Strategic Leadership Development in Brazil
A cross-sectional study of Swedish multinational companies in Curitiba and São Paulo

Master of Science Thesis

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CHALMERS UNIVERSITY OF TECHNOLOGY
Gothenburg, Sweden 2014
Report No. E2014-074
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ABSTRACT
The multinational companies are today facing a highly dynamic and competitive environment, which is considered to be even more complex and volatile in the future. In the context of such an environment, the most important but hardest task for multinational companies is to develop the next generation of leaders. The leadership development should be aligned with business strategy in order to successfully develop the leaders towards the business’ future goals. However, companies are commonly not refocusing and realigning the leadership development although changes are done in the business strategy. If the next generation of leaders is meant to lead the companies in the future, why are they not developed according to the companies’ strategies?

Although challenges and the importance in developing leaders are considered as even greater in emerging markets such as Brazil, little research has been done within the area. Several Swedish multinational companies are well established in Brazil with São Paulo and Curitiba as the most important areas.

A cross-sectional study has been carried out including 40 interviews with top executives and high potentials in order to investigate how the development of the next generation of leaders in Swedish multinational companies in Brazil is executed and managed, and whether it is aligned with the business strategy. The following Swedish multinational companies have been participating in the study: Atlas Copco, Electrolux, Scania, Skanska, Tetra Pak, and Volvo Group.

The findings indicate that the participating Swedish multinational companies are commonly lacking a long-term view on leadership development. The findings further indicate a refocus from leadership development to talent management, which include the additional practices of attracting, selecting and retaining high potentials. In addition, the outcomes of the study indicate a misalignment between the suggested talent management and business strategy in the participating companies. Hence, a suggested alignment between talent management and business strategy has been presented in order to meet future perceived challenges and demands from the market.

Keywords: Leadership, Leadership development, Talent management, Next generation leaders, Multinational companies, Brazil
ACKNOWLEDGEMENTS

This master thesis was performed between January and June 2014 at the division of Management of Organizational Renewal and Entrepreneurship at Chalmers University of Technology. The thesis was the final part of the master program Quality and Operations Management.

The execution and completion of the master thesis have been depending on several different persons, which have supported our work in different ways along the way. First, we would like to send our gratitude to our supervisor, Tobias Fredberg, Professor at Chalmers University of Technology. We would further like to send our gratitude to Jonas Lindström, Executive Director at the Swedish Chamber of Commerce in Brazil, for providing contacts and valuable information.

We would also like to send our appreciation to those persons who enabled our journey to Brazil and the collection of data and further send our gratitude to the participating companies in Brazil:

- Atlas Copco
- Electrolux
- Scania
- Skanska
- Tetra Pak
- Volvo Group

Thank you for participating and showing interest in our thesis as well as your great hospitality during our visits. This special gratitude is directed to those persons we have been in contact with, both those who scheduled the interviews and participated in the interviews. Finally, we would like to thank everyone who has supported us by any other means during the spring of 2014 associated with our work with this thesis.

Emma Jakobsson
Liza Åkesson
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1 INTRODUCTION

This chapter is aiming to provide a background to the chosen subject of the thesis. Further, the purpose and research questions created to fulfil the purpose are presented, followed by the delimitations made in order to limit the scope of the thesis.

1.1 BACKGROUND

A majority of organisations are today facing a global and volatile environment. The environment is often complex, dynamic and highly competitive which are most likely to increase for years to come (Tarique & Schuler, 2010). In previous research Beer et al. (2011) have examined companies that are able to manage this challenging environment by creating high financial and social value. Through interviews with CEOs Beer et al. (2011) found that CEOs consider the most important but hardest task to be developing the next generation of leaders that will take over the companies in the future.

Hence, managing and having talented employees to operate organisations’ key strategic positions has never been more important, especially for multinational companies (McDonnell et al, 2009). However, in order to achieve effective talent management, the talent strategy is necessary to be aligned with an organisation’s business strategy (O’Neill & Heinen, 2004). Once they are aligned, the management practices are coherent and help to drive company results. However, when companies change their business strategy, their talent management practices are often not refocused and realigned (O’Neill & Heinen, 2004), which implies that the next generation leaders are not developed towards the business’ future goals. If the next generation leaders are meant to lead the companies is the future, why are they not developed according to the companies’ strategies?

The importance of talent management and its challenges is recognised as being even larger in emerging markets, however, little research has been done in the area (Vaiman et al., 2012). Brazil is one of the world’s emerging markets and the seventh wealthiest economy. Brazil is the largest country in Latin America and the Caribbean regarding area and a population of 198,7 million (The World Bank, 2014). Swedish companies are today well established on the Brazilian market, several of the companies established factories in Brazil as far back as the 1950s (Tenselius, 2009). Approximately 30,000 people in Brazil are employed by Swedish engineering companies and the majority of work in São Paulo. This makes São Paulo to one of Sweden’s largest industrial towns and represents together with Curitiba, the most important clusters for Swedish industry in Brazil, both concentrated in the southeast part of the country (Tenselius, 2009). While Brazil has great potential, the last two decades have been affected by several unfavourable difficulties (Feldmann, 2014). These include the complications that companies have to receive financing, a complex tributary regulation, inefficient bureaucracy, corruption, and insufficient infrastructure among others.

1.2 PURPOSE

The aim of this study is to investigate how the development of the next generation leaders in Swedish multinational companies located in Brazil are managed and executed. Since there is a great importance of aligning the next generation leaders’ development with the business strategy this study also aims to investigate how this is performed in Swedish multinational companies in Brazil.
1.3 RESEARCH QUESTIONS
In order to understand how the next generation leaders are developed in Swedish multinational companies in Brazil it is important to understand how leadership is perceived in this context. Therefore, the first research question aims to investigate how current leaders and the next generation leaders perceive this area of interest by answering the following research question:

*RQ1: How do current leaders and the next generation leaders perceive leadership in Swedish multinational companies in Brazil?*

In order to understand what the next generation leaders need to develop regarding characteristics, knowledge and skills it is important to understand what challenges they will meet in the future. Hence, the second and third research questions are stated as follows:

*RQ2: What are the perceived future challenges for leaders in Swedish multinational companies in Brazil?*

*RQ3: What do top executives and high potentials perceive that the next generation leaders in Swedish multinational companies in Brazil need to develop in order to meet the future challenges?*

In order to understand how the next generation leaders are actually being developed to meet the future challenges the fourth research question is created to investigate this area and is stated as follows:

*RQ4: How do Swedish multinational companies in Brazil work to develop their next generation leaders in order to meet future challenges?*

The fifth research question aims to investigate if and how the next generation leadership development is aligned with the leaders’ future challenges, thus, the business strategy. This will be examined by answering the following research question:

*RQ5: How is the development of the next generation leaders aligned with the future challenges for leaders and business strategy in Swedish multinational companies in Brazil?*

1.4 DELIMITATIONS
Since Sao Paulo and Curitiba are considered as the most important locations for Swedish multinational companies in Brazil this study has been limited to this geographical area. The study has also been limited to investigate the areas of interest in six Swedish multinational companies due to the limitation of time in Brazil. Further, the study does not aim to investigate differences between the participating companies based on their location, size, number of years in Brazil, or operational market. Finally, due to the purpose of investigating the areas of interest regarding the next generation leaders the development of current leaders has been excluded from this study.
2 THEORY
This section provides a brief background about the development of Brazil and its complexity of doing business within the country in order to provide an understanding of the challenges the multinational companies and their leaders constantly are dealing with. Further, this chapter provides a section about leadership and the next generation of leaders that will take over the companies in the future, as well as how these leaders and high potentials should be managed and developed in order to meet future challenges.

2.1 BRAZIL
Brazil is a rich country regarding its natural wealth and possessing agriculture, which has increasingly assumed an exporting role (Feldmann, 2014). The country is the largest producer of coffee, beef and chicken globally. Brazil is also among the largest producers of soy and juice, as well as almost one-third of all the sugar consumed in the world is sold by the country (Feldmann, 2014). Furthermore, the country is an important exporter of steel, planes, automobiles, textiles and shoes. However, Brazil’s development has been irregular and unequal (Griesse, 2007). A large amount of Brazilians live in poverty, while violence and ecological damage have become common. The economic conditions of the Brazilian population as a whole from the Colonial era to the present are characterized by large income disparities and high indices of poverty. Several explanations for the economic and social disparities have been provided according to Griesse (2007). Some of the explanations focus on external causes including Brazil’s position as a post-colonial state and emphasise the importance of imperialism, colonialism as well as unfair trade agreements in affecting economic and social development. Others place a higher importance to internal relations of power. Griesse (2007) further stresses that these internal and external factors often are difficult to differentiate and are at the same time entwined with each other.

2.1.1 THE ECONOMIC GROWTH
Brazil is today the world’s seventh wealthiest economy (World Bank, 2014) and the largest in Latin America (Feldmann, 2014). The growth during the 20th century was achieved by a low respect for price stability, high defence against imports, and extensive state intervention in the economy according to Pinheiro et al. (2004). During the second half of the decade the economy has been transformed from being based in agricultural towards being oriented in manufacturing and service (Gouvea, 2004). However, the country’s economic development in getting where it is today has not been without obstacles (Meade, 2010). The 30 years between 1964 and 1994 consisted of dramatic political changes (Meade, 2010) including its transition to a democratic state in 1985 (Roett, 2010). The following decade after the transition was influenced by economic mismanagement along with deepening social problems (Roett, 2010). Meade (2010) stresses that during this period, Brazil’s industrial growth was affected by poor planning in governmental projects and quick solutions of widespread problems. Furthermore, during the late 1980s and the beginning of 1990s, economic activity and investment were stalled by high inflation (Meade, 2010). The implementation of a new currency through the Real Plan in 1994 was a turning point according to Roett (2010). The Real Plan decreased the inflation significantly but not rapidly enough to escape extensive real exchange rate appreciation, which subsequently led to more costly Brazilian goods compared to other countries (Meade, 2010). While dealing with the high exchange rate, the government was affected by the financial crisis of 1997-98. A slow growth followed as a consequence of an overvalued currency and growing account shortage (Roett,
2010), which put additional pressure on companies in Brazil (Gouvea, 2004). Additionally, the cost of doing domestic business and the public debt increased due to high interest rates (Gouvea, 2004). Another widespread financial crisis occurred in 2001 as a result of the collapse in technology stocks on the U.S. markets, which led to a severe crisis in Argentina (Meade, 2010). The crisis in Argentina affected Brazil in its trading since the country was one of Brazil’s most important trading partners and extensive cutbacks in Argentina’s imports was carried out during the crisis (Meade, 2011). At that time Brazil’s exports declined to its lowest level in three decades and was granted extensive stand-by loans from the International Monetary Fund in 2001 and 2002 (Gouvea, 2004). Brazil became vastly dependent on foreign investments and at a higher risk to external factors since the government did not realize the importance of a competitive exports sector (Gouvea, 2004).

Brazil’s economy increased significantly during the first decade of the 21st century due to the productivity in sectors such as industry, agriculture and service (Meade, 2010). In 2002, a new president was selected in Brazil, which according to Roett (2010) was a turning point and the macroeconomic management improved significantly. The new president and his team took initiatives such as inflation targeting, reducing poverty and export diversification among others (Roett, 2010). However, the emergence of the worldwide recession resulted in a major downturn for Brazil in 2008 (Meade, 2010). Both production and trade were slowed down by a scarcity in credit and reduction in consumption (Meade, 2010). As illustrated in figure 1, Brazil grew with 2.3 percent a year between 1995 and 2002 and the following eight years it grew with 4 percent annually (The Economist, 2012). However, during 2011 and 2012 the GDP growth slowed significantly (World Bank, 2014). It was decelerated from 7.5 to 2.7 percent in 2011 and decreased further down to 0.9 percent in 2012. The slowdown of Brazil’s GDP growth has been driven by both domestic and external factors and affected both the industrial output as well as the investment demand in a disproportionate manner (World Bank, 2014).

Figure 1. Brazil’s GDP growth 1960-2012 (Trading Economics, 2014)

Although a slowdown of Brazil’s GDP growth during the last years the middle class in Latin America grew by 50 percent from 2003 to 2009 and the Brazilian middle class contributed to more than 40 percent of the overall increase in the region according to a report by the World Bank (2012). This resulted in a middle class, which encompasses nearly a third of Brazil’s 190 million inhabitants in 2009. Brazil’s economic performance during the time period, poverty reduction policies, new work opportunities as well as a better educated workforce were factors that helped the middle class to grow according
to the report by World Bank (2012). The report further highlights the consumption boom stimulated by the rise in Brazilian households with strong purchasing power, which is a trend estimated to continue in the following years (World Bank, 2012).

2.1.2 CHALLENGES FOR DOING BUSINESS IN BRAZIL

Brazil has had seven different currencies, three written Constitutions and inflation rates between 4 percent and 4,500 percent per year during a period of sixty years, which altogether provide indications of complexities within the country (Castor, 2003). Even though Brazil is considered to have several strengths and opportunities to grow, various challenges persist which are complex and require substantial effort in order to improve the country's overall competitiveness according to a World Economic Forum report (2013a). According to the global competitiveness report 2013-2014, seen in figure 2, the main problematic factors for doing business in Brazil include issues regarding infrastructure, taxes, government bureaucracy, regulations, corruption and education (World Economic Forum, 2013b).

![Figure 2. Factors affecting doing business in Brazil](image)

**INFRASTRUCTURE**

The issues regarding infrastructure include its lack of quality and non-existing policies that outline a strategic approach in order to improve the infrastructure (World Economic Forum, 2013a). The quality of Brazil’s infrastructure follows the income inequalities in the country’s different regions (Gouvea, 2004). Since Brazil’s position is an important hub for the rest of Latin America, the quality of its infrastructure is, hence, a central issue (World Economic Forum, 2013a). Even though the World Cup 2014 and Olympics 2016 support the improvements of the infrastructure the state of ports, airports and railways is not enough adequate for the country's needs. Furthermore, the improvements are not fast enough for the pace at which the companies desire to develop the market (World Economic Forum, 2013a).

**POLITICAL, LEGAL AND REGULATORY INSTABILITY**

The process to modernize Brazil has not been without obstacles and politics have had a negative impact of the acceleration of change according to Roett (2010). Brazil lost a decade of modernization due to three mediocre presidents after becoming a democracy in 1985. Modernization was put on hold until the election of president Cardoso in 1994.
when a restart of the economy took place. Since then, the social and economics areas have been progressing while the political system is far away from transparency and accountability. Even though slow changes can be seen, Roett (2010) argues that a lot of improvements have to be made in the twenty-first century in order to catch-up. A recent report by World Economic Forum (2013a) is also highlighting the uncertainty associated with doing business in Brazil, including political, legal and regulatory instability, which is considered as critical and needs to be removed. A well-organized and appropriately regulated business environment, which respects legal contracts between enterprises and government, is desire to be established in order to eliminate the uncertainty. Furthermore, Brazil’s bureaucracy is considered to be a disadvantage in the context of agility (World Economic Forum, 2013a). Bureaucratic paperwork causes barriers according to MacLachlan (2003), which in turn discourage inexperienced companies. In order to succeed with business in Brazil, Castor (2003) argues that to create an understanding of the public bureaucracies’ roles in the society and how they operate is a necessity.

**CORRUPTION**

Brazil has been facing corruption ever since the colonial time (Meade, 2010). The government is today aiming to fight corruption by endorsing laws and implementing integrity systems but Brazil is still having great challenges to overcome it according to the Business anti-corruption portal (2013). The federal structure of the political structure is the reason for the many and various existing regulatory services and is something organisations in Brazil have to deal with. Among other challenges, one of them is related to the complex tax system, which is likely to increase corruption since tax collectors are frequently receiving bribes. These bribes are given in order to lower the inspections or obtain advices (Business anti-corruption portal, 2013).

**TAXES, REGULATIONS AND RATES**

Tax regulations and rates is another area, which increase the complexity of doing business in Brazil. Although policy improvements have been noticeable during the past three years the Brazilian tax system is still considered as a critical area for the country’s competitiveness according to World Economic Forum (2013a). The executives participating in the World Economic Forum (2013a) report, highlights the negative impact that the tax system’s complexity and cost have on Brazil’s competitiveness. The study furthered addressed the concern with current labour policies that put a high burden on the employers.

**EDUCATION**

Education is another concerning area. The number of children enrolled in schools has an expressive growth, which currently is 96 percent of the school-aged children, yet the quality of education is unanimously acknowledged as very poor in Brazil (Feldmann, 2014). Illiteracy continues to be around 9.6 percent hence the school evasion is considered as a severe problem in the country. Furthermore, only 15 percent of the youth between 18 and 24 going to university is another seriously low number compared to other countries in Latin America (Feldmann, 2014). Comparing with peers in other countries, Brazilian students rank academically below and universities in Brazil are able to educate 30,000 engineers annually according to Association of Executive Search Consultants (2010). The association emphasises Brazil’s low number through a comparison with India’s 250,000 and China’s 400,000. This issue is also emphasised in a
study by World Economic Forum (2013a) which compares Brazil’s education with United States, Germany and China which are possessing programs that foster science, technology, engineering and mathematics education at the elementary level. These countries have also established world-class universities, created partnerships and collaborations between public and private sectors. Taking this comparison into account Brazil is today at a substantial disadvantage since a talented workforce is able to provide competitive advantages for countries and companies. Hence, talent training is a key issue for Brazil according to World Economic Forum (2013a) report.

2.1.3 POTENTIAL OPPORTUNITIES FOR THE FUTURE
Brazil together with Russia, India and China – the BRICs economies are considered to have expanding economic potential the following 50 years. The projection is based on the assumption that Brazil among with the other countries preserves policies and develops institutions, which are reassuring growth (Wilson & Purushothaman, 2003). When looking at Brazil’s manufacturing competitiveness, World Economic Forum (2013a) report indicates that it is expected to be strengthening over the next years to come. The study stress that the country is favourably positioned due to the on-going investment in infrastructure. The Brazilian government intends to create favourable tax advantages for Brazilian manufacturers, and also reduce lending and energy costs. These intentions are part of an industrial plan in which the Brazilian government anticipates to address fiscal, legal, financial and infrastructure obstacles (World Economic Forum, 2013a).

2.1.4 BRAZILIAN MANAGEMENT CHARACTERISTICS
The Brazilian culture has a heterogeneous background with various ethnic groups including different religions and beliefs (Gouvea, 2004). Conciliation and tolerance are Brazilian traits, which have facilitated the country's absorption of the different religions (Gouvea, 2004). Another significant characteristic is the importance of relationships since some of the greatest values in Latin America as well as in Brazil include family and personal friendship (Feldmann, 2014; Gouvea, 2004). Hence, the mix of business and friendship is very common in Latin America. Personal relationships are one of the Brazilian cultural traits, due to the importance of the family according to Tanure and Duarte (2005). Another cultural trait is flexibility, which is a category that both reflect adaptability and creativity (Tanure, 2004 in Tanure & Duarte, 2005). The adjustments to the diverse economic plans enforced by the government that have been common during the past years confirm companies’ ability to adapt. Tanure & Duarte (2005) emphasise a third cultural trait to be power concentration including hierarchy, which is common in the Brazilian organisational environment. Furthermore, decision-making is often centralized to higher hierarchal levels with poor communication between the levels (Hickson and Pugh, 1995 in Feldmann, 2014). The presence of hierarchy in Brazil is also emphasised in Hofstede’s research about cultural dimensions in Brazil (Hofstede, 2014). Brazil’s high score in the cultural trait, power distance, indicates that hierarchy is respected and inequalities between people are tolerable in the society. Uncertainty avoidance is another cultural dimension, which is significantly high in Brazil along with the majority of the Latin America countries. The high uncertainty avoidance indicates that people in the society feel vulnerable when facing situations ambiguous or unknown to them. Beliefs and institutions are created in order to avoid these uncertainties (Hofstede, 2014).
2.2 STRATEGY

Research argues that multinational companies cannot assume that business could be done in the same way in emerging markets as they are being done in developed countries (Khanna et al., 2005). The research further emphasises that companies, which develop and implement their strategies for doing business in emerging markets are successful when strategies are customized and adapted to the specific country’s institutional context. Porter (1996) argues that developing a sustainable superior performance require companies to engage in strategic activities and integrate these activities with each other which are hard to imitate and therefore considered as unique (Porter, 1996). In order for an activity to be strategic it has to result in a sustained competitive advantage for the company compared to its competitors.

Strategy involves organisational change, which includes both selecting new games to play and improving how the current games are played (Mazzucato, 2002). Develop and re-establish a clear strategy is an organisational challenge, since several forces affects choices and trade-offs within organisations (Porter, 1996). These forces could be external changes in technology or competitors’ behaviour, which are commonly considered as threats to the strategy. However, Porter (1996) stress that the larger threat commonly origins from within the organisation. These internal threats on the strategy might include failures in the organisation, a mistaken view of the competition or a desire to grow (Porter, 1996). When making strategies today Liedtka and Rosenblum (1996) argue that the response to challenges organisations face today in a changing environment could be the organisations’ capacity for strategic conversations. This concept of strategy depends on the individuals’ strategic thinking capabilities in combination with their empowerment to act. The capacity of conversations then links the individuals’ capabilities, which together create the ability for organisations to continuously adapt to on-going changes. Initiating and supporting these kinds of strategic conversations at different levels of the organisation are furthered stressed by Liedtka and Rosenblum (1996) to be senior executives’ responsibility. Beer and Eisenstat (2004) also emphasise in having organisation wide conversations in order to implement strategy and move the organisation forward. These conversations should according to Beer and Eisenstat (2004) be collective and public if the mindset of individuals in top management and managers down the line should successfully be realigned with the new strategic direction. By a collective conversation Beer and Eisenstat (2004) mean that people from different levels and functions need to be engaged. Public conversation further concerns senior management’s task to keep everybody at lower levels informed about what insights have been gained and what changes that are intended be carried out.

Changes in a company’s strategy including a new strategic position might have to be done due to major changes in the industry and new entrants on the market (Porter, 1996). However, when multinational companies are making too drastic changes in their local business models they will, according to Khanna et al. (2005), most likely lose in gaining advantages of the global scale and branding. Even though changes in the business model should not be too radical, the business models have to be adapted for each country’s product and input markets. Adapting the business is necessary due to the large variation between countries’ quality of market infrastructure according to Khanna et al. (2005). Normally, less-developed economies are in contrast to advanced ones, lacking skilled intermediaries and have not as effective legal projects. Companies with
the ability to work around these institutional voids in emerging markets have proven to be successful according to Khanna et al. (2005). The companies that are able to select the best strategies and make the most out of operating in emerging markets are the ones that invest time in understanding the countries’ institutional differences (Khanna et al., 2005).

2.3 LEADERSHIP

Porter (1996) argues that the role of leadership is crucial in order to guide the strategy with various forces continuously affecting the decision and trade-off making within an organisation. The leader’s role is more important and comprehensive than only driving operational improvements, which several companies has relapsed it into. With the strategy as a base, the leaders is responsible to define and communicate the company’s unique position, make choices and trade-offs as well as create a fit among the activities according to Porter (1996). In a study performed by Galunic and Hermreck (2012) top management was found to have the largest impact in how well employees understand and agree with the strategy. Hence, top managers need to get closer to the workforce. Galunic and Hermreck (2012) suggest that top managers should talk straight to the employees, preferably through a shared communication in order for workforces’ views to be heard. Pardey (2008) argues that strong leaders are delivering and recognizing the significance of their roles and keeping focus on their immediate targets as well as longer term goals.

The nature of the leadership role itself has changed little while there have been significant changes in the challenges fronting leaders (Pardey, 2008). These challenges include according to Canals (2014) a combination of changes in the economic, political and social forces along with the increase of new digital technologies. Canals (2014) stresses that these forces along with others, create a new context for multinational companies to do business in. A good leadership is crucial in this new context since leaders are expected to provide meaning and purpose with a long-term direction according to Canals (2014). What kind of leaders companies need today is according to Canals (2014, p. 488):

“Firms need courageous, sensitive and intelligent leaders who understand that the business world cannot survive by leaving aside the needs of human beings and societies.”

– Canals (2014, p. 488)

However, Pardey (2008) argues that there is a challenge for leaders to develop a style of leadership, which guarantees that the organisations are fit and nimble and able to respond appropriately and successfully. Another challenge is to ensure that people and teams are supported and developed. If leaders are not delivering, nor achieving their goals, they will fail in their roles as leaders according to Pardey (2008).

2.3.1 IMPORTANT LEADERSHIP QUALITIES FOR THE FUTURE

The trained CEO for yesterday’s business may not be the person needed in today’s turbulent and competitive environment of the 21st century in which strategies could be overhauled rapidly (Shani et al., 2009). Companies have expanded their definition of high potentials with the intention to create a more extensive pool of talents as one way to cope with this environment. The definition of high potentials according to research by Ready et al. (2010) is as follows:
“High potentials consistently and significantly outperform their peer groups in a variety of settings and circumstances. While achieving these superior levels of performance, they exhibit behaviours that reflect their companies’ culture and values in an exemplary manner. Moreover, they show a strong capacity to grow and succeed throughout their careers within an organisation – more quickly and effectively than their peer groups do.”

– Ready et al. (2010, p. 3)

When companies have identified and developed a list of their current high potentials the questions is whether to make that list transparent or not. In Ready et al. (2010) research indications of companies going towards transparency are apparent. They argue that employers realize talent as a strategic resource, which can be moved around. Another reason for the trend may be that employers are tired of having talented employees leaving the company that would have stayed if the talents had been aware of the existing plan dedicated for them (Ready et al., 2010). Furthermore, high potentials need to be given recognition from managers in order for them to feel valued according to Holbeche (2001). On the other hand, being transparent creates pressure and expectations to support noticeable progress in the high potential’s professional development. The high potential might then feel manipulated or lose motivation if these expectations not are fulfilled according to Ready et al. (2010). Either way, risks exist whether the company chose to be transparent or not.

Once companies have identified their high potentials, what qualities do these high potentials need to possess in the future? McCall (1998) study identifies critical situations that future leaders will have to deal with in order for the company’s strategy to be carried out. Dealing with an increased complexity derived from growth and being able to respond fast to changes were challenges associated with future critical situations. Both McCall (1998) and Goldsmith et al. (2003) argue that communicating a shared vision, demonstrating integrity and ensuring customer satisfaction are challenges for achieving effective leadership. Pardey (2008) argues that in a gradually better educated and better-informed society, people are willing to follow but not to be misled. A declining faith in political leaders characterizing several modern democracies results in a missing leadership, which makes people looking at the people heading up the organisations that employ them. Meeting these high expectations successfully will be a challenge for next generation leaders according to Pardey (2008). Goldsmith et al. (2003, p. 2) stress another five factors being even more important in the future, which are outlined in figure 3.

![Figure 3. Important leadership qualities for the future](image-url)
First, the extensive increase of global trade and integrated global technology will require leaders to think globally. Managing global production, marketing, and sales teams is necessary in order to achieve competitive advantage. Second, future leaders will, according to Goldsmith et al. (2003) be required to appreciate cultural diversity including leadership style, industry style, individual behaviours and values, race and sex. Understanding economic as well as social and motivational differences in other cultures is essential (Goldsmith et al., 2003). Canals (2014) argues that an increased understanding of the cultural context will facilitate leaders to make better decisions. In McCall (1998) research the cultural diversity is also emphasised and to take advantage of both internal and external diversity is considered as leadership challenges in the future. Develop technological savvy is the third leadership quality stressed by Goldsmith et al. (2003), which is a crucial factor for the future of integrated global partnerships and networks. Technologically savvy leaders need to understand the usefulness of new technology and how to manage and make investments in it. Leaders having the ability to recruit, develop and retain technically competent people will also be a competitive advantage for organisations (Goldsmith et al., 2003). However, McCall (1998) argues that it should not lead to a superior expertise leading to tell people how to do their jobs since it then will become a problem rather than a strength. Goldsmith et al. (2003) fourth leadership quality is being able to build partnerships and alliances with positive, long-term and win-win relationships will become even more vital. This is critical since the roles of customers, suppliers, and partners, in means of who your friends and enemies are, will become more uncertain in the future. Finally, share leadership according to Goldsmith et al. (2003) is predicted to be the dominating operating model for the future. No leader can be excellent in everything. Hence, sharing leadership experiences is expected in executive teams.

Pardey (2008) argues that for next generation leaders it is important to ensure the care for individuals and attend their needs. Delegating and consulting others as well as recognizing what others can contribute with are also important for the next generation leaders. However, if this will risk the achievement, the organisation will suffer as well as the leader's reputation since Pardey (2008) claims that employees require leaders to be successful in order to follow them.

### 2.4 LEADERSHIP DEVELOPMENT AND TALENT MANAGEMENT

This section provides findings from theory regarding the concept global talent management and principles for being successful within the area. One important part of global talent management is leadership development, which according to Underhill et al. (2007) include how to develop leaders while talent management also identifies who should be developed and when. If companies are not putting enough focus in developing leaders they will face difficulties in providing people with the necessary career experience that will equip them for the future (Garrow & Hirsh, 2008).

#### 2.4.1 DEFINITION

Various definitions exist in the theory. Scullion et al. (2010) suggest one broad and collective definition for global talent management, stated as follows:

“**Global talent management includes all organisational activities for the purpose of attracting, selecting, developing, and retaining the best employees in the most strategic roles (those roles necessary to achieve organisational strategic priorities) on a global scale.**
Global talent management takes into account the differences in both organisations’ global strategic priorities as well as the differences across national contexts for how talent should be managed in the countries where they operate.”
– Scullion et al. (2010, p. 106)

A definition more focused on high-potential employees, one key group of core employees is provided by Stahl et al. (2007), which also involves the mentioned practices, attracting, selecting, developing and retaining. The focus on their definition was due to the participating companies’ strong emphasis on high potentials in the study. Furthermore, Stahl et al. (2012) introduce the talent management wheel, which is illustrated in figure 4.

Figure 4. The talent management wheel (Stahl et al., 2012)

Stahl et al. (2012) highlight elements of importance in talent management systems and divide them into practices and guiding principles. The elements shown in figure 4 and the six guiding principles seen in the inner ring relate to each practice seen in the outer ring.

2.4.2 PRINCIPLES FOR SUCCESSFUL TALENT MANAGEMENT

By researching several companies’ practices in talent management Stahl et al. (2012) found that successful organisations stick to six key principles stated below. These principles have a broad application compared to best practices, which are only best in the context for which they are designed.

ALIGNMENT WITH STRATEGY

The first practice, alignment with strategy is according to the researchers a natural point to start with when considering talent management by asking what kind of talent is needed in the context of the company’s strategy (Stahl et al., 2012). Strategic flexibility includes, according to Stahl et al. (2012), being able to adapt to changing business conditions and overhaul the talent approach when necessary is of high importance for organisations. O’Neill and Heinen (2004) and Canals (2014) also emphasise the importance of aligning the talent strategy with an organisation’s business strategy and
human capital context. Guidelines for achieving an alignment could be identified through asking questions such as:

- *What capabilities do we need to successfully implement our business design?*
- *Can we clearly identify our top contributors – both current and future?*
- *Are our performance and development strategies aligned with our business strategies?*
- *Are we growing and developing the skills we will need to succeed in the future?*  
  – O’Neill and Heinen (2004, p. 68)

The mentioned questions stressed by O’Neill and Heinen (2004) are examples that need to be addressed in order for companies to question their efficiency of their talent management systems.

**INTERNAL CONSISTENCY**
Processes included in talent management such as recruiting, selection, mentoring, leadership development, career planning and recognition should not only fit the strategic requirements but also be integrated with each other (O’Neill & Heinen, 2004; Backhaus & Tikoo, 2004). Stahl et al. (2012) also highlight the internal consistency as crucial in talent management, which includes the way the company’s talent management practices are adequate with each other. Stahl et al. (2012) further stress that continuity over time should be present and combinations of practices will result in something more than the amount of its parts. An example of such combination could be when a company make great investment in developing and training high-potential individuals. The company should be consistent with this investment and lay emphasis on employee retention, competitive compensation, and career management as well as empower employees to contribute to the company and reward them for initiatives (Stahl et al., 2012).

**CULTURAL EMBEDDEDNESS**
Another important principle for successful talent management is cultural embeddedness. In Stahl et al.’s (2012) research, several successful organisations considered their corporate culture as a foundation of sustainable competitive advantage. These organisations are therefore integrating their stated core values and business principles into talent management processes with a deliberate effort (Stahl et al., 2012). The relevance of corporate culture and values is also emphasised by Canals (2014) since they facilitate the way of doing things and accomplishing the company’s goals. An embedded culture is furthered stressed by Canals (2014) to help multinational companies to integrate people and assets in different parts of the world.

**MANAGEMENT INVOLVEMENT**
When considering the ownership of the talent management process, Stahl et al. (2012) found that successful companies see the need for a broad ownership. This ownership does not only include HR but also all managers at all levels, including the CEO. The ones responsible for this process should prioritize recruitment, succession planning, leadership development and retention of key employees and assign a substantial amount of time on these activities according to Stahl et al. (2012). This is similar to Goldsmith et al.’s (2003) research since the authors emphasise that recruiting, training, and developing future leaders are chief executives rightly concern. Goldsmith et al.
(2003) further stress that organisations can share leadership in the following beneficial way:

“If future leaders have the wisdom to learn from the experience of present leaders and if present leaders have the wisdom to learn new competencies from future leaders.”
– Goldsmith et al. (2003, p.7)

**BALANCE OF GLOBAL AND LOCAL NEEDS**

Talent management in global organisations present in multiple countries, cultures and institutional environments are complex (Stahl et al., 2012; Holbeche, 2001). In this context, organisations need to sustain a coherent HR strategy and management approach, and at the same time understand how to respond to local demands according to Stahl et al. (2012). No single strategy existed among the companies participating in Stahl et al.’s (2012) study in order to balance of global and local needs. Holbeche (2001) stresses that too centralized HR policies might fail in being implemented or generate incorrect policies. On the other hand, if the HR policies are too localised it might lead to uneven deliveries and unnecessary reinvention including waste of resources (Holbeche, 2001). Stahl et al. (2012) argue that a global template is needed for global companies in order to ensure consistency. However, the allowance of local subsidiaries is also needed to adapt the template to specific circumstances. The level of local control depends partly on the industry since some products such as consumer goods need to be more adjusted to the local market than for example software or pharmaceuticals. Opportunities for diverse talent pools are enabled by locally adapted approaches. However, more integration across business units is then required since locally adapted approaches limit the company’s ability to build on its global knowledge in hiring, assessing, developing and retaining top global talent (Stahl et al., 2012).

**EMPLOYER BRANDING THROUGH DIFFERENTIATION**

Attracting employees with the right skills and attitudes require companies to find ways to differentiate themselves from their competitors (Stahl et al., 2012). According to Stahl et al. (2007), this could be achieved by companies through increased self-marketing towards what companies consider as potential recruits. However, Hieronimus et al. (2005) argue that companies are hardly branding themselves as employers although companies’ extensive branding of products and services. Hieronimus et al. (2005) therefore suggest that companies should consider their potential recruits as customers when looking for talent. This approach should include a market analysis; identify the most important corporate attributes for different potential recruits; and examine the best way to reach these potentials. Furthermore, the initiatives of employer branding must be aligned with the general brand strategy of the company (Hieronimus et al., 2005).

### 2.4.3 ATTRACT AND SELECT

Attracting new talent to an organisation is crucial, which Stahl et al. (2012) previously stressed require companies to differentiate themselves. Holbeche (2001) argues that the organisation’s offers and individual’s requirements need to fit each other in order to successfully attract and recruit new talent. In such recruitment process individuals would like to ensure that the organisation, which they are considering to join is able to provide continuous development. If this has been identified by the organisations they can provide concrete plans in order to support development and subsequently increase the probability of both attracting and retaining talent according to Holbeche (2001).
One critical part for multinational organisations’ future success is effective performance of global leadership tasks including the selection of suitable talent according to Caligiuri (2006). This could be performed by either selecting managers with the necessary knowledge, skills, abilities and personality characteristics or develop them for improved performance over time. Caligiuri (2006) recommend this selection to be based on the personality serving as the base for leadership training and development programs. The multinational organisations should therefore consider finding managers with the essential personality characteristics and give them international training and development opportunities (Caligiuri, 2006).

2.4.4 TRAINING AND DEVELOPMENT

The successful companies in Stahl et al.’s (2007) study invest a lot of resources in training and development of leaders. These investments include the latest leadership development tools and technologies. In order to develop the pipeline of high potentials Ready et al. (2010) stress that it is important for an organisation to be clear with their high potentials about what skills and behaviours the organisation needs for the future and why those characteristics will be significant. A person who does not fit completely in today’s organisational growth may be the talent needed for succeeding in the future. Hence, being creative about the next generation is another important aspect. Ready et al. (2010) further argue that organisations should not adopt an approach in giving all development when times are good, while cutting down extensively when facing hard times. Instead, how an organisation develops talent must be consistent according to Ready et al. (2010).

Development through job experience is considered as highly important when developing leaders (Day, 2001; McCall, 1998). This way of developing leaders derives from the roles, responsibilities and tasks which managers meet in their work (McCauley & Brutus, 1998). Even though several developmental experiences are gained through the job assignments Day (2001) argues that the most fruitful ones are challenging and while performed facilitated with occasional support. In order to provide challenging job assignments, Day (2001) further stresses that more attention should be paid on the evaluation for matching individuals with the suitable assignment. According to McCall (1998) it is common that organisations chose predictability and security when promoting individuals for job assignments. This is often the case since the most developmental and challenging assignments commonly are critical to the organisations’ performance. McCall (1998) suggests that leaders should be developed by intentionally and systematically modifying challenges of a particular business strategy and to the experiences existing within a company.

Companies that are successful in developing leaders commonly emphasise people as their most important asset and recognise leadership development as a long-term game (Colvin, 2009). The long-term aspect, including continuous improvement and business sustainability, could be supported by career planning and development but only if they are sufficiently managed according to Shani et al. (2009). Both individual career planning and organisational career management are included in career development. The process is complex due to individuals’ and organisations’ different interests according to Shani et al. (2009). The individual’s desire continued personal growth and long-term career satisfaction, hence, their interest in self-development. While the organisations find strategic human resource development interesting since they aspire
to ensure organisational effectiveness in the long-run by having people with accurate skills at the right place at the right time. Shani et al. (2009) further stress that these different interest and goals could be integrated through career development but both individuals and organisations need to closely examine career development needs, set realistic goals and share information in order to achieve this. However, perceptual and communication barriers might affect accurate assessment of needs and effective joint goal setting according to Shani et al. (2009).

The most valued outcomes on tomorrow’s career paths might include job satisfaction, self-awareness as well as learning (Shani et al., 2009). BlessingWhite (2013) further argues that a career plan could lead to increased engagement among high potentials as long as the plan is developed based on the high potentials’ own potential. According to Shani et al. (2009) individual career planning has increased and more responsibility for career development has been transferred to the individual over the last decade. However, Shani et al. (2009) stress that career planning and development processes are still managers’ burden to facilitate.

Canals (2014) emphasises the importance of global leadership development in multinational companies. In order for multinational companies to sustain business in various locations and cultures Canals (2014) stress that solid and continuous global leadership initiatives are needed. A strategic and comprehensive approach for global leadership development is stressed by Caligiuri (2006) to be highly important in order to achieve effective performance of global leadership tasks. In order to achieve this kind of approach Caligiuri (2006) argues that an organisation should have a baseline for what knowledge, skills, abilities and personality characteristics are needed. This baseline should then be used to examine if and how parts of the baseline are developed and enhanced. Caligiuri (2006) further stresses that companies should know how the different parts of the baseline should be used once developed. Canals (2014) and Caligiuri (2006) both emphasise the importance of relating and aligning global leadership initiatives with the company’s strategy and mission. Canals (2014) further stresses that the initiatives also should be aligned with the culture. Caligiuri (2006) argues that a plan for the managers’ intended development should be in place as well as why and how newly developed knowledge and skills are necessary in the organisation. These intentions in developing leaders globally have been emphasised in a study of successful companies, which are building their leaders through developmental assignments (Colvin, 2009). The study shows that these companies aim to push people out of their comfort zone through assignments that test and challenge their abilities in unknown areas. Caligiuri (2006) argues that once the training or assignments are in place, the performance management and succession planning should not be disregarded since those are critical parts to the overall success of a global leadership development.

2.4.5 MENTORING
Mentoring, formal or informal, has according to Shani et al. (2009) become increasingly widespread when developing talent since it enables personal growth and career advancement as well as promotes organisational human capital. Mentoring is furthered stressed to be a relationship between a senior mentor and a junior apprentice (Shani et al., 2009). The observation and communication with senior managers are particularly important parts of mentoring since they support the less experienced junior apprentice to gain a more strategic perception of the organisation according to Day (2001). Furthermore, initiatives in launching formal mentoring programs or encourage informal
mentoring within and outside the organisation are part of enhancing resources of employees according to Shani et al. (2009). These initiatives give indications of sustainability within organisations and could be effectively achieved through clear objectives, senior sponsorship and by having a capable program coordinator (Shani et al., 2009). It also requires that the organisation focus on developing sufficient mentoring skills, which in turn will provide a stronger mutual trust, respect and commitment according to Day (2011).

2.4.6 RETAIN
Building intellectual capital could be achieved through recruitment. However, it is useless if an organisation is not able to retain talent according to Holbeche (2001). Due to challenges in the 21st century, including fierce global competition, rapid changes in technology, restructuring among others, the struggle for organisations to provide individuals lifetime careers has increased (Shani et al., 2009). The challenges of retention people are also affected by factors such as the individuals’ needs, motivation and morale according to Holbeche (2001). Both Shani et al. (2009) and Pardey (2008) stress that organisations need to pay extra attention to high potentials since they always are looking for personal development. Hence, the high potentials will not hesitate to look somewhere else if they perceive their development being blocked. Organisations must therefore focus on the opportunities for development they offer in order to retain their high potentials (Shani et al., 2009).
3 METHOD
This chapter presents the chosen research method. First, some definitions used in this report will be stated. Second, the strategy and design of the study is presented and motivated followed by a description of the data collection. The data collection consists of a theory collection followed by a qualitative method and finally a quantitative method. The last part of the chapter consists of a discussion regarding ethical considerations, validity and reliability of the study.

3.1 DEFINITIONS
In order to have a common view and to clarify what a high potentials and a top executive will signify in this report two definitions were created:

“A high potential is a person who is particularly talented and has the potential to be a top executive within 5-10 years. “

“A top executive is a person at the very top layer of the organisation with a position as CEO, vice president, country manager, director or board member.”

The definitions were used when scheduling the interviews at the participating companies in order to receive interviews with relevant people. According to these definitions a high potential and top executive does not need to work in any special department or have any special amount of years within the company. High potentials do neither have to be a leader at this point in their career nor be in a certain age.

3.2 RESEARCH STRATEGY AND DESIGN
The research strategy used in this thesis is mainly qualitative. The qualitative research strategy focuses on words rather than numbers and usually has an inductive relation to theory, which implies that theory is generated from the research (Bryman & Bell, 2003). The qualitative approach was chosen because of possibility to receive the participants view on the subjects, in their own words. The research design that has been used is a qualitative cross-sectional design. This design aims to collect empirical data from more than one case in order to find patterns of association (Bryman & Bell, 2003). Since the aim of the thesis is to interview top executives and high potentials from more than one company to compare their views and find associations, this design was chosen to fulfil the purpose.

3.3 THEORY COLLECTION
In order to understand the current situation about leadership and leadership development in Brazil a literature review was performed. The purpose of the review was to increase understanding for the thesis subject and to be able to compare the empirical findings with the literature. The literature review was divided into several focus areas such as Brazil’s history and development, leadership and leadership development, and talent management and was concentrated to information from publications and websites. The review resulted in a primal and essential understanding for the subject and a foundation to the following qualitative research. When conducting the qualitative part of the study new areas of interests were found. A literature review of these areas was later performed in order to develop a correct analysis of the gathered qualitative data.
3.4 INTERVIEWS
The main research method used for collecting data has been semi-structured interviews. This method was used since it allows the participants to present their point of view to a great extent (Bryman & Bell, 2003). However, since the aim was to compare the different views of top executives and high potentials, interview guides were used, which does not allow totally open interviews. Further, Bryman and Bell (2003) state the importance of flexibility during semi-structured interviews. The flexibility includes the ability to vary the order of questions, to state follow-up questions and to clear up vague answers, which were carefully considered during the interviews.

The selection of the interviewees can be described as a form of snowball sampling where a group of interesting people first are contacted. The Swedish Chamber of Commerce in Brazil provided the contacts through e-mail conversations. The contacted people were then to select the rest of the interviewees, according to the definitions of top executives and high potentials used in this thesis. Several interesting companies were contacted with the proposal of being a part of this study. Some companies gave more interest than others and the final selection of participating companies were based on their size and location in Brazil, how well they are in Sweden and how fast they responded to the proposal. The participating companies conducted their own selection of interviewees. These were performed according to stated specifications, which included the definition of top executive and high potential. The arguments for why a person was selected as a high potential or top executive were not stated from the companies. However, the selection of high potentials differed between the companies. Some of them chose only young people as high potentials whereas other companies chose an older generation of people as high potentials. Due to the difference in age of the high potentials, which may lie as a basis for their answers during the interview, the high potentials will in some part of the thesis be referred to senior high potentials and junior high potentials in order to be able to analyse the differences in generations. The final selection of companies participating in this study is presented in Table 1.

Table 1. Participating companies and number of interviewees

<table>
<thead>
<tr>
<th>Company</th>
<th>Interviewed Top Executives</th>
<th>Interviewed High Potentials</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlas Copco</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Electrolux</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Scania</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Skanska</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Tetra Pak</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Volvo Group</td>
<td>2</td>
<td>4</td>
</tr>
</tbody>
</table>

The interviews were conducted in São Paulo and Curitiba during a period of five weeks in March and April, 2014. The intention was to interview 20 top executives and 20 high potentials. However, due to the companies’ own responsibility to schedule the interviews some of the companies scheduled an uneven number of top executives and high potentials. The final number of interviewees was 40 divided into 19 top executives and 21 high potentials. The distribution of interviewees between the companies can be seen in table 1. All of the interviews were conducted face-to-face, except for one that was
performed over phone, and all of them lasted for 45-90 minutes. All of the interviews were also recorded and transcribed. The transcribing was made to decrease the loss of information. It also allows the information to be reused and invites to a more in depth analysis of what has been said (Heritage, 1985 cited by Bryman & Bell, 2003). However, some parts of the interviews that were considered as irrelevant to the study were not transcribed.

All interviews, except three, were performed in English. The English skills among the interviewees were varying with some were very skilled and some less skilled. Therefore, the result of the interviews can be discussed whether the questions have been perceived as expected. However, the majority of interviewees were very skilled and all of them used English frequently in their daily work. The interviews not performed in English were performed in Swedish.

Two different interview guides has been used, one for top executives and one for high potentials, which can be seen in appendices 1 and 2. The intention was to use two separate guides that covered the same areas of interest in order to point the questions towards the interviewee but still be able to compare the results. The interview guides were created from the research questions. Based on the research questions some areas were identified that should be covered during the interviews and from these areas questions were created. The questions were formulated as relatively open questions in order for the interviewee to speak freely about the subject and at the same time not direct them. However, several sub-questions were stated in order to fully cover the desired area. When a pilot high potential interview guide was finished it was tested on a relevant person in order to identify issues and revise the guide if necessary. This was an important stage in order to understand how the questions were perceived and to create a suiting flow of the interview. After this session the interview guide was revised and resulted in a final version.

3.5 ETHICAL CONSIDERATIONS

Several ethical considerations have been made in order to carry out this thesis with respect to all involved parties. Bryman and Bell (2003) state that harm to participants is one of the main areas to consider regarding ethics. Harm to participants includes, among other things, causing stress or harm the participants’ career or employment. In order to assure that no harm to participants will occur confidentiality agreements have been used. The agreements used were oral agreements with each interviewee, stating that no information will be able to trace back to the person who stated it. In order to further increase the impossibility to trace any information back to the interviewees all the companies have been given an alias, which have been used for the remaining part of the thesis. The aliases have been given randomly and are presented in table 2. The order in table 2 is stated independent of the order in table 1.
Table 2. Alias names of the participating companies

<table>
<thead>
<tr>
<th>Company alias</th>
</tr>
</thead>
<tbody>
<tr>
<td>Botafogo</td>
</tr>
<tr>
<td>Corinthians</td>
</tr>
<tr>
<td>Cruzeiro</td>
</tr>
<tr>
<td>Flamengo</td>
</tr>
<tr>
<td>Santos</td>
</tr>
<tr>
<td>Vitória</td>
</tr>
</tbody>
</table>

Another main area of ethical consideration is lack of consent (Bryman & Bell, 2003). To avoid lack of consent an information sheet were sent out to the participants in advance of the interviews. The information sheet included the background, aim and areas covered during the interviews in order for the participant to be prepared. However, none of the used interview questions were given to the participants in advance. The interviewees also had the opportunity to ask questions about the study. The third area of ethical consideration, presented by Bryman and Bell (2003), is invasion of privacy. In order to avoid invasion of the interviewees’ privacy, all participants had the option to refuse to be recorded or to answer any question if desired. However, no one of the participants chose this option.

3.6 TRUSTWORTHINESS

During the study the trustworthiness of the outcome has been considered. The criteria of trustworthiness are credibility, transferability, dependability, and conformability and are used to validate the quality of the research (Bryman & Bell, 2003).

Credibility aims to ensure that the findings have been understood correctly (Bryman & Bell, 2003). The credibility can be increased when using several methods or sources of data. In this study 40 interviews have been performed in different companies and with people in different positions, which implies a large variety of sources.

Transferability concerns to what extent the conclusions of the study can be generalized (Bryman & Bell, 2003). In order to increase the transferability the interviewees have been carefully considered. Interviewees have been chosen from six different companies acting in different markets and with a minimum of three interviewees from a top executive level and three from a high potential level. Although the number of interviewees in this study is large the transferability could be even larger if using an increased number of interviewees in an increased number of companies. The study aim to interview people in Swedish multinational companies in Brazil and therefore the findings cannot be generalised beyond this context.

Dependability refers to the degree to which the study can apply in other times (Bryman & Bell, 2003). Brazil has a fast changing market and economic situation, which may change during the upcoming years. The governmental regulations are also likely to change due to the upcoming election and the common previous changes. Therefore, some aspects may not be generalised in the future.
Conformability concerns the degree to which the researchers’ own values affect the results (Bryman & Bell, 2003). In order to increase the conformability in this study all the interviews have been performed with both researchers present. The interviews have also been transcribed word by word in order to not interpret or affect the outcome.
4 EMPIRICAL FINDINGS

This chapter aims to provide an extensive view of what have been found during the performed interviews. The first part provides an explanation of what a good leader is perceived as in Brazil as well as how a high potential is perceived in the participating companies. Further, a perception of future challenges and current and future strategy is presented followed by how the participating companies work to develop their high potentials and how they work to attract and retain them. Finally, the perceived alignment between the leadership development and the business strategy is presented followed by how the companies work with performing change.

4.1 PERCEPTION OF A GOOD LEADER

During the 40 interviews with high potentials and top executives they were asked about how they perceive a good leader in a Swedish multinational company. The views of the participating interviewees are provided in the following sections divided into characteristics, expectations and challenges.

4.1.1 FAVOURABLE CHARACTERISTICS TO BE A GOOD LEADER

All the participating top executives and high potentials were asked about what characteristics they think are important for being a good leader. The answers were very scattered and very many characteristics were brought up. However, the most common mentioned ones are displayed in figure 5.

![Bar chart showing the most common favourable leadership characteristics among top executives and high potentials.]

**Figure 5. The most common favourable leadership characteristics**

The most common mentioned characteristic is the ability to communicate well. 58 percent of the top executives and 43 percent of the high potentials mentioned this characteristic. However, to communicate well was considered as basic characteristic among many interviewees along with transparency. A top executive from Cruzeiro explains what many of the interviewees were meaning:

“I think a leader, first of all, should be transparent to people, making them understand the strategy of the company and what is expecting from each one of them. The transparency and the communication are basics.”

– Top executive at Cruzeiro
Another top executive from the same company agrees with the previous statement and also mentioned the importance of a clear communication between the top level and the bottom level. The top executive consider the communication between the levels to be important in order to transmit challenges ahead and issues that they are facing to the lower levels.

Another characteristic that was mentioned among the interviewees is the ability to understand people. This characteristic was far more mentioned among the high potentials than among the top executives. One high potential argued that the most important characteristic is to understand the personal side of people and care for people’s personal life and not only the professional side of people.

A third characteristic that was commonly mentioned among the high potentials was the ability to be flexible. However, only 5 percent of the interviewed top executives mentioned this characteristic. Among the top executives the ability to be a good listener was more commonly mentioned. Several top executives mentioned this characteristic first when answering the question and considered it as the most important. A top executive from Botafogo explains:

“If you come in here and want to tell me something and I have already made up my mind then you do not need to come here. You have to listen to the person, what he has to say, and then come to a solution and take a decision together. There is a reason why we have two ears and one mouth. It means that we should listen more then we speak.”

– Top executive at Botafogo

4.1.2 EXPECTATIONS ON BEING A LEADER

When creating a perception of a good leader in Brazil all the participating interviewees were asked about what they consider as expected from them when being a leader in a Swedish multinational company in Brazil. The most common mentioned answers can be found in figure 6.

![Figure 6. The most common expectations on leaders](image)

The most common mentioned expectations that the participating companies had on their leaders were to develop people, transmit the company’s values, and accomplish targets and deliver results according to the interviewed high potentials and top executives. Both high potentials and top executives considered develop people to be most common expectation, where more than half of the interviewees mentioned it.
Develop people were considered by the high potentials and top executives to provide formal and informal feedback, provide training and courses and assure that they can continue to move forward in their career. Develop people was also considered as performing a yearly feedback session where the leader provides the employee with feedback in what to improve an what courses the employee could participate in.

The second most mentioned expectations that leaders in the participating companies had were to accomplish targets and deliver results. When asking high potentials what was expected from a leader at their company one argued that a requirement is to deliver results in a consistent way while another high potential simply argued that to get the job done is the most important thing. Many of the top executives shared this view of expectations and one top executive at Flamengo answered the question as follows:

“[It is expected] that I accomplish pre-determined targets.”
– Top executive at Flamengo

The third most mentioned expectation was transmitting company values. However, this view is not shared between top executives and high potentials. More than a quarter of the participating top executives mentioned this expectation while none of the high potentials did. One top executive at Cruzeiro answered the question as follows:

“I think the company’s expectations are developing people and transmitting the values to them”
– Top executive at Cruzeiro

4.1.3 PERCEIVED CHALLENGES BEING A LEADER
As well as characteristics and expectations all interviewees were also asked about their main challenges of being a leader. The answers were scattered and there were large differences between the top executives’ and high potentials’ answers. In figure 7 the most common mentioned answers are shown.

![Figure 7. The most common challenges being a leader](image)

The two most common challenges mentioned among the interviewees are managing people and time management. However, both of the challenges are far more common among high potentials than top executives. More than 60 percent of the interviewed high potentials consider managing people as a challenge. The high potentials consider the challenges regarding managing people to be motivating people, engage people and managing diversity. When asking a high potential about the toughest challenges being a leader one answered:
“For sure it’s the team. People are not machines. They have feelings. [...] I think the most difficult part is dealing with different kinds of personalities and dealing with emotions.”

– High potential at Corinthians

The senior high potentials also considered this challenge to include adaptation to the new generation of high potentials. Further, only some of the interviewed top executive considered managing people to be a challenge. However, when top executives explained what the challenge meant to them it included attract and retain people, move people from their comfort zone, and make people raise problems. Many of the interviewed high potentials also considered time management to be a challenge. Regarding time management the high potentials included problems as being available for your team, time waste on e-mails and meetings, and a large pressure on delivering results on time. One high potential answered the question as follows:

“When being a leader it is not just only you, there is we and you are responsible for team and development. You have a lot of things to be looking at so there is a time pressure as well.”

– High potential at Cruzeiro

### 4.2 HOW A HIGH POTENTIAL IS PERCEIVED IN THE PARTICIPATING COMPANIES

Due to the focus on high potentials in this thesis all the participating interviewees were asked about how they perceive a high potential. The following sections includes the empirical findings of how a high potential is perceived in the participating companies, if the companies have a definition of a high potential and whether to be transparent with the recognition of high potentials or not.

#### 4.2.1 PERCEPTION AND DEFINITION OF A HIGH POTENTIAL

The characteristics and what a person should have accomplished in order to be considered as a high potential were numerous according to the interviewed top executives. Some top executives highlighted the importance of being able to deliver results, being available and being proactive. One of the top executives expressed it in this way:

“High potential, in my point of view, I consider those that deliver more, they are expected to deliver, keep low profile, always ready to help the others, and they are always trying to preparing themselves for the future”

– Top executive at Flamengo

Furthermore, by several top executives a high potential is considered to have a high level of energy and take a lot of initiatives but at the same time have the potential to be a good leader. One of the top executives believed a high potential should be reliable, transparent and respectful. The high potential should also be able to give feedback and not be afraid to deal with problems or make mistakes. For other top executives, the behaviour, attitude and mindset were crucial aspects needed in order to be classified as a high potential. One of the top executives developed the thoughts concerning the mindset:
“This mindset for me is more about how to really look at a problem and a situation. How to map and be one step ahead.”

– Top executive at Botafogo

None of the interviewed Swedish multinational companies had a united definition of a high potential within the company. Only one top executive stressed that a definition existed. The definition included three parts, which were; first, the person has to be less than 30 years old; second, the person has to be able to replace a top executive within 10 years; and third, they need to have three things that the person has performed well in their work. However, this definition focused on the age of a high potential was not conveyed by others in the company and another top executive at the company argues that a high potential is a person that is full of energy, is brilliant and take initiatives. The top executives further claimed that a high potential does not have to be a young person, but rather in the middle of their career.

Even though none of Swedish MNCs had a united definition of a high potential inside the company, several meetings and discussions occurred on a managerial level in order to identify high potentials. An evaluation is commonly carried out for each individual, which serves as a support to classify people and help to identify high potentials. How this evaluation was supporting, a top executive from Vitória described the identification process:

“For us it is a way to understand which ones have this profile as a future leader or talent... so we also see it in our daily operations, those ones that are the most committed to the process, those who are delivering the best results on time, those that are always looking for new abilities like post-graduation, invest in their selves.”

– Top executive at Vitória

4.2.2 WHETHER TO BE TRANSPARENT ABOUT THE RECOGNITION OF HIGH POTENTIALS

The perception of, whether to make it official that a person have been identified as a high potential or not, differed between the six participating companies. More or less half of the companies believed that it should not be official which ones that are considered to be high potentials neither should the high potentials themselves obtain that kind of information. One top executive explained what could happen if the high potentials themselves receive this recognition and argued that some people may have a really good profile to become a good leader but when the person is recognised he may relax and lose his potential of being a future leader. At Flamengo the reasoning was similar expressed by a top executive in the following way:

“Only because you are a recognised as a high potential it does not mean that you will be it for the rest of your life. That is why it can be a good idea to keep it on a managerial level”.

– Top executive at Flamengo

However, other participating companies were transparent with the recognition of high potentials and an interviewed top executive highlighted the importance of being clear about the expectations if being transparent with the recognition. The top executives argued that if a high potential is told as being a high potential the targets of what the person need to accomplish in order to be promoted and keep being a high potential
needs to be clear. The high potentials constantly needs to know what is expected from them and what they need to do in order to still be a high potential.

Looking at this from the high potentials’ perspective, some of them considered the recognition being highly motivational. One of the high potentials at a company that recognised the high potentials revealed one of the driving forces career wise:

“I have to feel that the company is investing in me and believes that I am a potential so this is something that motivates me.”
– High potential at Santos

4.3 CHALLENGES AND STRATEGY OF THE PARTICIPATING COMPANIES

All participants were asked about what they perceived as current and future challenges. They were further asked about the companies’ strategies in both current situations and for future situations. The findings are presented in the following sections.

4.3.1 CURRENT STRATEGY

When asking about current and future challenges many of the interviewees brought up the company strategy in Brazil. The views of a clear strategy differed between the companies. Interviewees from three of the participating companies claimed that the company they work for does not have a clear strategy. A top executive from Vitória consider the current strategy to be a problem:

“Our targets and strategy for 2014 is still not clear. We don’t know which direction we have to go.”
– Top executive at Vitória

Another top executive from Cruzeiro stated that the problems that the company are facing today are results of the lack of a clear strategy. A high potential from the same company claimed that the company does not have a clear strategy so it is very hard as a leader to make this clear to the employees, which is a weakness within the company. However, another top executive from the same company consider them to work on transmitting the strategy:

“Now we are trying to have a meeting every month explaining all the challenges we had the past month and what we have ahead. In every meeting I am trying to explain what is going on in the different areas.”
– Top executive at Cruzeiro

A high potential from Flamengo also explained that their process for discussing strategy usually takes place twice a month when the top management in the organisation sit and discuss the strategy and vision. However, the high potential suggested improvements for the strategy discussion in order to be longer and more in-depth. The high potential suggested workshops where their strategy and vision can be discussed together rather than asking for reports with numbers as it is today. Another high potential from the same company also suggested a workshop in order to discuss the levels needed to be reached, what the references are and what can be improved. The high potential further claimed that:
“I’m missing all this preparation, how to accomplish it, how to execute it. I don’t think I have all the information to motivate my team”.
– High potential at Flamengo

Several interviewed high potential considered that the responsibility to transmit the strategy lies on the leader and a good leader should translate the strategy to the team and build targets from that. Even though several companies claimed a lack of strategy or directions several of the interviewees suggested actions to improve or how to act. One of the top executives from Botafogo stressed the importance of planning and being structured in order to overcome various obstacles. Another top executive from Corinthians stated:

“The success of today will not be enough for tomorrow so we have to continue to work on our reputation, do things in a sustainable way, to deliver innovation, to deliver new products”.
– Top executive at Corinthians

However, the view of a lacking strategy is not shown in all of the interviewed companies. A top executive from Corinthians stressed that the company shows a long-term view and have a clear vision.

4.3.2 10 YEARS AHEAD CHALLENGES AND STRATEGY

Several challenges were mentioned during the interviews, which are summarized in table 3. These perceived future challenges are further described in the following paragraphs.

Table 3. The interviewees’ perception of future challenges for companies in Brazil

<table>
<thead>
<tr>
<th>The interviewees’ perception of future challenges</th>
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<tbody>
<tr>
<td>Tougher competition</td>
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<tr>
<td>Changes in economy</td>
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<tr>
<td>Political and regulatory instability</td>
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<td>Higher demands on leadership</td>
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Several of the interviewed high potentials considered the competition on the market to be the toughest challenge today and in the upcoming ten years. High potentials from several of the participating companies claimed that their products are among the best on the market. However, to continuously develop is emphasised:

“We need to improve, improve, improve every day to be in the top.”
– High potential at Flamengo

Another high potential stressed that they are ahead of competition in terms of machining, service and other kind of products, but was concerned in how far the competition will go in the future. A high potential from Botafogo considered the future market to be more aggressive and will attract more investors. The high potential believed that the competition will mainly be Asian companies that are improving their quality:
"The Chinese brands will become good also so everyone will be big. So what shall we do to make the difference? That is why we should have good people, how to assure that we keep that."
– High potential at Botafogo

Another high potential from Botafogo claimed that the challenges 10 years ahead will require more of the leaders and a lot of investments into leadership are therefore needed. The high potential claimed that the leadership training often starts when a person is already assigned as a leader but suggests that the training should start before that. The same high potential also considered that the leaders need to be tougher and other high potentials from Botafogo agreed with the following statement:

“We need to challenge more people, taking them out of their comfort zone.”
– High potential at Botafogo

To meet the future competition two high potentials from Flamengo suggested that the company should offer whole solutions instead of just product and services to match the customers’ needs. They also suggested the company to be sustainable and as much green as possible.

A high potential from Botafogo brought up the Brazilian economy as a problem. The high potential claimed that the toughest challenge the upcoming ten years is to be prepared for the ups and downs in the economy, which is a cycle. Further, the high potential explained that they have always managed a high inflation environment in Brazil and have therefore a lot of activities and need to adapt fast to the market situation. However, the high potential stressed that more professionalism is needed in those situations.

“To be a finance manager in Latin America it is always challenging because the economics here change all the time. The government is changing rules and regulations every day.“
– Top executive at Flamengo

Another high potential at Botafogo claimed that the Brazilian economy is not on a mature level yet due to the political instability with corruption among other things. The decisions made by the government are furthered stressed to confront the market economy since they involve heavy laws, high and complex taxes and bureaucracy according to the high potential.

“So the challenges is how the market is managed today it is artificial, it is not a free market [...] it affects everyone. So our future depends on if the government keep up the financial plan or not. That is a challenge.”
– High potential at Botafogo

According to a top executive at Vitória Brazil’s politicians are not creating a good environment for the companies’ investments which in turn decrease their ability to grow. The numerous and extensive regulations are furthered critical and in order for the companies’ finance of a product. As an example of this several interviewees brought up the “local content” which requires that 60-70 percent of the product’s parts should be produced locally in order to receive financial benefits. While some believed that the
decisions made by the government will still cause challenges in the future other considered them as only as short-term challenges. One of the top executives hoped that the country's macroeconomics will be more effective instead of today's detailed controls of every economical transaction which the top executive believed to be the reality ten years from now. Either way, both high potentials and top executives emphasised the importance of continued growth and the organisation's values.

“How you keep the business growing in this environment? The Botafogo values are sometimes even more important than the country values. We are being legislated by different regulators in several countries so you need to keep the group values and to enforce those values even though the country is not as mature as the group.”

– High potential at Botafogo

Some of the interviewees were asked about action plans to meet these future challenges outlined in table 3. A high potential from Corinthians claimed that the company is today facing a much stronger competition and is therefore trying to make plans for the future, instead of just doing plans for today. However, the high potential further claimed that the plans are not for the upcoming ten years but rather for the upcoming five years. No one of the remaining interviewed high potentials told about future strategic plans or action plans. However, some of the top executives explained how they work with their action plans. A top executive from Flamengo explained their way of working and how they are trying to predict scenarios that might happen in the future. For each scenario the company have one action plan, which is only shared among the top executives. The action plan is only communicated to lower levels within the organisation when it needs to be carried out.

4.4 DEVELOPMENT OF HIGH POTENTIALS
In order to understand how high potentials are developed today in the participating companies all the interviewees were asked about what tools and practises they use. However, to start with the knowledge, skills and characteristics of what a high potential need to develop for future challenges was examined and who is actually responsible for developing the high potentials?

4.4.1 WHAT HIGH POTENTIALS NEED TO DEVELOP
When the top executives were asked what they thought high potentials need to develop in order to meet future challenges the answers were quite scattered. However, some characteristics, such as flexibility, to understand other people and other cultures, were commonly brought up. The top executives also mentioned the global environment that the companies now operate in and emphasised the importance of having a global mindset. In general the top executive advised the high potentials to continue their development and one top executive urged the high potentials to:

“Not stop to develop yourself, be aware and awake of the news and changes and all the opportunities the company is bringing. If they do that it will come naturally”

– Top executive at Vitória

When the high potentials were asked what they needed to develop in order to meet future challenges several responses included further education as one important part in their development. One of them conveyed the importance of:
“Continuing studying and being closer to the business is definitely a way to prepare myself the next few years to be more capable to help the company to meet those objects of a long term”

– High potential at Cruzeiro

Another high potential at Cruzeiro connected it to self-awareness including developing and understanding yourself, which the high potential further explained is done by asking for feedback and give feedback to others. Further, several high potentials considered that their market sense needed to be improved and one of the high potentials stressed that being closer to the customer; close to the market; understand what is happening there; have a close relationship with the sales organisation and the suppliers are important aspects necessary to be developed for future challenges. Furthermore, a high potential considered that the business environment is becoming tougher and more competitive. Therefore, the high potentials need to think in different ways in order to be competitive. The high potentials also stated that there are many challenges in how to be more efficient with time, have time to be more strategic and develop the leaders, and how to meet the pressure from the market and the company. A second senior high potential considered the following:

“For me [it is] very important as a leader to be open-minded and not become a dinosaur on your own reality”.

– High potential at Botafogo

4.4.2 WHO IS RESPONSIBLE FOR DEVELOPING HIGH POTENTIALS

During the interviews all participants were asked who they thought was responsible for the high potentials’ development. The answers were very split between high potentials and top executives where both parts mainly considered themselves as responsible for the task, as can be found in figure 8. However, the high potentials believed that an additional support should be available from their leader or from HR while the top executives considered an additional support only from HR. Several top executives argued that numerous people consider HR to be responsible. However, top executives considered the development of the high potentials to be their responsibility since they are working with them on a daily basis and need to push them and help them in their growth. The leader has also the tools and cannot escape from the responsibility to assess and develop their employees according to top executives. One top executive explained it as follows:

“I think that the main responsible is the boss of the high potential. I cannot answer that the HR is the main responsible. HR should be the department that gives us support and the conditions, the tools, in order to develop our tasks, which is to develop new leaders and the high potentials in terms of stretch their capabilities.”

– Top executive at Cruzeiro
The main response from the high potentials was that the high potentials themselves were responsible for the development. However, the support from the leader or the HR was important. Several high potentials pointed out the importance of having a leader that is committed to help you in your development. The development opportunities depend on your leader and if the leader is not engaged, the development will be poor, according to high potentials. However, other high potentials considered the responsibility to be exclusively their own. One high potential explained it in the following way:

“I think it’s myself. I should come up with the demands; I should have targets that I want to accomplish in career and personal life. I should present that for my manager. On the long-term I should see what I want and not expect from the company to give it to me.”

– High potential at Flamengo

### 4.4.3 HOW THE HIGH POTENTIALS ARE DEVELOPED TODAY

Several methods, tools and practises are used today to develop the high potentials. The interviewees were asked about what they used in their company and what they thought about that. Three main areas were commonly mentioned or used in the companies; the talent review, the mentoring and the lack of career plan.

**TALENT REVIEW**

Among the Swedish multinational companies participating in the study, their general way of developing people included both formal and informal processes. The formal process or talent review included first formal feedback sessions carried out once or twice a year, which beforehand every employee and the direct manager of the employee evaluated the individual’s skills and performance. This kind of formal evaluation and feedback was a bottom-up process carried out for every employee, whether they had on a leadership position or not. One of the high potentials from Vitória explained how the procedure works and the usage of the tool:

“[The] tool that was introduced last year. It evaluates persons from different functions and my boss gives his scores and comments so once a year we meet and I receive this feedback and we make a kind of a plan for next year. In the end of that year we see if I have filled this gap. Who is responsible for this is the HR”

– High potential at Vitória
“HR has a tool that is really a spread-sheet with various skills that each job requires and all the ones that are desirable to develop in Vitória. Every year each boss talks to their employees and evaluates how the employee is doing in each of these skills.”

– High potential at Vitória

Another company was also using this kind of evaluation. A top executive explained that an electronic device on the intranet supports the evaluation. By using this device the employees and managers answers several questions and give them a grade from 1-5. The questions are within the areas of the values of the company and the leadership abilities that the company expects from the person. The results of the employees’ and managers’ evaluation are then compared with the company’s expected categories including behaviour, competences and performance. In this comparison the gaps and what to develop until the next feedback session is identified which serves as a base for what actions that should be taken in order to fill these gaps and develop the person. These actions could be various training including internal or external courses and programs, coaching or mentoring.

This formal procedure was also a common way to follow up on the development of individuals. One of the top executives at Flamengo considered the evaluation to be their way to assure that the high potentials have the competence they need when becoming a leader. However, several of the high potentials considered the process to be unnecessary and one of the high potentials explained it as follows:

“That’s more a formal way. This is more connected to the first level of the organisation so people starting they really need feedback, they need to understand their path in the organisation, how they will develop. For me it’s just an formalisation where we put on paper everything that have happened during the year”

– High potential at Flamengo

Other high potentials agreed on the previous statement and believed that the informal part of the development could be better instead of having the formal feedback sessions. One of the high potentials at Santos thought that more constant career feedback was needed. The high potential argued that an employee should be able to have more constant feedback and should not have to wait six months to have that conversation with your leader.

Besides the formal process including scheduled feedback sessions the day-to-day task and the more informal part is of high importance, which is shown in figure 9. The result shows that on-the-job experience was considered as the most valuable for leaders’ development including top executives and high potentials.
MENTORING

Five of the participating companies have mentorship programs. In all the five companies the process of mentoring is informal and the mentor should be chosen by the mentee together with HR and the mentor himself. A great part of the interviewed high potentials considered the mentorship program to be a positive part in their development. However, only four of the interviewed high potentials had a mentor at the moment of the interviews. For many of the other high potentials the mentorship program is unclear. A high potential at Corinthians says:

“We have a mentorship program but it’s not very clear to me. I think that is something they should work on”.
– High potential at Corinthians

Another high potential at the same company considered it hard to receive a mentor since they had to make the contact themselves. The high potential considered it to be difficult for some people within the company that do not have a position on a certain level to receive the contact with the top executives. Further, the high potential continued by stating that the high potential’s immediate leader was travelling too much which contributed to an insecurity of the high potential due to the insufficient feedback and advices received. Furthermore, the same high potential explained the opportunities the employees have to receive advices:

“We have a person here in HR that is responsible for leaders career. If I want to talk or want tips for my career I need to call her or send her e-mail and then she can drive to the right way. I don’t feel comfortable to talk to her about everything”.
– High potential at Corinthians

When further asking high potentials at the same company about their chances to receive advices and if they have a mentor the answers were split. One high potential explained that the high potentials do not have a mentor. However, the high potentials are able to ask their managers for advice but not in any situation or at any time. Further, another high potential considered it to be easier to receive feedback by saying:

Figure 9. Most valued situation for leadership development
“My leader and my godfather [mentor] are the ones that support me when I don’t know what to do, I need an advice, I need someone to be with me to help me to take decisions.”

– High potential at Corinthians

At the other participating companies that perform mentorship programs the views were similar to the high potentials’ at Corinthians. A high potential from Flamengo considered that the company needed to create more opportunities for mentorship within the company. Further, another high potential from the same company agrees and states that the company performs very good mentorship programs but the high potential itself is not involved. At the same company the top executives were asked about the mentorship program and who could be a part of it. One top executive stated that the people that are considered as high potentials do receive mentors.

Another top executive at Flamengo considered the mentorship program to be good but the best way to receive feedback is from the manager due to the close relationship the leader and the high potential usually have and that the mentor is usually from another function within the company, which makes it harder to give valuable advices. The top executives’ views from the same company were also split about who should take the initiative for starting a mentorship program. One top executive stated that the initiative is sometimes the managers’, sometimes the high potentials’ and sometimes the HR’s while another top executive stated that the high potential always should take the initiative. The split views of who is taking the initiative are common among the interviewed top executives from all of the participating companies.

Among the high potentials that had a mentor the overall view was positive towards the program. A common way to receive a mentor is through a development program within the company. Some of the high potentials have received it during trainee programs and others through leadership development programs. Although one of the participating companies did not have a mentorship program one interviewed high potential from that company did not consider that as a problem:

“If you are a manager you can have support from your boss, but you should know how to deal with this challenge. My boss could give me some goals that I have to achieve but I should know how to achieve them”

– High potential at Vitória

The high potential continues in explaining that a lot can be learned by the managers by being present at important meetings and learn how they work. The company’s top executives were asked about why they do not provide mentors for their high potentials and one of them explained that the mentor is the leader of the high potential. The top executive further argued that the high potentials could be confused if they have several people to follow and if a person needs to guide a high potential the human resource acts as a coach or as a mentor.

At one of the interviewed companies some of the senior high potentials were mentors to younger high potentials within the organisation. All of the senior high potentials consider it to be positive. One senior high potential explains:
“One way that I am trying to get updated [is] that I [am] coaching now or making mentoring with two very young people... so it is very good for me. It is good for them because I share my experience but it is also very good for me because then I see the way they think”.
- Senior high potential at Botafogo

However, the senior high potential further explained that being a mentor is not initiated by the company but rather initiated by the high potential itself. The high potential consider being a mentor is a way to further develop and improve both the mentor’s and the mentee’s skills.

**CAREER PLAN**

When the high potentials were asked about improvements regarding the development of leaders at their company there were various suggestions for improvements and usually very specific for the company. However, more than a third of the high potentials believed that the company could be more transparent with the career progress. A career plan was something several high potentials desired to have but one of them stated a career plan is something that their company does not have and this is not clear for the employees. Another high potential at Flamengo shared an opinion about the transparency of every individual’s career in the following way:

“We have a competence matrix but never connected to a position”.
- High potential at Flamengo

Due to the lack of career plans and directions from the company, several suggestions for improvements were revealed and one of the senior high potentials believed that Botafogo should make sure that all the leaders should have a plan to become a leader. The same high potential furthered stressed:

“So to become a leader there are some pillars that we should establish for the person before you become a leader. A pillar of business knowledge, a pillar of leading people, a pillar of the market, and other pillars needed”.
- Senior high potential at Botafogo

A few top executives, more specifically 15 percent, considered that an improvement of formal development plan was needed when developing high potential leaders within their company. However, some of the top executives considered a career plan not being needed and one of the top executives stressed that Flamengo survives without a career plan for their employees.

An example from one of the participating companies of how they prepare upcoming leaders is the situation when one of the high potentials had been on a leadership position for four months and had obtained a two-day long leadership introduction course prior to the promotion. The high potential explained the situation:

“Before November I was just a technician and now I’m a leader so my challenge is to learn how to be a good leader, to have the people work with me, to motivate them to do the job for me and how to get the best high performance team”.
- High potential at Flamengo
4.5 ATTRACTING HIGH POTENTIALS

While the high potentials were asked what attracted them to the Swedish multinational companies, the top executives were asked to explain how the company worked in attracting talented people. The result from the interview questions is seen in figure 10 and visualise top executives’ and high potentials’ common view of development and opportunities in Swedish multinational companies as one of the attracting factors. One of the high potentials considered Vitória to be attractive since:

“Vitória gives you a horizon of possibilities where you can go for other positions in the future if you want.”
– High potential at Vitória

![Figure 10. The most common factors attracting high potentials.](image)

The possibilities and challenges a multinational company is able to provide were also considered as attractive for nearly 40 percent of the high potentials. The possibilities to travel and live abroad and at the same time experience different cultures were seen as advantageous aspects for their personal and professional development. One of the high potentials, who had been working abroad, explained his view of how Botafogo had handled the time abroad:

“Botafogo is an international company so I had the chance to take my family to all those countries and they never let me down. They do not have a problem with respect or lack of integrity.”
– High potential at Botafogo

The ethics, values and culture within the Swedish multinational companies were also highly valued among the high potentials. Compared to many other Brazilian companies the Swedish multinational companies were considered as less hierarchal and formal which one of the high potentials considered as very positive.

“I think the working culture is very open. You have the opportunity to be heard, say what you think, it is not so hierarchal”
– High potential at Flamengo
This kind of open culture was also considered as being embedded with strong values and ethics. As part of this aspect some high potentials stressed the importance of having their own values aligned with the company values which one of the senior high potentials explained:

"Everything I do as a leader I try to find a balance between the heart, brain, stomach and ears [...] This balance fits in Botafogo, it fits in many European companies [...] If my values were not the same as Botafogo’s values, I would not be here."

– Senior high potential at Botafogo

From the top executives’ views, few aspects except for development and new opportunities were of high relevance when asking them how the participating companies were attracting talented people. Generally, the participating companies did not have any problem to attract according to the top executives and one explained it in the following way:

"I don’t think we need to do anything. I think Corinthians is enough attractive for anyone, I’m talking about Brazil [...] So when you have quality you attract quality."

– Top executive at Corinthians

Other advantageous aspects for the company that the top executives brought up were the strong brand and a very good reputation as an employer. Some of the companies had even received awards from magazines’ and institutions’, in being among the best companies in the country. Even though it was not mentioned how many people the companies hire each year the amount of resumes received was considered as very high as explained by one top executive at Botafogo:

“We do not have problem to attract. We are in a privileged position in this country. We receive 300 000 CVs here each year. We are one of the best companies in the country, we have this reputation.”

– Top executive at Botafogo

4.6 RETAINING HIGH POTENTIALS

Three main factors were emphasised when asking both high potentials and top executives what Swedish multinational companies need to provide in order to keep the high potentials within the company for the long-term, which is seen in figure 11.
Both parts emphasised these three factors and development and opportunities were considered as the most important one. Several of the interviewed top executives and senior high potentials had been within the company for many years which one of the senior high potentials emphasised:

“I have remained in the Botafogo for so many years because I have had these possibilities to grow and get support from the company for the development.”
– Senior high potential at Botafogo

Creating an environment with various and continuous challenges for the high potentials is crucial for their drive and commitment to the company were commonly stressed by the top executives and the high potentials themselves.

“I need to be challenged. I may not have the best paid job but if I do not have the challenge I would be bored. So I need challenges to be kept motivated.”
– High potential at Botafogo

Even though the salary was not considered as the most important aspect, it was highly emphasised and had to be competitive compared to other companies according to the interviewees. Some high potentials stressed that a fairly high salary was needed in order to be able to pay for private education for their children since the provided public education in Brazil is considered as very poor.

“Salary does not motivate but the lack of salary destroys a lot. So fair salary and fair benefits play a very important role.”
– Top executive at Flamengo

4.7 ALIGNMENT BETWEEN LEADERSHIP DEVELOPMENT AND BUSINESS STRATEGY
The existence of the alignment between leadership development and business strategy was not explicitly asked in order to not guide the interviewees and instead see if they brought up the correlation. However, it turned out that this alignment was something very few interviewees mentioned. One of the companies that actually mentioned it explained how the company set their development goals for their leaders:

“Those goals should be aligned with the company’s direction and strategy and what we want to do. You have the company’s strategy up here and then you break it down to all areas.”
– Top executive at Botafogo

Another company made efforts in mapping the main competences that the leaders at the company should develop. These main competences were developed in order to increase the leadership level and increase the alignment within leadership development. However, it was not stated how these competences were developed and if they were derived from the company’s business strategy. One of the senior high potentials at the company declared some thoughts about leadership development in general by the end of an interview:
“We are not used to these kind of things, in fact engineering is more math. We are used to but it is not part of our daily activities to think about strategy or the leadership of people it is more intuitive, it is nice.”

– High potential at Vitória

Succession planning is another indication that a company is thinking more in the long-term. However, it was mainly brought up by only one company, in which a high potential explained that the company have succession planning discussions in the talent review. The high potential further explains that they try to have two or three people mapped for each specific position.

4.8 HOW CHANGE IS PERFORMED IN THE PARTICIPATING COMPANIES

Due to a fast changing market and many external factors affecting the Brazilian market the participating companies were asked about how good they are at driving change. In figure 12 the response to the question is visualised.

![Figure 12: Top executives’ and high potentials’ perception of how good their companies are at driving change](chart)

72 percent of the interviewed high potentials feels that the company they work for are not good enough performing change. A majority of the high potentials consider the changing processes to be too slow. Several high potentials also consider the companies not be prepared enough for changes needed for the future which has been stated by a high potential at Flamengo, among others:

“I think we are good on the short term but when it comes to the long-term we need to implement a better process, we are not really good”.

– High potential at Flamengo

All of the interviewed high potentials at one of the participating companies, Cruzeiro, claimed that the company has been growing too fast and are not prepared for the changes they need to do for the future. The high potential argues that Cruzeiro had grown too fast and are now taking the hit of not being organized enough. Several high potentials also claimed that the companies are very conservative and do not want to change.

The top executives’ view on performing change differs from the high potentials’. 47 percent consider the company to be good at change. A top executive stated that Flamengo is very quick in performing things that are coming from the top management.
Further, the top executive considered the company to be very good spreading information and being great in having discussions. However, several of the top executives considered that the company still need to perform improvements in the area.

Only 31 percent of the interviewed top executives considered their company not being good enough at change. However, the views are split among the top executives. While a top executive at Corinthians consider the company to not been good at driving change locally during the last years, another executive at Cruzeiro consider the company to be improving and stated as follows:

“Now we are trying to have a meeting every month explaining all the challenges we had the past month and what we have ahead. In every meeting I am trying to explain what is going on in the different areas”.
– Top executive at Cruzeiro

A top executive at Corinthians consider change to not be necessary to the same extent as the high potentials. The top executive argued that Corinthians is good at driving change but they do not need to drive change every day. They need to see if the change is needed because it is not necessary to revolution the picture every day.

4.9 HIGH POTENTIALS’ EAGER TO GROW FAST

The top executives have a common view on the high potentials eager to reach high positions within the company fast. Several top executives, from four of the participating companies, points out the impatience among the high potentials and their willingness to reach high salaries and good benefits early in their career. However, a top executive from Cruzeiro states that it is a long process to be a top leader in an organisation and another top executive says:

“Of course it’s a company with a long-term perspective. If you come here and want to be an director in three years, forget it, but if you come here, want to work hard, if you have the same values as Flamengo has then you be successful”.
– Top executive at Flamengo

Furthermore, the common picture is that the top executives feels that the new generation is moving too fast and they need to realise that it takes time to grow in large companies, this is summarized in a quote by a top executive at Flamengo;

“We say that we don’t like revolution, we like evolution”.
– Top executive at Flamengo

However, a top executive from Vitória explains the advantages of the impatience of the high potentials; to reach the high positions fast they are always in the movement and do not fear any challenges.

The views of the high potentials are split. The senior high potentials argue that the new generation are very much in a hurry for everything. They also argue that the new generation are anxious to grow fast and may not care about the long-term perspective of the company. However, the senior high potentials argue that they need to learn to cope
with this new generation and be open-minded enough to accept the new generation’s way of doing things.

Several of the interviewed junior high potentials show their eager to grow in the companies or move to other segments within the organisation. A few high potentials state that a quick growth is important. One junior high potential from Corinthians was asked about why the high potential chose to start working for the company. The high potential mentioned the trainee program provided and stated that the program would enable a quick growth in the career. Further, the high potential stated that in order to retain the high potentials in the company for the long-term the company should enable them to grow fast in terms of positioning, salary, bonuses and give them challenges.
5 ANALYSIS AND DISCUSSION
This chapter aims to provide an extensive analysis of what has been found in the theoretical framework and the empirical data. The chapter is divided into five sections where each section aims to discuss one research question. Hence, the chapter will first provide an analysis of how current leaders and the next generation of leaders perceive leadership followed by a section analysing future challenges for leaders in Brazil. Further, an analysis of what the next generation of leaders need to develop in order to meet the future challenges is presented followed by how the participating companies work to develop their next generation leaders in order to meet these challenges. Finally, the alignment between the leadership development, the future challenges and the business strategy is analysed.

5.1 HOW PARTICIPATING LEADERS AND THE NEXT GENERATION LEADERS PERCEIVE LEADERSHIP
The following sector aims to analyse and discuss the empirical findings of the perception of leadership among the interviewees along with the literature. In the empirical data it can be found that the interviewees consider a good leader, in the context of a Swedish multinational company in Brazil, to have some special characteristics, expectations and challenges. The greatest challenges the high potentials consider are managing people and time management. Further, both top executives and high potentials consider developing people to be a major expectation, while communicate well, be a good listener and be transparent are favourable characteristics to have. When considering all these aspects together it can be found that the largest area of concern for high potentials is the human side of the business and not the business itself.

The challenges regarding the human side of business, including motivating and engaging people as well as managing diversity is highly emphasised among the high potentials, however, it is not seen as a major challenge by the top executives. Why do high potentials consider this part of the business to be more important and to be a larger challenge than top executives? Naturally, top executives have more experience in managing people and handle the human side of the business, which might be hard to learn without actually experience it. Even though trainings and courses might be available for the high potentials a large majority of them consider on-the-job experience as being the best way to learn, as can be seen in figure 9 in the empirical data. Research by Day (2001) and McCall (1998) argue that experience through job assignment has an apparent role in the development of leaders. Due to this it might be favourable for the future leaders and the companies to practice this matter with the high potentials in an early stage of their career. The high potentials might benefit from taking on responsibility early in their career by for example being responsible for small projects including several people. By being responsible for and work with different kinds of people, the on-the-job experience will be fruitful and support development of the future leaders. However, Day (2001) stresses that development through experience requires attention from the organisation in giving individuals the right assignments along with support when needed. Hence, if the organisations are able to provide suitable leadership assignments for the high potentials they will most likely to be able to overcome their challenges in managing people much faster.

Time management is fairly large when further considering high potentials perceived challenges. High potentials’ issues in time management might be due to their ambiguity
and willingness to stay on the forefront. As can be found in the empirical, section 4.9, the high potentials are very eager to grow fast within the companies. Refusing assignments might lead to a lost opportunity that might not be given to the high potential again. Several top executives state that the high potentials do not fear any challenges, but even though the high potentials are eager to move fast they have to consider if the assignments they take on are valuable for them and for the company. Further, they have to consider if there is time left to complete the assignment as desired. However, only 5 percent of the top executive considers time management as a problem. They also state that they do not want things to move too quickly and that it takes time to grow in a company. Hence, the high potentials and top executives view on this matter is very different. In order to reach a common view of a better communication might be needed. Since the high potentials have a different view of how to act within the companies the top executives might not have communicated their expectations clearly enough. A better communication might also be needed in order for the high potentials to understand the possibilities to grow in the companies. If the top executives are not willing to allow them to grow fast, nor consider that as possible, the high potentials need to be aware of this information. The top executives might therefore need to meet the high potentials’ needs in order to not lose them to the market and other companies where the high potentials believe they can grow faster.

The largest expectation after developing people shown in the empirical data was accomplishing targets and delivering results, a common view by both high potentials and top executives. However, the expectation of transmitting the company values was only emphasised by the top executives. The fact that high potentials did not consider the company values among the expectations is quite strange due to their attraction to the companies. Ethics, values and the culture of the company are among the things that greatly attract high potentials to the participating Swedish multinational companies today, as can be found in figure 10. Transmitting company values might be obvious to high potentials regarding expectations on a leader or the importance of cultural embeddedness might not be communicated in a sufficient way. It is crucial if this is not emphasised enough since the corporate culture is of high importance and considered as a base for companies’ sustainable competitive advantage (Stahl et al., 2012). If the current leaders and the future leaders do not consider transmitting the company values to the rest of the company the company culture might change and the importance of the company values decrease. In the long-term this might lead to decreased attractiveness among high potentials and less applicants for new positions. It might also lead to a gap between the local company and the global organisation since the company values might work as glue that holds the different local companies together since the local companies are acting in different countries with different cultures and values.

Regarding characteristics for being a good leader, top executives and high potentials jointly emphasised the significant importance of being able to communicate well, visualised in figure 5. Possessing good communication skills along with being transparent might be key ingredients for being a successful leader in order to improve and support the communication between the different levels in an organisation. One explanation to the high emphasis on communication and transparency in the participating Swedish multinational companies in Brazil may be the main characteristics of Latin Americans’ way of managing companies. According to Hickson and Pugh (1995) provided by Feldmann (2014) Latin American companies’ structures are in general very
hierarchical with decision making centralized to the higher levels with poor integration and communication between the different levels. The results from the interviews indicate that these Latin American’s characteristics are not as apparent at the participating Swedish multinationals companies in Brazil today. However, they may exist and influence to some extent. As a further explanation on the emphasis to transparency and communication could be their important role in Swedish companies’ less hierarchical organisational structure between the levels in the company along with values such as respecting people. The flat organisational structure and embedded culture are considered to exist today since the majority of the participating Swedish multinational companies’ have been established in Brazil for many years. This kind of open culture in the participating companies may support current issues and challenges regarding communication. The company culture and values might also enhance the employee’s commitment since they have the chance to be heard and are able to integrate with senior managers, which traditionally is uncommon in Brazilian organisations. Hence, a strong company culture supports the development of high potentials’ communication skills as a leader and increases their ability to be transparent.

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**Figure 13. Supportive actions for the development of good leaders**

Concluding actions in order to support an organisation’s leadership development of the participating companies’ perception of a good leader are illustrated in figure 13. One way to overcome the concerns in managing people may be through early on-the-job assignments matching high potentials along with an increased and more efficient communication between high potentials and top executives. In order to support communication and transparency within an organisation a strong company culture is crucial. In addition, an embedded culture help to increase commitment.

Finally, in order to submit the analysis and discussion of how participating leaders and the next generation leaders perceive leadership a short summary have been made:
• The largest area of concern for high potentials is the human side of business and not the business itself. Early on-the-job experiences and responsibilities might increase the understanding of the human side of business.

• High potentials are eager to grow fast within the participating companies. A better communication and transparency between the top executives and high potentials could increase the high potentials understanding for the top executives thinking and ease the time management issue found among the high potentials.

• The high potentials do not consider transmitting company values as an expectation being a leader. If the company values are not transmitted down to new generation the attractiveness of the company might decrease since high potentials value a strong company culture.

5.2 PERCEIVED FUTURE CHALLENGES FOR LEADERS IN THE THESIS CONTEXT

Future challenges serve as a base for what the next generation of leaders needs to develop. The gathered results from the theoretical and empirical findings show that the next generation of leaders have several upcoming challenges in the future. All perceived future challenges are gathered in figure 14. These factors are important to consider in order to prepare and develop the next generation of leaders and are furthered discussed in the following paragraphs.

![Figure 14. Perceived future challenges for leaders](image)

Tougher competition was a commonly emphasised opinion when the participating companies considered the biggest challenges ten years ahead. Finding ways of differentiation was therefore seen as part of the challenge. This view was due to the belief in the Brazilian market’s continuous potential growth and its attractiveness to new investors. The extensive growth of the Brazilian middle class is one part of its potential and the report from the World Economic Forum (2013b) shows that the strength of the manufacturing competitiveness in Brazil is predicted to be increased for the next upcoming years. Hence, a great challenge for the future leaders are finding ways to differentiate their company from their competitors and being able to think in new directions. However, according to Hofstede (2014) Brazilians have commonly a high uncertainty avoidance, which implies that it is hard for them to move outside the given scope. Given this perspective from theory, the challenge for leaders’ of diversifying the company from competitors might further increase. High potentials should therefore be included in frequently challenging discussions in how to differentiate the company from competitors today and in the future. These discussions aim to support the creation of a different mindset in thinking outside the given frames.
The future challenges of leadership and the need for extensive investments for the future within the area were emphasised by several interviewees. Today it is common that the leadership training starts too late. One high potential argued that it is necessary to take early initiatives through:

“We need to challenge more people, taking them out of their comfort zone.”

– High potential at Botafogo

The interviewees’ arguments in leadership investments are in line with Colvin’s (2009) findings that successful companies consider people as their most important asset. Colvin (2009) further stresses that companies succeeding in developing leaders consider leadership development as a long-term game. Pardey (2008) argues that caring and attending individuals’ needs is of high importance for the next generation leaders. As mentioned in the previous section 4.1 the biggest current challenges in being a leader are related to dealing with people. People in the future are still considered to have different personalities and different needs. Therefore, the challenge of managing people will most likely also be a challenge in the future and in order to prepare the next generation leaders the development is necessary to be proactive with a long-term perspective.

Another area of challenges were external issues influencing the business in Brazil today, which many of the top executives and high potentials brought up. A common view was that the high bureaucracy and taxes as well as heavy laws and regulations are continuously changing and increase the complexity of doing business. As one of the high potential from Botafogo stressed that:

“To be a finance manager in Latin America it is always challenging because the economics here change all the time. The government is changing rules and regulations every day.”

– High potential at Botafogo

The World Economic Forum (2013b) also argues that corruption, education and infrastructure are also problematic factors when doing business in Brazil today. However, the thoughts whether this complexity will still exist ten years from now was diverse among the interviewees. Some had several doubts that the Brazilian government will be stable and take long-term decisions. Declined trusts in political leaders and thereby a missing leadership, make people look at the leaders in the organisations they work for according to Pardey (2008). Hence, this might create even higher expectations on the future leaders and a great challenge for them in order to fulfil the expectations.

In addition to the increased expectations, and assuming that the complexity of doing business still will be apparent as well as an increased competition on the market in the future, will create an even more challenging environment for the leaders that will take over. Such an environment requires being able to drive change in order to meet and adapt to these upcoming challenges. The future ups and downs in the Brazilian economy are brought up as one example from the interviewees, to be able to manage by adapting to the market. McCall (1998) also emphasises the importance of being able to adapt fast to appearing changes. However, today the majority of the high potentials consider their companies to be poor and slow in driving change. 72 percent of the high potentials
believed the company being poor in driving change, a remarkable number in comparison with the 47 percent of the top executive who considered the company being good at driving change, visualised in figure 12. This view could derive from top executives’ poor ability to transmit and share the business strategy and subsequently the company’s purpose and approach to change. Another explanation might be that the high potentials see the market in a different way than the top executives and based on that view they believe that changes need to be more efficient and faster. Either way, this gap is considered as another crucial challenge for the participating companies when driving change. This is a crucial aspect due to the earlier mentioned future challenges including a fast changing environment, which bring even larger demands upon an organisation’s adaptability and flexibility. Hence, the gap needs to be decreased in order to efficiently drive change today and in the future. First of all an improved communication between high potentials and top executives is needed. The communication could be supported by the earlier mentioned discussions, in which high potentials have the ability to exchange ideas and thoughts with top executives and at the same time challenged to think outside the given frames.

In order to clarify the discussion regarding perceived future challenges for leaders the following points are provided:

- A major perceived challenge is tougher competition, which creates needs to differentiate the company from competitors. Brazilians’ commonly high uncertainty avoidance makes differentiation even tougher. Hence, involving high potentials in frequent challenging discussions is considered as beneficial.
- Higher demands on leaders, including being able to manage individuals’ different needs, are considered to be future challenges. This requires a lot of proactive and long-term investments in leadership development.
- Several external challenges regarding changes in economy and politics are apparent today and might be challenges in the future depending on governmental actions. A declined trust for political leaders might cause even higher expectations on leaders in organisations.
- The fast changes on the market along with external challenges increase the necessity for flexibility and driving change. However, high potentials and top executives have today very different views regarding the companies’ performance in driving change. This gap could be decreased though discussions, which also could improve the communication.

5.3 WHAT THE NEXT GENERATION OF LEADERS NEED TO DEVELOP TO MEET FUTURE CHALLENGES

Important areas in the development of future leaders are the skills and knowledge actually needed for meeting future challenges. From the interviews several skills have been found that were considered as important for high potentials to develop in order to meet future challenges. These are presented in figure 15 together with the important skills found in the theory section. The skills presented in the white sections in figure 15 are skills not mentioned by the interviewees but only found in the theoretical data.
In this study all the interviewees are acting on a global market with increased competition in multinational companies. Hence, a larger part of the interviewed top executives and high potentials claimed that important skills to have in the future include an understanding for other people and for other cultures. This is increasingly important when acting on global markets due to the diversity of people within the organisation, and the different cultures the company, suppliers and customers exist in. As presented in figure 3 in the theory section, Goldsmith et al. (2003) argue that one of the most important skills for the future is to appreciate cultural diversity and to think globally. In addition, a great part of the interviewed high potentials consider managing people to be largest challenge when being a leader. Over 60 percent of the interviewed high potentials consider it hard to deal with different kinds of personalities, emotions and feelings. Additionally, high potentials feel time pressure including a sense of not having enough time to deal with all their people, which becomes an increased issue.

A large challenge for the participating companies is the increased competition, which is most likely to grow even more in the future. In order to meet this challenge it is important to be able to diversify the company from the competitors, hence, having a market sense. Having a market sense implies an understanding of the competition, the customers and other involved actors. Further, the skills of having a market sense become increasingly important in a fast changing environment and economy. Hence, having a market sense is not only important to be able to understand the market but also to cope with the environment the participating companies act in.

Further, several of the interviewed top executives considered the importance for the high potentials to develop flexibility. Brazil is a country where political, legal and regulatory instability are issues. In this type of environment it is favourable to be flexible due to the fast changes in laws and regulations. A leader in the future needs to be able to cope with these kinds of issues on order to keep the business stable. However, the flexibility does not apply for all areas in the business. Goldsmith et al. (2003) stress
that building long-lasting partnership and alliances are positive for the long-term perspective. Goldsmith et al. (2003) further argue that the relationships will be increasingly important due to the increased uncertainty on the market.

Several of the interviewees further consider it important to have an on-going continuous development in order to develop skills and knowledge needed for the future. The top executives consider this as important in order to not leave high potentials in their comfort zones. If the high potentials fall in to a comfort zone it might lead to decreased motivation and commitment among the high potentials since several of them consider it to be of great importance to have the possibilities and opportunities to continue to develop themselves. However, Goldsmith et al. (2003) suggests that in order to develop successful leaders in the future one of the main areas is the ability to share the leadership. No leader has the ability to be great in all areas. Even though this might ease the pressure and high expectation the high potentials feel, a shared leadership might keep high potentials in their comfort zone. If companies would apply some kind of shared leadership where the leaders do not need to have the responsibility of all areas and can focus on the once they are best in, there is a large risk to fall into a comfort zone and not develop the desired skills and knowledge needed for the future.

The participating companies of this thesis are acting in different branches. Therefore, it is possible that the high potentials need different skills when meeting different challenges. It is possible that some certain skills are needed for each company in order to meet specific challenges. Hence, even if several skills have been found in both the theoretical and empirical data, it is important to consider the diversity of branches in this context and not exclude other specific skills needed for particular branches.

Figure 16. Relations of future challenges and needed skills for the future
Figure 16 is provided in order to summarise the discussion in what the next generation leaders need to develop in order to meet future challenges. The figure includes the skills needed to develop as well as how they are related to the perceived challenges.

Regardless of what skills the companies and high potentials choose to develop for the future, a development plan is needed. A development plan is important in order for the development to be aligned with the business strategy and to have a strategic thinking in how to gain the desired skills. If the development plan is based on the business strategy, an alignment between those two can be created. An alignment is favourable in order to develop the skills needed for the future challenges found in the business strategy.

5.4 HOW THE PARTICIPATING COMPANIES WORK TO DEVELOP THEIR NEXT GENERATION OF LEADERS IN ORDER TO MEET FUTURE CHALLENGES

This chapter aims discuss how Swedish multinational companies in Brazil work to develop their next generation of leaders. The chapter will focus on the talent management process presented in theoretical section 2.4, which includes the practices of attract, select, develop and retain high potentials. Scullion et al. (2010) argue that the concept of talent management is an important part of the management of high potentials. Scullion et al. (2010) and Stahl et al. (2007) suggest attracting, selecting, developing and retaining high potentials to be the main areas for talent management. This can be viewed as a process, figure 17, where all parts are equally important.

![Figure 17. The talent management process](image)

However, when interviewing the top executives in the participating companies they have no view of such process. Most of the interviewed top executives consider it easy to attract people to their company. Hence, the top executives argue that attracting new people are not a practice they have to consider further. The selecting part of the talent management process in the companies is quite different in different companies when it comes to identifying and recognising high potentials, as can be seen in section 4.2. Further, the current main part of the process is the development of the high potentials. This part is concerned in all the participating companies although it is not considered as being part of a larger process. The retaining part is considered by the top executives to be an important but a strategy of how to retain the high potentials has not been showed during the interviews.

When focusing on talent management as a process it is vital to consider all parts of the process as equally important. In the talent management wheel Stahl et al. (2007) suggest seven activities that should be performed of the top executives for a successful talent management. The seven parts includes the four parts in the talent management process but also succession planning, performance management, compensation and benefits, and employer branding. When interviewing the top executives many of them mentioned several of the seven parts in the talent management wheel. However, none of the top executives mentioned all of them or not in the context of a process.
In further sections each area of the talent management process will be discussed, starting with attracting and retaining high potentials. This is followed by a discussion of selecting high potentials and finally developing high potentials.

5.4.1 ATTRACTING AND RETAINING HIGH POTENTIALS

According to the empirical data shown in figure 10 the most attractive parts of a company for a high potential are the new opportunities and development, the ethics, values and culture of the company, and the fact that it is a multinational company. However, when interviewing top executives in the participating companies it was commonly mentioned that the Swedish multinational companies do not need to work hard to attract people. Attracting people was not considered as a problem and was not considered as being part of the talent management process. Neither was the retaining part of the process, which the top executives did not mention to any greater extent. When comparing with the previous mentioned talent management process the current process used can be viewed as shown in figure 18, where A represents attracting, S selecting and R retaining high potentials.

![Figure 18. The distribution of focus on the talent management practices](image)

When comparing the result from the attracting part and the retaining part of the interviews the answers are split, which imply that the high potentials search for certain criteria when choosing a company to work for but are valuing other criteria when choosing to stay within the company. The area of development and new opportunities are commonly mentioned in both the attracting part and the retaining part and also mentioned among both high potentials and top executives. However, the attractive criteria of a multinational company or the ethics, values and culture of the company are not reasons why the high potentials choose to stay but rather for a suitable salary and benefits. Hence, why do not high potentials stay in the Swedish multinational companies for their ethics, values and culture? When considering the external factors presented in the theory three important external factors are the tax rates, the education and the corruption. These external factors are presented as factors that will affect the business. However, the high tax rates, the education system and the corruption may affect private personas as well. Due to the on-going corruption within Brazil a large part of the tax money are diapered instead of handling problems, such as the insufficient education. For many high potentials this may be seen as a problem and therefore consider it important to have the ability to pay for a qualitative education for their children at a private school. The high tax rates may also increase the importance of having a high salary in order to afford paying for other expenses. Even though this is an important aspect the question remains; do high potentials value salary higher than the ethics, values and culture of the company? Since this question is still not answered the importance of the talent management process can be considered again and the importance of working further with these areas as equally important as the development part in the process in order to understand what the high potentials actually value and why when considering attracting and retaining them to the companies.
Figure 10 and 11 in the attract and retention sections also imply that the top executives have a more correct view on what criteria that will retain the high potentials than what criteria that will attract the high potentials. This implies that the top executives are working more on retaining high potentials than attracting them, which also was confirmed during the interviews since the top executives do not consider the attracting part as an important part to work with. The top executives argued that they receive such a large number of resumes for every new position, hence, attracting people is stressed to not be a problem. The top executives further argue that the participating companies are among the best companies to work for in Brazil and are enough attractive for anyone. Even though the top executives state that the companies are very attractive and they are receiving a large number of resumes every year the persons that are applying for new positions may not be relevant to the company. Receiving a great number of resumes does not mean that all, or even none, of them are relevant to the position they apply for.

Further, as has been shown in figure 10, the answers of what attract high potentials are very split among the interviewees. This shows that the top executives do not know what the high potentials actually are searching for when choosing a company to work for. This further shows that even if the top executives consider attracting high potentials to be an easy practice they might not reach out to the desired people. In order to reach the desired people the companies have to understand what actually attracts high potentials and why they chooses a certain company to work for. By visiting universities and having a continuous dialogue with students the companies might gain this understanding. When knowing what the high potentials are attracted to the companies may also brand their company in the specific way to target the desired people. If the companies brand themselves according to the high potentials desires the relevant number of resumes received will increase and further attract more high potentials.

Further, as mentioned in theoretical section 2.4, Stahl et al. (2012) suggest the companies to differentiate themselves from their competitors through branding in order to attract the required people. Since the empirical data shows that the high potentials are attracted to the ethics, values and culture of the companies and the fact that they are multinationals, this may be suitable points to start working with when branding the companies by focusing on the opportunities the high potentials will have in this environment. As suggested by Stahl et al. (2012) the cultural values and business principles may also be integrated into the talent management process, which will increase the attractiveness of the companies due to the fact that high potentials find this area attractive when selecting companies to work for.

Even though the top executives and the high potentials have a common view of what criteria that retains the high potentials it is of great importance to still work on this area of the talent management process. If the companies put all their effort in developing the high potentials but not retaining them, the companies may lose several of them to the market. According to Shani et al. (2009) the retention part is increasingly important with high potentials due to their eagerness to develop themselves. According to the empirical findings this eager has been shown among several of the high potentials where they state their eager to grow fast and move within the organisation. Shani et al. (2009) further argue that high potentials will not hesitate to change company if they do not receive the desired development opportunities. Hence, if the organisations do not pay attention to the importance of retention it may lead to great waste of money and
time since it is very costly and time consuming to develop high potentials to a desired level.

5.4.2 SELECTING HIGH POTENTIALS

All of the interviewed top executives had an idea of what a high potential is. The interviewed also showed that some definitions of a high potential exist in the companies. However, none of the interviewed companies had a united definition to find these talented people. As can be found in section 4.2 one top executive had a definition focusing on the age of the high potential. However, the other top executives at the same company did not share this definition. Ready et al. (2010) argue that a definition of a high potential should not consist of age or other demographics but rather of characteristics, values and behaviour. When using a definition including age, years within the company, or other demographics some potential high potentials may be “lost” in the process. If the company finds a person who has the right behaviour and outstanding performance but are a few years older than stated in the definition, the company may risk to lose the talent if the person does not receive the same development opportunities as a high potential.

However, a united definition within a company may be favourable due to the common view of what a high potential actually is and what the company need a high potential to be. According to the empirical data the top executives did not even have a common view of what characteristics or skills a high potential should have. Some of the companies considered a young person who just finished the trainee program and did not have any people to lead to be a high potential, whereas some companies considered the CFO to be a high potential. Regardless how the companies create their definitions it may be of great importance to have a common view in order to find the right persons to develop as future leaders.

When the high potentials are identified within a company the question is whether to be transparent about the recognition or not. In the interviews the top executives had different views on this issue, some of them considered it to be important to be transparent whereas some top executives considered it to be favourable if the information stayed on a managerial level. According to Ready et al. (2010) a trend towards being more transparent with the recognition of high potentials is emerging. It can be considered as favourable since the high potentials want to stay in a company where they are recognised as well as invested in. One interviewed company consider that the information should stay on a managerial level since the high potential may not be a high potential in the future. However, being transparent might include a continuously communicating the expectations and development requirements with the high potential. Therefore, a transparent communication and recognition of the high potentials may be favourable. In addition, almost 30 percent of the interviewed high potentials considered transparency to be a favourable characteristic to have as a leader, which indicates that a transparent recognition of high potentials is preferable.

5.4.3 DEVELOPING HIGH POTENTIALS

Several areas have to be considered in order to develop high potentials. When interviewing the participating companies it was found that the main tool used today for development of high potentials is a short-term planning tool called talent review. It was further found that long-term planning tools, such as career plans, are not commonly used but desired from the high potentials. The following section will provide a
discussion of these areas followed by the usage of mentorship and the combination of a long-term and short-term thinking. However, this section will start by discussing who is responsible for the development of high potentials.

RESPONSIBILITY
According to the empirical data there is a split view of who is responsible for the development of the high potentials. The majority of the high potentials consider themselves as responsible while the top executives consider the leaders of the high potentials to be responsible, visualised in figure 8. However, according to Goldsmith et al. (2003) the top executives should be the responsible ones, which also are in line with Stahl et al.'s (2012) statements, which did not mention any responsibility to be put on the high potentials. If both high potentials and top executives consider themselves to be responsible for the development of the next generation of leaders it can be argued that the development is considered as important due to the large interest from both parties. The question is who should actually be responsible for the development in order to meet both the companies’ and high potentials requirements?

It can be argued that the high potentials need to be responsible for their own development in order to develop towards their personal future goals. If high potentials do not have the opportunity to develop towards personal future goals they might lose their motivation or look for another position or even other companies. The high potentials also need to be responsible for knowing what skills and knowledge they need to develop in order to meet the companies’ future goals and challenges.

However, it can also be discussed that in order for the development to be aligned with the business strategy the top executives need to be in charge of the development. The top executives have to assure that the high potentials are developed in the same direction as the business strategy in order to be able to carry out the strategy and lead the company in the future. If the high potentials are not developed to meet the future challenges of the company they will not have the skills and knowledge needed to lead the company in the future.

From these arguments it can be found that in order for the development to be successful both high potentials and top executives need to take on responsibility. Stahl et al. (2010) argue that successful companies need to have a broad responsibility, which implies having more than one responsible. However, the responsibilities might differ from each other. As has been stated in the empirical findings and in previous argumentation the high potentials are eager to be a part of their own development. Hence, a shared responsibility might be the best solution. The leader may have the responsibility of the development process with a continuous communication with the high potentials in order to understand each other’s thoughts. The high potentials may also have the opportunity to state their opinion and share what they think is best for their own development and for the company, which might also lead to an increased commitment. According to Shani et al. (2009) there might be different interests between the organisation and the individual of how to focus in the development. Hence, if the top executives are the ones creating and executing the business strategy and have control over the development process it might increase the possibility of the development being in line with the business strategy and future goals of the company. If the development is not aligned with the business strategy the leaders might be developed in other
directions than the company are aiming for, which may lead to future leaders not having the skills needed to execute the future strategy.

Figure 19 has been created as a clarification and summary of the presented options the companies have when deciding who is responsible for the development of high potentials and the consequences the different options might bring. The figure presents pros and cons for each option and highlights the recommended option for the participating companies.

**Figure 19. The high potential versus top executive responsibility matrix**

Stahl et al. (2012) further claim that the ownership of the development process should be shared among the HR, the leaders, and the CEO. Even though the interviewed high potentials do not reflect over the ownership of the process the majority of them consider the responsibility to be supported by the HR and the leaders. According to the empirical findings both top executives and high potentials consider a support from HR important in the leadership development. The HR’s part in the development might include offering trainings and development activities but also assure that the high potentials develop the right skills needed for the future. The HR may also have the responsibility to have an overview of what skills needed within the company in order to recruit the desired people. If the HR has the responsibility of these tasks it might lead to an increased coherent leadership development where all high potentials will be offered the same possibilities. If the leaders of the high potentials are the ones responsible for these activities the amount of development each high potential receives will depend on the leader and might differ between the high potentials. Further, if a high potential has a leader who do not value or have the time to develop the high potentials, the high potential may suffer in development.
However, regardless of who is responsible for the development of the next generation leaders, the companies have to clarify whom they consider as responsible otherwise the leaders may think the high potentials is responsible and vice versa. This might lead to a gap in the development process, unachieved goals and insufficient development since they do not know who should take on the responsibility. If the high potentials consider the top executives to be responsible they may not reflect upon their own development to the extent needed in order to reach their own and the organisation's targets. An insufficient communication about the responsibility may also lead to high potentials leaving the company due to their eager to grow fast and develop themselves. If the companies they work for cannot provide this development the high potential may not be willing to stay.

**TALENT REVIEW**

In the empirical data it was found that all of the participating companies use a talent review in their leadership development. This is also something Stahl et al. (2012) stress as an important practice in the talent management wheel. The majority of the interviewed high potentials consider the talent review to be a good part in their development. However, others claim that it is only performed since it needs to and do not add any value to their development. High potentials claim that they want to receive more frequent feedback regarding leadership and career development on the talent review sessions.

The talent review is usually performed once or twice per year and forecasts the development until the next talent review session. When considering the development of future leader and what challenges that will have to face the timeline considered are longer then 6-12 months, during this thesis the timeline considered has been 10 years. Hence, the talent review might be argued as having a short-term view on the development. To be able to develop leaders that will meet the 10-year ahead challenges the development might have to have the same goals for the future as the business strategy. Therefore, the development planning might have to stretch for a longer period of time than the current talent review in order to sustain an alignment between the business strategy and the leadership development. Since in the majority of the participating companies the talent review is the only tool used to plan the development of the high potentials the need of a complementary long-term tool might be useful.

However, the talent reviews has been explained as being very precise in what the high potentials will perform and participate in during the following 6-12 months. Due to this the talent review might be a great tool in order to create a specific development plan for high potentials. A long-term plan may not have the possibility to be as specific as the talent review due to the fast changing environment the companies operate in. Therefore, it is of great importance to continue using the talent review in order to have a clearly stated plan for the high potentials. However, due to the short-term view of the talent review it might need a long-term planning tool as a complement in order to be able to create more strategic and long-term thinking plans for the high potentials. A long-term plan will enable the companies and high potentials to set up long-term goals and targets in order to meet future challenges.
**CAREER PLAN**

A common view among the high potentials found in the empirical data is the desire of having a career plan. Several of the high potentials consider a career plan to be favourable for their development. However, none of the participating companies uses career plans for their high potentials. BlessingWhite (2013) argues that a career plan can facilitate the engagement of the high potentials within the company. However, the career plan should be developed from the high potential's own potential and not the current opportunities of the company (BlessingWhite, 2013). Hence, if the career plan should be developed from the high potential's own potential it might be of great importance to have high potentials that are able to meet the future challenges of the company. If they are not able to meet the future challenges and hence do not have this potential, the career plan will point in another direction than the company's actual goals.

A senior high potential states in the empirical data that some special pillars should be established for a person becoming a leader. The high potential used the following statement:

> “So to become a leader there are some pillars that we should establish for the person before you become a leader. Pillar of business knowledge, a pillar of leading people, a pillar of the market, and other pillars needed”
> – High potential from Botafogo

The pillars needed might differ between the companies but might be important to consider in order having a consistent development of the high potentials. Since the career plan might be favourable to be developed from the high potentials own potential the plan will be different for each person. However, in order to have the internal consistency the pillars might be of even more importance due to this matter.

An example stated in the empirical data shows that many of the participating companies to not prepare persons enough to become a leader. In the example a high potential tells about his participation in a two-day long leadership development course before being a leader. The high potential did not receive any other training in this area before starting the new position. Hence, how can the companies assure that they have good leaders if they do not prepare the high potentials for being leaders? As mentioned, the pillars of being a leader might assure that all the high potentials within one company have the same skills and knowledge before becoming a leader. The pillars might also assure that the high potentials have enough skills when entering a leadership position. If a person does not have the right amount of skills when entering a leadership position the group that will be led might lose their faith to the leader and the group might become split and unengaged. Therefore, much importance should be taken to the development of leaders before becoming actual leaders. Having a career plan that are developed from the company’s pillars and from the high potentials own potential, might help to plan for what skills needed and how to receive those skills.

**MENTORSHIP**

Shani et al. (2009) argue that in order to have a sustainable leadership development there is a need for optimizing the employee resources. Shani et al. (2009) further stress that this can be accomplished by using mentorship programs. Further, a clear majority of the interviewed high potentials considered mentoring to be a favourable practice for
their development. Five of the six participating companies in this thesis argue that they provide mentorship to their high potentials. However, not even 20 percent of the interviewed high potentials actually had a mentor. Several of the high potentials further stressed that they had not received enough information about the mentorship programs and had no idea of how to be a part of the programs.

Since mentorship programs are highly desired among the high potentials, why are they not used more in the development of future leaders? As can be found in the empirical section the mentorship program at the participating companies are lacking direction and coordination. According to Shani et al. (2009) a mentorship program needs clear objectives and a program coordinator in order to be efficient. Hence, the mentorship programs in the participating companies might need to be more structured and have clear and reachable goals in order to be more efficient. The programs might also need to have a coordinator since many of the high potentials also considered it hard to know who was responsible for taking initiative to such a program. The empirical data also shows that the top executives had a split view on this matter.

A mentorship program can be considered as a long-term practice if it continuous over a longer period of time. Due to the fact that the only tool used in the participating companies for developing future leaders today is the talent review, which has a short-term perspective, a mentorship program might be favourable. Several of the high potentials also considered a role model to be one of the most valuable situations for leadership development, as can be found in figure 9, which also is a positive aspect of a mentorship program. However, even though mentorship programs seem positive in this context the effectiveness of such program might be decreased if it is not aligned with the other leadership development practices. The leadership development needs to have internal consistency in order to fulfil the desired requirements (Stahl et al., 2012). Hence, in order to fulfil the high potentials wishes of having a mentor and role model such program should be fully implemented in the participating companies. A mentorship program would also increase the long-term perspective of the leadership development. However, in order to align the mentorship practices with the other leadership development practices the mentorship needs to be based on the suggested career plan for the high potentials. If the mentorship program is not based on the suggested career plan the two practices might be going in different directions and create a conflict between the two practices. Hence, a fully implemented mentorship program based on the suggested career plan might be a favourable option for the participating companies.

**A LONG-TERM AND SHORT-TERM COMBINATION**

When considering all the previous mentioned aspects regarding leadership development it can be found that a short-term perspective is used within the participating companies. However, the long-term view is lacking. Colvin (2009) argues that successful leadership development should be recognised as a long-term practice. Hence, a combination of a career plan and continuous talent reviews might be a suitable solution for the participating companies in order to create both the long-term and short-term view. The career plan might lead the high potentials’ development towards which direction needed while the talent review might assure that the right skills and knowledge actually are develop as well as plan for the upcoming development opportunities and activities for the high potential to participate in. Since a career plan have such a long-term view it might be hard to be precise regarding activities and
trainings to take on. However, if the career plans have a stated direction and are aligned with the business strategy the talent review could act as a specific plan for the upcoming 6-12 months.

Regarding the mentorship mentioned in the previous section it might be favourable to include this practice in the leadership development. The mentorship, as well as a career plan, have a long-term view but are facilitating the leadership development in different ways. The career plan might act as a desired path for the high potentials while the mentorship might act as a continuous learning experience for both high potentials and top executives.

Hence, a combination of a short-term perspective, such as talent review, and a long-term perspective, such as career plan and mentorship might be highly favourable for the participating companies to implement for their high potentials. However, in order for the combination to be successful the internal consistency must be considered. The combination might not be of good use if the practices are not aiming to the same goals and targets. The combination might even create a conflict in the development if the practices are not aligned. In figure 20 an illustration has been made in order to clarify the suggested combination.

![Figure 20. The combination of long-term and short-term development activities](image)

The career plan and the mentorship stretches over a longer period of time and the talent review is a one-time session per year or per six months. The training and development activities are continuous during the whole career plan but differ in size, shape and content.

5.5 HOW THE DEVELOPMENT OF THE NEXT GENERATION OF LEADERS ARE ALIGNED WITH THE FUTURE CHALLENGES AND THE BUSINESS STRATEGY

As can be found in the empirical data the strategies of the participating companies might be a large concern. Several of the companies did not have a plan for the upcoming 10 years and some companies did not even know their strategy for today. Hence, how can the leadership development be aligned with the business strategy if it does not exist? Even though the business strategy is unclear in some areas, some of the companies try to have a leadership development strategy. However, as mentioned in previous analysis chapters the leadership development strategy seems rather poor. Even if this is the case of the participating companies the question can still be asked, what will happen if the leadership development and the business strategy are not aligned?
As suggested in the previous analysis chapter a long-term and short-term combination of leadership development could be favourable. The combination will enable a long-term overview planning and a short-term planning for specific practices and development activities. However, the development of high potentials is only one of four important parts in the talent management process. The process also includes attracting, selecting and retaining the high potentials. All these areas have been covered in the previous sections and as mentioned all these areas are equally important. However, when considering the talent management process in the participating companies together with the business strategy they might point in different directions. Since there is a lack of alignment between those two, they might end up at different points in the future. This has been further explained in figure 21. The figure shows that the business strategy is pointing in one direction and the talent management are pointing towards a different direction. The figure also shows that the talent management process further do not value all of the four areas equally since much of the attention is put on the development part.

![Figure 21. The misalignment between business strategy and talent management](image)

From figure 21 it can easily be understood that the talent management process and the business strategy need to be aligned in order to meet the same goals of the future. If they are not aligned and are pointing towards different directions, the development of the high potentials might not lead to skills and knowledge that will be able to meet the future challenges. This might also be very costly and time consuming for the companies. It might also be lead to decreased competitive advantage since the company are not able to perform as desired.

Furthermore, figure 21 shows that the business strategy is affected by both internal and external factors. The external factors are the challenges for doing business in Brazil, such as a fast changing market and political, legal and regulatory instability. These are factors that need to be taken into consideration when creating a business strategy in Brazil. Khanna et al. (2005) argue that in order to be successful when acting on an emerging market the business strategy needs to be customised to the country’s specific context. Hence, since the external factors might affect the market and the operational environment they might also affect the business strategy.
Further, when laws and regulations are changing the business strategy might also have to change in order to meet these new demands. Hence, a market in Brazil might be hard to predict due to all these affecting factors. Therefore, the business strategy might have to change along the way.

The internal factors affecting are the challenges the leaders and high potentials see within the company, such as managing people and time management. These factors might also have an impact in the business strategy since they affect how the leaders perform in the company. Due to these internal factors the business strategy might also have to change some time over the upcoming ten years.

Even if it is external or internal factors affecting the business strategy the strategy might have to change along the way. However, when changing the business strategy it is of great importance to realign the talent management process. Stahl et al. (2012) argue that being able to change talent management practices according to the business strategy is important for organisations. If the talent management process is not realigned when the business strategy is changed there might be a gap between the two. A gap implies that the talent management process is not pointing towards the same goals and targets in the future as the business strategy, which means that high potentials are will not be developed to meet the challenges of the future. A small gap today might lead to a huge gap in the future, which is illustrated in figure 20.

Finally, in order to clarify the discussion regarding the participating companies’ alignment between the leadership development and business strategy the following points are provided:

- The empirical findings indicate that the business strategy is commonly unclear in the participating companies. This increase the difficulties in aligning the leadership development with the business strategy.
- The leadership development as part of talent management is not consider to be aligned with the business strategy, which causes that the future leaders will not have the skills to meet future challenges. Involving high potentials in discussion regarding the business strategy could support the achievement of an alignment and increase the commitment.
- The business strategy will most likely have to be changed eventually due to different internal and external factors affecting the companies. The talent management process have to be realigned if changes are made in the business strategy.
6 CONCLUSIONS

This chapter aims to provide the conclusions and recommendations of the thesis. The outline of the chapter is based on the research questions used to fulfil the purpose of the thesis.

The purpose of this thesis is to investigate how the development of the next generation of leaders in Swedish multinational companies located in Brazil are managed and executed. The thesis further aims to investigate the alignment of the development practices with the business strategy in the participating companies. In order to help fulfilling the purpose of this thesis, five research questions were created. The questions are stated as follows:

1. How do current leaders and the next generation leaders perceive leadership in Swedish multinational companies in Brazil?
2. What are the perceived future challenges for leaders in Swedish multinational companies in Brazil?
3. What does the next generation leaders in Swedish multinational companies in Brazil need to develop in order to meet the future challenges?
4. How do Swedish multinational companies in Brazil work to develop their next generation leaders in order to meet future challenges?
5. How is the development of the next generation leaders aligned with the future challenges for leaders and business strategy in Swedish multinational companies in Brazil?

In order to answer the research questions 40 interviews have been performed with top executives and high potentials in six different Swedish multinational companies located in Brazil. The following paragraphs will summarise the findings of the stated areas and further present suggested recommendations.

PERCEPTION OF A GOOD LEADERSHIP

The current leaders and the next generation of leaders participating in this study consider the human side of business rather than the business side of it. This implies that favourable characteristics to have are to communicate well, to be a good listener and to be transparent. However, the largest challenge is also seen as managing people and in order to overcome this challenge early on-the-job experiences, including people management, in the career might be a solution.

Moreover, it is shown that high potentials often are too eager to take on new assignments, which is hard to manage due to lack of time. It has further been found that both high potentials and top executive perceive a great expectation on them to deliver results and achieve targets. Hence, in order to fulfil the expectations and manage the issue with time management an increased communication would be favourable. Both top executives and high potentials need to be transparent in order to understand each other and achieve the desired results in time.

Transmitting company values are also seen as an important expectation among top executives, however, not among high potentials. Transmitting the company values has been proven to be an underlying point in order to sustain the attractive culture for the high potentials and the desired Swedish way of working.
**PERCEIVED FUTURE CHALLENGES**

Several future challenges for leaders have been presented in this study. The challenges are summarized in figure 22.

*Figure 22. Perceived future challenges for leaders*

The greatest future challenge for leaders in the participating companies is the increased competition and the fast changing environment, which implies that diversifying the company from competitors is fundamental for the future. However, this challenge might be increased due to the Brazilians’ high uncertainty avoidance, which indicates that Brazilian people have a hard time to move outside the given scope. It has further been shown that there is a need of increased leadership training in early states of the career due to the high demands on leadership.

Other challenges for future leaders are the affecting external factors of the business. These factors are proven to be the changes in economy, the political instability and the many regulations existing in Brazil. Due to the external factors the expectations of future leaders will be higher. Future leader will not only have to manage the external factors but also create a great trust of their employees due the declining trust of political leaders. Further, future leaders will have to increase the ability to perform change within the companies in order to meet the external factors.

Further, the challenge in managing people has been shown to be a current challenge for leaders. However, this challenge is most likely to still be a challenge in the future. Hence, increased challenges with external factors and an on-going challenge in managing people will put the next generation of leaders in tougher situations than of today.

**SKILLS AND KNOWLEDGE NEEDED TO MEET FUTURE CHALLENGES**

Due to the current and future challenge in managing future leaders will have to develop new skills and knowledge. From this study it can be found that seven important skills are favourable to have in order to meet the future challenges. The skills are presented in figure 23 as green areas in the ring, while the challenges they will have to overcome are presented in purple areas outside the ring.
Hence, the future leaders need to know how to handle people, how to develop others and how to deal with different kinds of personalities. The next generation leaders also need to develop a sense of flexibility due to the fast changing market and governmental regulations. These skills and abilities must be applied in a global context since they are working in multinational companies and the future markets will handle more foreign investors. It has further been found that the competition on the market will most likely be increased. Hence, a market sense and a global thinking are favourable skills for the future.

**DEVELOPMENT OF NEXT GENERATION LEADERS**

From the theoretical data it has been found that in order to have successful leadership development several other practices have to be considered. The practices are summarised in the so called talent management process, which includes attracting, selecting, developing and retaining high future leaders. However, it has further been found that the current leadership development in the participating companies is focused solely on the development section in the suggested talent management process. The current leaders do not view the talent management as a process and lack much focus on certain parts. Hence, it is recommended to consider the whole talent management process with its equally important parts and not just the development part, which is illustrated in figure 24.

**Figure 23. Relations of future challenges and needed skills for the future**

The attracting part of the process is almost not concerned at all by the top executives since they consider it very easy to attract people. Even though the companies argue that they receive a large amount of resumes for each new position they might not reach the...
desired people if they do not have a strategy behind it. Hence, the companies are recommended to start working more strategically with attracting high potentials. By working more with this area the desired people can easier be found that will be able to pursue the companies’ strategies for the future.

Furthermore, if working hard to attract the right people it is also essential to emphasise the retention part. If the companies do not work with this area they might spend a large amount of money and time on the high potentials development and then loose them to other companies. Therefore, it is of great importance to know what the high potentials value when choosing to stay in a company. The top executives also need to have a continuous conversation with the high potentials in order to understand each other’s view of this matter.

The development of high potentials is today concentrated to a short-term perspective, using the so called talent review tool. However, it has been found that the participating companies are commonly lacking a long-term perspective of the development of leaders. Further, it has been found that in order to have a sustainable leadership development a combination of a long-term and a short-term perspective is needed. Hence, it is recommended to implement a combination of both a long-term and short-term perspective. Using career plans for the high potentials a long-term perspective can be created and supported. The plans should include goals for the future and in which directions to go. However, the short-term plans, so called talent reviews, should include the more specific practices and development activities that the high potentials should participate in and perform. In order to further increase the long-term view a mentorship program could be used. By having a mentor the high potentials can discuss their career and receive constant feedback and advice. Furthermore, by having a mentor from another area within the company the high potentials will be able to receive an understanding for more than their own department.

When creating long-term and short-term plans for the high potentials development it is recommended to clearly state who is responsible. It has been found that both high potentials and top executives consider themselves as responsible, with a support from HR. However, in order to create an alignment between the talent management process and business strategy it is recommended to have the leader as responsible for the process. Further, the high potentials should be responsible for knowing what they need to develop and take initiatives for that. If the high potentials share the responsibility with the top executives they will gain a deeper understanding for the business strategy and have the possibility to be developed towards their own personal goals. In addition, an increased motivation and engagement among the high potentials will be created. The HR department should support both the leaders and the high potentials by giving tools and create development opportunities, trainings and activities. The findings of this area are presented in figure 25.
In addition to these recommendations it is of great importance for each area of the talent management process to have its own purpose and be aligned with each other in order to have an internal consistency. With no internal consistency the practices will lack alignment and further not be able to fulfil their purposes.

**LEADERSHIP DEVELOPMENT AND BUSINESS STRATEGY ALIGNMENT**

It has been found that the participating companies do not align their leadership development, or suggested talent management process, with their business strategy. However, it is strongly recommended to create an alignment between the business strategy and the talent management process. The recommended state for the companies is illustrated in figure 26.
If the talent management process is not aligned, the future leaders will not have the skills to meet the future challenges. An alignment could be created by having constant discussions about the business strategy and invite the high potentials into the discussion. If the top executives have workshops where the high potentials should be able to state their opinions and share their ideas the high potentials understanding for the companies decisions might be clearer. This might increase both the understanding for the business strategy and an increased commitment to the company among the high potentials. Further, the high potentials will be able to transmit the company strategy further down in the organization and create a deeper understanding of what and how they need to develop to meet future challenges and be able to execute the future strategy.

It has further been found that several external factors are affecting the companies. These factors are the fast changing environment and economy, the political and regulatory instability, and the increased competition. Due to these factors it is also strongly recommended to be able to change the business strategy according to new demands. However, the findings show that the top executives and the high potentials in the participating companies have a very different view of how good they are at performing change. Hence, in order to meet the external demands the companies need to align their top executives and high potentials on how to perform change within their company.

Furthermore, if the business strategy is changed it is extremely important to realign the talent management process. Therefore, a constant reflection of the talent management process in strongly recommended in order to always aiming for the same goals and targets as the company is striving for.
7 REFERENCES


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APPENDICES

APPENDIX 1 – INTERVIEW GUIDE FOR HIGH POTENTIALS

Introduction
- Presentation
- Name, education, etc.
- Introduction to the project
- Ethics
- The flow of the interview
- Background - leadership, challenges and business strategy and leadership development and retention

Background
Could you please tell us a bit about yourself and your background?
(Education, how long in the company, involvement in other companies, work tasks, responsibilities, etc)

What attracted you when choosing to work at XX?

Leadership
What is expected from you as a leader at XX?
What are the biggest gains/the best things being a leader at XX?
How is that compared to other companies?
What should a leader do?
What characteristics do you think a leader should have?
(Capabilities, characteristics, purpose, knowledge/experience, create vision, align, motivate and engage)

Can you give an example of a situation that challenged you as a leader at XX?
/(What are the biggest challenges in being a leader at XX?)
(Project/initiative)
Compare with the previous question
Level of participation, hierarchy, coaching etc.

Challenges and Business Strategy
What do you see as XXX current three toughest challenges?

If you look 10 years ahead, what do you foresee as XXX three toughest challenges?

How good is XX at changing and driving future oriented initiatives?
How is the organization working to meet the challenges you see?

Given the challenges that XX faces in the upcoming 5-10 years, what do you think is necessary for you to develop as a leader? (skills, knowledge about a new technology, new market, etc)
Development and retention
Who is responsible to develop your leadership skills needed for future challenges?
If XX: Establish what function (HR, current leaders, your team etc.) is responsible.
How does the company assure that these skills are developed?

Can you describe some situations or experiences that helped you develop as a leader at XX?
Were they initiated by you or XX? Why?
Was this situation/experience inside or outside your normal scope?
If not: Do you ever receive tasks that are outside your normal scope?
What did you learn from these situations?
How did you arrive at these learning points? (try to find out if/how they reflect upon their experiences)
How is challenges and support balanced?

Are you personally taking initiatives (new projects, workshops etc) for improving and developing the organisation?
(How much high potentials drive their own initiatives (change, special assignment, etc.))
Incremental or radical change initiatives?

What drives you forward in your professional career? (Intrinsic motivation vs. money)

How does XX help you to develop as a leader?
What can be improved?
(What frustrates you?) (What do you like?)
(Formal: leadership programs, other education, Informal: mentoring)
Are they successful, in your opinion? Do you see many leaders developing around you?
Elaborate.

Do you have someone that gives you leadership advice for how to act in different kinds of situations?
Someone else than your manager?
What does he/she do/help you with?
Who initiated that relationship?

What does XX need to do to keep you at the company for the long-term?

Something to add?
APPENDIX 2 – INTERVIEW GUIDE FOR TOP EXECUTIVES

Introduction
- Presentation
- Name, education, etc.
- Introduction to the project
- Ethics
- The flow of the interview
- Background - leadership, challenges and business strategy and leadership development and retention

Background
Could you please tell us a bit about yourself and your background?
(Education, how long in the company, involvement in other companies, work tasks, responsibilities, etc.)

Leadership
What is expected from you as a leader at XX?
What are the biggest gains/the best things being a leader at XX?
How is that compared to other companies? (get the specifics)
What should a leader do?
What characteristics do you think a leader should have?
(Capabilities, characteristics, purpose, knowledge/experience, create vision, align, motivate and engage)

What are the biggest challenges in being a leader at XX?
Can you exemplify a situation that challenged you as a leader at XX?
Compare with the previous question
Level of participation, hierarchy, coaching etc.

How do you identify high potential leaders?
What do you expect from your high potentials?

What do you think drives high potentials forward in their professional career?
(Intrinsic motivation vs. money)

How do XX work to attract highly educated people?

Challenges and Business Strategy
What do you see as XXX current three toughest challenges?

If you look 10 years ahead, what do you foresee as XXX three toughest challenges?

How good is XX at changing and driving future oriented initiatives?
How is the organisation working to meet the challenges you see?

Given the challenges that XX faces in the upcoming 5-10 years, what do you think is necessary for high potentials to develop? (skills, knowledge about a new technology, new market, etc)
**Development and Retention**

Can you describe some situations or experiences that helped you develop as a leader at XX?

Were they initiated by you or XX? Why?
Was this situation/experience inside or outside your normal scope?
If not: Do you ever receive tasks that are outside your normal scope?
What did you learn from these situations?
How did you arrive at these learning points? *(try to find out if/how they reflect upon their experiences)*
Good balance between challenge and support (restless or Stressed)?

Who is responsible for developing high potentials’ leadership skills needed for future challenges?
If XX: Establish what function (HR, current leaders, your team etc.) is responsible.
How does the company assure that these skills are developed?

What initiatives (new projects, workshops etc) should high potentials take to improve and develop the organisation? (How much high potentials drive their own initiatives (change, special assignment, etc.))
Incremental or radical change initiatives?

How does XX help high potentials to develop as leaders?
What can be improved?
(Formal: leadership programs, other education, Informal: mentoring)
Are they successful, in your opinion?
Do you see many leaders developing around you?
Elaborate.

How do you give high potentials advice/support for how to act in different kinds of situations?
Do you have assigned mentors who do so?
What does he/she do/help high potentials with?
Who initiated that relationship?

What does XX need to do to keep the high potentials at the company for the long-term?

Something to add?