

# DISTINGUISHED SCHOLAR ESSAY

## Toward a reverse adaptation view in cross-cultural management

Toward a  
reverse  
adaptation  
view

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### Abstract

**Purpose** – Contrasting local adaptation, which focusses on foreign multinationals learning about and adapting to local (host country) culture and environment, reverse adaptation refers to the case where an MNE's local employees learn, assimilate and modify their personal behavior (e.g. values, norms) and professional competence (e.g. standards, goals, language, knowledge, capabilities) in order to fit the MNE's global mindset and global competence set so that they can be internationally reassigned. The purpose of this paper is to take the first step toward addressing this nascent phenomenon and practice.

**Design/methodology/approach** – This study uses combined inductive and ethnographic methods to explore the importance, process and practice of reverse innovation. This study defines reverse adaptation, illustrates the major driving forces underlying reverse adaptation, and suggests how MNEs should prepare for it. As reverse adaptation is a promising area for research, this paper also proposes a research agenda for international management scholars.

**Findings** – MNEs need to act at both local and global levels in a way that recognizes the interdependence between the two. Too often global companies have approached their local talent needs in an uncoordinated and unproductive way. Reverse adaptation view suggests that MNEs can create a competitive advantage by taking a global approach to talent. Cultivating and transforming local talent to become global talent necessitates endeavor from a wide range of corporate, subsidiary and individual levels, in cultural, professional, structural, informational and organizational aspects.

**Originality/value** – Reverse adaptation is a promising area of research because it provides the opportunity to enrich mainstream theories and literatures in a number of areas. This nascent phenomenon has not yet been studied, and this paper represents the first effort to do so. From both academic and practice viewpoints, reverse adaptation has a significant impact on global talent management, knowledge flow across borders, capability catchup and global integration design. Today's globalized business world, with heightened integration of world economy, creates an expectation for the continuing growth of reverse adaptation.

**Keywords** Knowledge flow, Global talent management, Reverse adaptation

**Paper type** Viewpoint

### Introduction

With cross-border business growing rapidly, the associated diversity and adaptation of culture represent a fertile ground for research (Adler and Graham, 1989; Boyacigiller and Adler, 1991; Schwartz, 1999; Tung, 1993, 2014). As foreign markets have grown more numerous and diverse, the appeal of capturing the magnitude of such diversity and adaptation has grown concomitantly. At the same time, the multinational business world is changing drastically. The rise of the multi-polar world is constantly reshaping our perspectives. The growing importance of emerging markets means that their



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impact is felt broadly, around the world. As well, rapidly growing emerging economies are producing business giants of their own at a staggering rate. By 2020 the combined economic output of three leading emerging economies alone – Brazil, China and India – will surpass the aggregate production of Canada, France, Germany, Italy, the UK and the USA (United Nations Development Programme (UNDP), 2013).

Not surprisingly, much has been written about local adaptation, that is, an MNE's attempt to respond to specific needs and cultures of a variety of host countries. Foreign subsidiaries must be differentiated enough to successfully confront and accommodate the cultures, markets and business practices that unfold in each specific host country (Bartlett and Ghoshal, 1989; Prahalad and Doz, 1987), and the MNE headquarters must be sensitive to what local managers think about indigenous contingencies and situations facing overseas subsidiaries (Birkinshaw, 1996; Luo, 2001). Maintaining local adaptation, including cultural adaptation, can help to maximize subsidiary initiatives and the proactive pursuit of new business opportunities in a local/host country market.

Extant research that overwhelmingly focusses on local cultural adaptation is largely a result of the notion and importance of country-specific knowledge that reduces an MNE's liability of foreignness (Luo *et al.*, 2002; Zaheer, 1995). When an MNE expands into a new territory with a unique business culture and practice, localized learning is essential (Benito and Gripsrud, 1992). This learning heightens a firm's dynamic capability and explains performance variations among different MNEs in the same foreign market (Luo, 2000). Thus, when a subsidiary operates in an unfamiliar business context, it must be adaptive and responsive. Transferring competencies and capabilities is more difficult when cultural frictions are greater (Kogut and Singh, 1988). Competitive success in a culturally different country is also more difficult than in a culturally similar market, because competition extends from the essence of products to the appropriateness of corporate values and mind-sets as well (Prahalad and Hamel, 1990).

Recent developments of a more positive organizational scholarship perspective in international business (e.g. Stahl and Tung, 2015) encourage a more dialectic view, paying attention to the upside of diversity and differences (national, cultural, geographic) in an increasingly interconnected and converging world today. International firms have more, not fewer, opportunities today to learn and benefit from cultural diversity and geographic diversity than before, therefore reducing some previously acknowledged adverse effect of such diversity. Consistent with this dialectic view that embraces the positive side of cultural distance, I submit in this essay that cultural adaptation should go beyond the local orientation (local adaptation) and capture the global orientation (reverse adaptation) in today's global competition in which local talent need to be cultivated and utilized as global talent.

Local adaptation concerns how foreign firms adapt to local (host country) conditions and culture, but currently a blossoming phenomenon moves in an opposite direction – a growing number of local employees (executives, managers, scientists, engineers, specialists, etc.) previously working at an MNE's particular host country are internationally deployed or reassigned elsewhere (other country subunits, corporate headquarters, regional headquarters, divisional headquarters, etc.) within the MNE. This practice is referred to as reverse adaptation. For example, some MNCs, such as P&G, PricewaterhouseCoopers (PwC) and Ernst & Young, now dispatch more Chinese abroad than they bring foreign expatriates to China. Such a nascent phenomenon has not yet been studied, and this paper represents the first effort to do so. In my view, from both academic and practice viewpoints, reverse adaptation has a significant impact on

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global talent management, knowledge flow across borders, capability catchup and global integration design. Today's globalized business world, with heightened integration of world economy, creates an expectation for the continuing growth of reverse adaptation.

### **What is reverse adaptation?**

Departing from and contrasting with the dominant local adaptation perspective, I submit in this paper a reverse adaptation view toward cross-cultural and strategic management of MNEs. I define reverse adaptation specifically as a situation in, extent to, or process by which an MNE's host country subsidiaries and their local employees learn, assimilate and modify their personal behavior (e.g. values, norms, habits) and professional competence (e.g. standards, goals, language, knowledge, capabilities) in order to fit the MNE's global mindset and culture and to meet the MNE's requirements for being internationally reassigned to work elsewhere. It reverses adaptation from "foreign to local" (foreign companies adapting to local/host country culture and environment) to "local to foreign" (local employees adapting to global mindset/culture and global competence for international reassignment).

Reverse adaptation is manifested in various forms. In areas of international selection, assignment and rotation, many local talent who satisfy global reassignment requirements are relocated to work in another foreign country or region. This assignment may be tied to a promotion. For instance, the local engineers and senior executives at GE's China Technology Center – Shanghai have been deployed to join or to lead engineering and development in Latin America, Europe and other Asian countries. Philips Research Asia, located in Shanghai, has been doing the same in recent years. PwC's offices in Beijing and Shanghai have sent dozens of their local managers and senior managers in financial services, investments and mergers and acquisitions to work in the New York, Chicago, London or Berlin offices where they contribute their emerging market expertise to those offices' global projects. For Johnson & Johnson and P&G, some highly experienced local managers in Brazil, China, Singapore, Mexico, India or South Korea are often promoted to VPs at parent headquarters or dispatched to lead other emerging market businesses as senior country managers. Ernst & Young's recent study titled "The new global mindset: driving innovation through diversity" concludes that because of similarities among emerging markets, western MNEs often find that experienced country managers who are successful in leading one emerging market prove to be better leaders in the developing new markets of other emerging markets than senior expatriates who do not have emerging market experience. To foster local talent to become global talent who can work adeptly elsewhere within the MNE's globally coordinated yet geographically dispersed businesses, these companies must put forth tremendous effort in selecting, nurturing, coaching, training and upgrading local employees' attitudes, values, cultural fit, language skills and professional knowledge, preparing these employees to be ready for global reassignments.

### **Why reverse adaptation?**

So why is reverse adaptation needed today? First, the business world is undergoing increasing globalization of markets for talent and business services, as well as increasing integration of talent management within a globally coordinated human resource system. Local talent, especially those with high potential or A players (using GE's vitality curve approach, which differentiates between the top 20 percent or A players, the middle 70 percent or B players, and the bottom 10 percent or C players)

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are selected to become global talent. They are promoted to work at the MNEs' regional or corporate headquarters, or are internationally assigned to join the top management team in units located in other countries. A major advantage that global companies have over local competitors is the ability to offer recruits the opportunity to work elsewhere in the world. Noted executives who have moved from leading positions in emerging markets to a global leadership roles include Ajay Banga, President and CEO of MasterCard Worldwide, Indra Nooyi, Chairman and CEO of PepsiCo, Harish Manwani, COO of Unilever and Duanduan Zhang, Managing director of Samsung Group Worldwide.

Second, many MNEs have been undertaking reverse innovation – the case where an innovation is first adopted in poorer (emerging) economies and is later copied in the rest of the world, including developed countries (Govindarajan and Ramamurti, 2011). Today, many MNEs learn to generate successful innovations in emerging markets and then export that knowledge and those innovations to many other countries. GE China Technology Center serves as GE's Global Center of Excellence in power and water, oil and gas, energy management, home and business solutions, aviation, transportation and healthcare (local design and innovation, manufactured in China or other emerging markets, and marketed and sold in the global market). Nearly 1,000 R&D staff members from GE China have been relocated or reassigned to work in GE's research and innovation centers or manufacturing plants in other countries. These subsidiaries are increasingly playing a role of global innovator, serving as the fountainhead of knowledge not just for the focal host country but for the MNE's global reach as well. They take on important responsibilities for creating knowledge, products or services for other subsidiaries in other countries. Therefore, transforming local talent so that they become global talent becomes an essential component of global knowledge flow within an MNE, and is a key task in the augmentation and fulfillment of reverse innovation. Reverse adaptation significantly enriches the process of developing ideas in an emerging market, coaxing them to flow uphill to other countries, including western markets.

Third, cultural fit and values become a key factor in identifying, promoting and rotating talent who have global mindsets and competencies. In the selection of local talent to become global talent, a growing number of MNEs have expanded their criteria to include cultural fit. These companies assess candidates' personalities and values to determine whether the employees are compatible with the corporate culture, and to identify the global assignments where they fit best. For this process, the companies have recognized that formal qualifications are not always the best predictors of performance and retention, and that skills are easier to develop than are personality traits, attitudes and values (Stahl *et al.*, 2012). Novartis, IKEA, IBM and Infosys are among the companies that place a strong emphasis on cultural fit and values, evaluating whether a candidate displays the key values and behaviors that the company wants in its future leaders (Stahl *et al.*, 2012).

Fourth, global value chains and increased offshoring have caused numerous primary and support activities to become more modular, so that some activities can be performed outside the multinational (Luo *et al.*, 2012). Additionally, this trend has fostered transfer and reassignment of local talent who are experts in modularized processes, functions and activities. In India, many local talents who are experienced in business process outsourcing and knowledge process outsourcing services have recently been assigned to work in other country units of the MNEs. There is also growing availability of top-tier students from emerging economies who have returned to their home countries after

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graduating from the best universities in the developed world. The cultural abilities, language skills and professional expertise gained in the west prompt their readiness to serve as global talent.

Fourth, MNEs and powerful local rivals are increasingly vying for the same global talent, propelling MNEs to build their global talent pool by cultivating local talent. A decade ago, it was very unusual to find an experienced expatriate working for a local company. But as the global market for talent becomes more fluid, large local players now employ dozens, and sometimes hundreds, of foreign experts to fill gaps in both their knowledge and their capabilities. In recent years, China's Huawei, Lenovo, Baidu, Geely, Cherry, ZTE, TCL, Tencent and Alibaba, among others, have each hired over a 100 foreign experts in engineering, industrial design, global marketing, branding, finance, human resources management and the like. Xiaomi hired Brazilian-born Hugo Barra into its top management team. Barra came to Xiaomi from Google, where he headed the Android division. In this type of reverse adaptation, the experienced foreign experts or executives who are hired by and work for local companies need to forego much of the western culture that permeates their previous organizations, and must adapt to the sharply different cultures embedded in the local companies they now work for. This type of reverse adaptation will continue to grow as local champions from emerging economies have increasing opportunities to use offshore mergers and acquisitions to capture critical capabilities, know-how and brainpower that would otherwise take years to accumulate. It is evident that these local companies are making large numbers of acquisitions overseas, aiming to access intangible assets, technologies, know-how and talents that can be brought back home and used to close the gap with their western rivals.

Last, but not least, dispatching home expatriates overseas is becoming increasingly expensive. This prompts recent MNEs to be more dedicated to cultivating local talent to become global talent. At the German media giant Bertelsmann, the CEO leadership program at the corporate center exposes local-market employees to the range of practical and geographic issues that they can expect to encounter. After spending approximately two years in this training, recruits then compete for senior roles in local or regional markets. They return with a solid understanding of the organization and its strategy, as well as an extended network based on the trust gained from working intensively with senior executives across the company. Bertelsmann also develops and retains its top managers through specialized training programs. For example, it provides financial support for high-potential local employees to study at INSEAD's Global Executive MBA program. Further, while there are many western executives viewing international assignments as a requisite for advancing to the top especially they are mobile, other senior executives are not necessarily eager to seize the job opportunities abroad. For example, in Canada, France, Germany, the UK and the USA, the numbers of staff who are interested in international work relocation have declined in great part out of preference for staying with the familiar during the recent uncertain times, and out of reluctance to move to countries experiencing high levels of pollution (Dewhurst *et al.*, 2012).

### **Reverse adaptation in practice**

Reverse adaptation can generate numerous advantages and benefits for the MNE, including enhanced global knowledge and capability, increased worldwide talent availability, stronger global culture and global coherence, accelerated global growth of brainpower, superior cross-border communication, learning, sharing and cooperation,

improved internal consistency across globally dispersed units, sharpened balance global mandate and cultural embeddedness and better alignment between global strategy and organizational behavior.

However, as stated in Table I, reverse adaptation is a daunting process, full of challenges. For example, internationally developing local talent to global talent is time-consuming and costly. At Johnson & Johnson, for instance, 70 percent of skills of such international development come from on-the-job projects and assignments, and such on-the-job training and coaching is not easy. In addition, retaining high-caliber local talent who become globally competent after cultivation is extremely challenging. When they become globally talented, these local managers will professionally be more mobile at home and abroad. Further, MNEs often face various institutional, legal and regulatory hurdles in foreign countries when implementing their globally harmonized international development programs, procedures and policies. In certain areas such as strategic thinking, big picture orientation, intellectual curiosity, self-awareness and adaptability as well as collaboration and teaming, some foreign nationals, despite their satisfactory professional knowledge, are more difficult to improve than the MNE's home country nationals or headquarters staff (Stahl *et al.*, 2012).

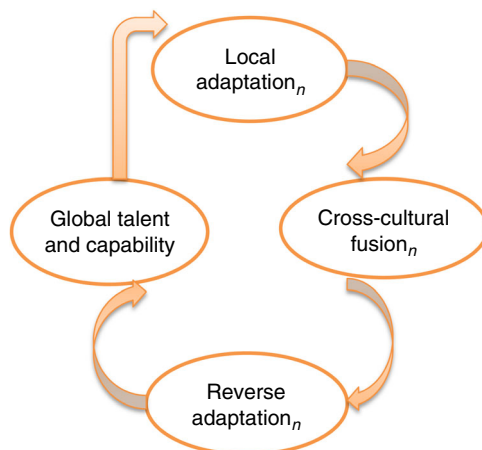
Taken together, local adaptation and reverse adaptation represent a virtuous cycle. For most MNEs, the process of cross-cultural management begins with an emphasis on

Definition	Reasons	Benefits	Challenges
Local employees learn, assimilate, modify their personal behavior (e.g. values, norms and habits) and professional competence (e.g. goals, language, knowledge, capabilities) to fit the MNE's global mindset and global competence requirement so that they can be globally deployed	Increased global flow of talent and expertise Heightened integration of talent and knowledge management Intensified reverse innovation and global capability building Growing importance of "global" managers and employees for MNEs Increased offshoring, modularization, digitization and specialization prompt local employees to work globally Local firms and MNEs vie for the same global talent, propelling MNEs to build global talent pool by cultivating local talent Increased costs of dispatching expatriates, and not every suitable talent is willing to work overseas	Global capability and knowledge enhancement Leverage talent availability worldwide Foster global culture and global coherence Accelerate the global growth of brain power Improve cross-border communication, learning sharing and cooperation Spur internal consistency across globally dispersed units Help balance global mandate and cultural embeddedness Use reverse adaptation for global strategy alignment and cross-border coordination	Difficulty and costs in global talent development Greater training and development costs for cultivating local leaders to become global leaders Retention difficulty of globally competent local talent after cultivation It will take a long time and involve many processes to foster local talent's global experience and skills Institutional hurdles in implementing international development programs overseas

**Table I.**  
Reverse adaptation:  
reasons, returns  
and risks

local adaptation as they stand at an earlier stage of internationalization. When operating in new foreign markets, they often find that their management system, leadership style, communication channels and certain human resources management policies need to be adapted to the local context. At this stage, cultural adaptation anchors at localization. At a later stage, these firms become increasingly familiar with the local context and culture, beginning to make progress in cross-cultural fusion and convergence in parallel with their organizational efforts in acculturation. As these companies continue to mature in globalization, they realize that local talent and even certain localized management practices and policies, originally developed for a specific host country market, can become global assets and global capabilities via a series of global management and leadership development training. Those new human assets and capabilities are incorporated and integrated into the company's global talent and global capabilities which are relevant, appropriable and transferable to other countries (Lessard *et al.*, 2013). This in turn results in a virtuous cycle comprising local adaptation, cultural fusion, reverse adaptation, and global talent and capability building from which some enhanced cultural intelligence and competence can be deployed and used when the firm enters another new foreign market. Figure 1 shows such a virtuous cycle and an integrated loop (*n* donates different foreign countries). Today, most transnational or global companies develop common rules and cultural values that enable them to create a synergy between the various regions and different parts of the company (Leung *et al.*, 2005). These global rules and values serve to strengthen an integrated adaptation.

Although it is beyond the scope of this paper to discuss in detail how to actually conduct reverse adaptation, there are several important principles associated with this challenging journey that are worth noting. First, although an MNE's international development programs and policies for local talent tend to be globally harmonized, which is indeed largely indispensable for the purpose of fostering a global mindset, a regionalized approach may be more viable for those MNEs whose global operations are structurally regionalized. A regionalized approach can help the firm curtail some aforementioned challenges over the course of reverse adaptation. Or, these MNEs may focus more on a regionalized approach for fostering mid-level managers but a global approach for incubating local executives to join in global leadership. Second, it is important



**Figure 1.**  
A virtuous cycle  
and an integrated  
adaptation loop

to differentiate between professional talent and leadership talent in reverse adaptation. While these two different groups share the common goal that all such talent should be able to effectively operate in a diverse, global environment, professional talent development in respective functional areas (e.g. global R&D, logistics, branding, manufacturing, services, design and IT) should emphasize more on on-the job coaching and training in best practices, as well as individual exposure to cross-national, cross-functional and/or cross-sector development experience. By comparison, global leadership development will need to underline not only talent development but also innovative orientation, forward-thinking, global vision and big picture solutions. Cross-regional and cross-sector rotations in various executive positions are necessary for developing a local leader to become a global leader.

Third, reverse adaptation brings new perspectives and new knowledge to the global talent and knowledge development process as well. Therefore, MNEs should treat and design reverse adaptation not only as a global talent management task but more importantly as a new way of reciprocal knowledge sharing and synergizing between localized knowledge and globalized knowledge. Some high-caliber local talent may be competent to serve later as an MNE's global mandate captains or innovation deployment champions. They may act well beyond the initial foreign market launch for which they were responsible. In this case, they complement the role of the global project development leaders. After successive launches in multiple markets, they progressively develop an acute understanding of the benefits valued by global customers and technical adaptations. Finally, just as reverse adaptation being a virtuous cycle, the process of cultivating local talent to global talent does not stop at the point when they are internationally deployed. Continuous management development is essential to advancing their career, enriching their global experience, and more productively capitalizing on their glocalized expertise.

### **Research agenda on reverse adaptation**

Reverse adaptation poses a myriad of research issues and even puzzles for international management scholars. Some of these issues may challenge existing theories in international business, global strategy and cross-cultural management. First, it is important to know what is necessary for cultivating local talent to be well versed in global mindsets and international competitiveness so that they are ready for international reassignment, and to know how best to accomplish this. Cultivating and transforming local talent to become global talent necessitate bringing together a multitude of efforts by organizations, units and the employees themselves. Neither the ethnocentric approach (to send corporate foreign talent to key local positions) nor the polycentric approach (to hire locals for local positions) can separately meet reverse adaptation needs. The glocalized approach – selecting, nurturing and improving local talent's competitiveness for international assignments within a MNE's centrally planned and globally coordinated talent management system – is imperative if the MNE is to foster implementation of reverse adaptation. This means that recruiting, training, promotion, appraisal and monitoring criteria for local employees should be revamped and expanded to include more yardsticks measuring global mindsets and global competencies (Osland *et al.*, 2006; Tung, 2014). Future research should explore concrete steps, measures, programs and policies at both the MNE parent and subsidiary levels that are designed to encourage and nurture local employees to advance their global vision, experience and capabilities.



Second, future research should probe how reverse adaptation and cultural diversity work together to generate the highest level of benefits for a multinational enterprise as a whole. Reverse adaptation, if effective and extensive, will ultimately result in greater cultural diversity for MNEs, further facilitating an internal atmosphere that appreciates and reconciles cultural differences. It will also help to create diverse management teams that can better understand the implications of parent decisions on various foreign markets and, of course, will better reflect the breadth of the MNE's geographic footprint. Today, most MNEs understand that diversity is good for business, but they struggle to convert this belief into action. Reverse adaptation will stimulate this conversion.

Third, future research on acculturation must be broadened bi-directionally, addressing not only how foreign expatriates adapt to local culture but how local employees adapt to global culture. Acculturation is defined by Berry (1980) as changes induced in systems as a result of the diffusion of cultural elements in both directions. It requires effective adjustment and adaptation to a specific culture. Acculturation-related education or training comprises three related components: understanding the other culture (e.g. recognizing what values are important and understanding how cultural values are expressed through social behavior); knowing how to adjust to the other culture (e.g. adopting non-evaluative attitudes toward the culture and developing the ability to generalize beyond the model to new situations); and understanding factors related to job performance within the other culture (e.g. learning how the culture influences attitudes toward work and formal personal interaction) (see Black and Mendenhall, 1990). An MNE's cultural learning efforts (programs, policies and practices) are also an important ingredient of acculturation. Companies such as Toshiba and Siemens have taken steps to improve cultural learning ability, including a well-designed process for making implicit knowledge explicit, for understanding why each culture does things the way it does, for agreeing on the approach that will lead to desired outcomes in specific cultural encounters, and for reviewing the outcomes and modifying the approach to better fit both cultures.

Culturally, these employees must not only learn a set of explicit, codified rules and regulations, but must also learn to become a part of subtle complex system that consists of a broad range of pivotal values embedded in the focal MNE. A culture is a very rich, but very broad, guide to behavior. Local employees, especially high-performing ones, should be trained and cultivated not only for technical competence, but also in areas such as international experience, language skills, relational abilities, communication skills, empathy and respect for others, open-mindedness, motivation and global vision. It is critical for MNEs to tackle cultural and linguistic barriers that prevent local executives from taking jobs at the global level. For example, Goldman Sachs launched a program in Japan to help local employees interact more comfortably and effectively with their counterparts around the world, with a focus on improving cross-cultural communication (oral communication, silent language, formal presentation, etc.) skills. The firm later extended this "cultural dojo," named after Japan's martial-arts training halls, to China, South Korea, Bangalore and Singapore. Moreover, MNEs should attach greater importance to instilling, disseminating and moving corporate culture into human resources management practices in various host countries. Comparing an overseas individual's behavior and output to the standards and values set forth by the parent firm and applying the rewards prescribed therein would be warranted. Such cultural training acts as a cognitive blueprint for local talent's beliefs and behaviors, which in turn influence inter-firm activities that tend to be jointly shaped by national and corporate cultural backgrounds.

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Fourth, future research should identify which local employees possess potential for becoming global talent, and what corresponding staffing policies come into play. Staffing focusses on global talent selection, rotation or assignment. Shenkar and Zeira (1992) show how various employee groups act as emissaries, imparting different cultural cues that inform members of other systems about expected behaviors. Selecting the correct global talent can significantly reduce the cultural barriers that MNEs encounter. For instance, to explain an empirical exception to the incremental expansion they observed in most of their sample, Johanson and Vahlne (1977) note that the decision maker in that case was partly educated in the target country, and hence was more familiar with its environment. Accordingly, many MNEs have included international experience, cultural knowledge and relational ability among the key criteria for selecting global brainpower. It has been found that MNEs with greater expatriate experience, encompassing both the experience of expatriate staffing and the experience of the employees with overseas assignments, face lower cultural conflicts with local counterparts and local organizations (Boyacigiller, 1990). At the same time, recruiting local managers who know the practices and standards of both the international business and the relevant foreign culture will also be helpful in curtailing cultural friction.

Fifth, future research needs to address how reverse adaptation should be properly aligned with global strategy. MNEs need to put their people strategy on par with their global business strategy, and invest significantly in developing local talent to become global talent. Today, MNEs must find a dynamic integration between local autonomy and global integration. Autonomy gives regional or country managers the freedom to take advantage of market-specific opportunities and to adapt the business to suit local needs. But integration enables an efficient allocation of resources, and facilitates the sharing of global capabilities and resources. Reverse adaptation facilitates the process of global integration. Globally sharing the MNE's core cultural values, mindset and ideology is one of essential and effective mechanisms for solidifying global integration and knowledge transfer (Bartlett and Ghoshal, 1989), and reverse adaptation fosters global sharing, integration and transfer. Similarly, those MNEs maintaining greater knowledge flow and capability transfer across regions, businesses and functions are deemed to need solidified reverse adaptation. Further, global organizations that emphasize cross-border mergers, acquisitions and strategic alliances would need to bolster reverse adaptation in order to foster and facilitate post-acquisition integrations and cross-party cooperation.

Sixth, fostering and transforming locally grown managers as a source of global talent is not one step, but is a chain or series of human resources management programs that must be pre-designed and made crystal clear to all executives, managers and employees at global, regional and national levels. Prior research on both local adaptation and global talent management has been limited in the study and unveiling of such developmental chain and evolutionary processes. It is possible to professionally experience the local employee-global talent-local leader trajectory, all within an MNE's globally designed and coordinated talent management scheme. MNEs may bring select high-performing employees from emerging markets into the corporate center, where they are given broad exposure to the kinds of functional and geographical issues they can expect to encounter as leaders, at the same time as they take on real work assignments. After a two-year stint at the global corporate center, recruits may then win a senior role in a local or regional market. They move back to local markets with a strong understanding of the organization and its strategy, having developed trust in corporate executives and in the professional connections they have made.

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Finally, an intriguing area for further research lies in how emerging market multinationals harness reverse adaptation as an important opportunity by which to catch up with their advanced country rivals and build competitive advantages in global competition. Many of the most pressing global challenges facing MNEs today are directly related to human capital challenges (Tarique and Schuler, 2010), and this challenge is apparently severer for emerging market multinationals. As late-movers on the global stage, emerging market MNEs can learn the lessons from established ones in global talent development including attracting, developing and retaining global talent. China, for example, has some parallels with Japan and South Korea when they went global and sought to develop a global mindset. Given more opportunities facing Chinese and other emerging market MNEs (e.g. greater talent mobility across nations, a larger pool of returned college students and professionals from western countries and more western talent management companies operating in China), these firms should develop a more proactive and innovative path in global talent and knowledge enhancement. To enlighten this path, future research needs to study how emerging market MNEs attract global talent from more established MNEs (including those from reverse adaptation) and how they develop their own local talent to become globally competent with some unique approaches that are different from western methods. Recently, some fast-growing emerging market MNEs have been able to recruit a number of key executives from powerful western MNEs. This leaves us many interesting questions such as what motivate these western executives to work for Chinese, Brazilian, Korean or Indian companies and how these new MNEs and western executives mutually adapt to each other to jointly create cultural fusion. It seems unlikely that these executives are looking for “comfort” (e.g. money, benefits and living environment). It thus merits investigation regarding the unique incentive schemes that work for these executives, and the effective process that blends global visions brought by these executives and nationally and organizationally embedded cultures existing in emerging market MNEs.

## Conclusion

Reverse adaptation is a promising area of research for international management scholars, because it provides the opportunity to enrich and extend mainstream theories and literatures in a number of areas. Global organizations need to act at both local and global levels in a way that recognizes the interdependence between the two. Indeed, these organizations need distinctive local insights and capabilities. But they also need to maximize the return on their global assets, ranging from brand equity and economies of scale to the ability to internalize geographically dispersed businesses and to take a global view on talent. Too often global companies have approached their local talent needs in an uncoordinated way. This paper presents a view of reverse adaptation, suggesting that MNEs from both mature and emerging economies can – and should – create a competitive advantage by taking a global approach to talent. Cultivating and transforming local talent to become global talent necessitates endeavor from a wide range of corporate, subsidiary and individual levels, in cultural (e.g. global mindset), professional (e.g. technical competence), structural (e.g. rotation across regions, functions and businesses, as well as interactions between global and local managers), informational (e.g. smart use of technology and digitization to support information sharing and talent management) and organizational (e.g. effective global talent management policies, international assignment practices and global leadership programs). Developing such an infrastructure may take years to build and fulfill expectations. Yet this is the most

significant advantage possessed by MNEs that local competitors simply do not have large, diverse and mobile talent pools, accelerated rates of access to stimulating and demanding jobs across a global network that includes access to regional or even global leadership roles, and a steady flow across borders of world-class capabilities from other parts of the businesses.

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