquisitions and the proficiency with which they're executed; better managing post-merger integration (PMI) to optimise leverage and scale.

Embracing Diversity and Inclusion

Some progress made in diversity and inclusion, but glass ceilings prevail for young employees, non-nationals, and women.

What's next?



There's still a long way to go:

- Half of MNCs from the Asia Pacific region have a formal diversity and inclusion program with equally conscious levels among MNCs headquartered in emerging and developed markets within the region.
- However, data and interviews suggest Asian MNCs are just covering the basics in terms of diversity programs, and still lack initiatives recognising diversity beyond basic categories such as gender and age.



- With the exception of a few MNCs', virtually all of the top executives in most Chinese, Korean, Indian and Japanese MNCs, are local nationals.
- Asian MNCs (Japan/Australia/Korea being exceptions) often have young



Strategies

M&A is the preferred foreign market entry mode, due to the speed and scale by which a market can be entered. These deals also tend to have high visibility, creating a strong positive impact on the local brand.

Cultural DNA

Working on two fronts:

Internal cultural alignment

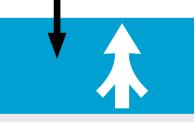
- A culture of globalisation is one that emphasises diversity of thought and opinion.
- The first internal cultural barriers Asian MNCs have to overcome are language and leadership styles.

Managing cultural distance with foreign subsidiaries

Governance

Having a Global Governance framework is a necessary condition to survive. Most high-performing Asian MNCs strike a good balance between globally standardised and integrated systems and localised implementation of programs. However, in general:

- Asian MNCs tend to locally control much more than MNCs from other regions.
- Asian MNCs have significantly less centralised control in talent management and HR technology.
- Asian MNCs' administration and design areas are still very local and decentralised.



- M&A
- Three years ago, due diligence, financial and regulatory aspects of deals and overpaying were among the main concerns MNCs faced in their

- leaders who need more leadership tools and support.
- Leadership styles in countries like Japan and South Korea can lead to cultural misunderstandings and clashes in Western subsidiaries.
- Most understand that cultural differences (e.g. communication style and attitudes towards authority) reduce efficiency, but many MNCs find it difficult to sacrifice cultural identity to become more effective global operators.

M&A deals.

- Today, they see the softer people aspects of deals, such as postmerger integration and dealing with organisational and cultural clashes as the main challenges.
- Typically, Asian MNCs bring in HR to M&A deals at a later stage than Western MNCs.

Our study found that successful Asian MNCs had to multitask and transform internally to deal with new and complex environments. Studying their growth strategy and multidimensional transformation gives rise to valuable lessons for all companies operating in today's increasingly competitive business environment. To learn more about the 2016 Asian Trailblazers Study, visit our website at: www.willistowerswatson.com/asiantrailblazers2016.

Willis Towers Watson

willistowerswatson.com