

## global mindset

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### INTRODUCTION

While globalization has opened new growth and profit opportunities for established and emerging firms alike, it has also presented significant and vexing challenges, driven by the ever-increasing complexity of the organizational and business environments. As many authors have noted, the complexity embedded in globalization fundamentally changes the task of managing a global enterprise and the nature of the problems that business leaders need to address.

Against this backdrop, global mindset has emerged as a key individual capability and a critical source of long-term competitive advantage of firms. The mindsets of key decision makers in companies influence important decisions and therefore, organizational behavior, and ultimately firm success. There is no doubt that having the right strategies, structures, and processes are critical to global competitive success, but there is also an increasing emphasis on the important role that mindset plays both as a determinant and an outcome of these strategies, structures, and processes. For these reasons, global mindset has been recognized as a fundamental managerial capability of companies competing in the global arena.

### DEFINITION

The growing recognition of the significance of global mindset has led to the proliferation of inconsistent and conflicting definitions derived from both the cross-cultural and international strategy literatures. Below are four illustrative examples of the many definitions of global mindset:

- Global mindset is characterized by openness, an ability to recognize complex interconnections, a unique time and space perspective, emotional connection, capacity for managing uncertainty, ability to balance tensions, and savvy (Kedia and Mukherji, 1999).

- Global mindset combines an openness to and awareness of diversity across cultures and markets with a propensity and ability to synthesize across this diversity (Govindarajan and Gupta, 2001).
- Global mindset is the ability to develop, interpret, and implement criteria for personal and business performance that are independent from assumptions of a single country, culture, or context (Maznevski and Lane, 2004).
- Global mindset is a highly complex cognitive structure characterized by an openness to and articulation of multiple cultural and strategic realities on both global and local levels, and the cognitive ability to mediate and integrate across this multiplicity (Levy *et al.*, 2007).

As these definitions indicate, there are still considerable inconsistencies and confusion about what *is* global mindset. The most fundamental inconsistency concerns the core properties of global mindset, which have been described in three, relatively distinct, sets of terms. The first set of terms is *cognitive*, where global mindset is defined using cognitive and information processing terms such as “knowledge structure,” “cognitive structure,” “sensemaking,” and “attention” (e.g., Gupta and Govindarajan, 2001; Maznevski and Lane, 2004; Levy *et al.*, 2007). The second set of terms can be called *existentialist*, as studies define global mindset using terms such as a “way of being,” “state of mind,” and “orientation,” (e.g., Jeannet, 2000), although these definitions also emphasize cognitive capabilities. The third set of terms is *behavioral*, where global mindset is defined in behavioral, dispositional, and competency-related terms such as “propensity to engage,” “ability to adapt,” and “curiosity,” “emotional connection,” “capacity for managing uncertainty,” and “savvy” to name but a few (e.g., Kedia and Mukherji, 1999). Other inconsistencies include unidimensional and multidimensional conceptualizations of global mindset applied to both – the individual and organizational level.

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### STATE OF KNOWLEDGE

There are three major perspectives on global mindset: cultural, strategic, and multidimensional. The cultural perspective, which builds on the work of Howard Perlmutter (1969), conceptualizes global mindset from within the context of the cultural diversity inherent in the globalization process. According to this perspective, senior managers are increasingly faced with the challenge of overcoming domestic myopia and an ethnocentric mindset, traversing cultural boundaries, working with employees from many countries, and managing relationships with culturally diverse external stakeholders. The cultural perspective proposes that the way to manage these challenges effectively is to overcome embedded ethnocentrism and to rise above nationally entrenched views by cultivating a global mindset—one that includes cultural self-awareness, openness to, and an understanding of other cultures, and the selective incorporation of foreign values and practices. In addition to focusing on mindset or perspective, many writers in the cultural stream often discuss global mindset in terms of cross-cultural skills and abilities.

The strategic perspective, which builds on the ground-breaking work of Christopher Bartlett and Sumantra Ghoshal in international strategy, emphasizes the environmental complexity and strategic variety that arise from globalization. According to this perspective, multinational companies face the dual challenge of integrating geographically distant operations and strategically varied businesses, while simultaneously responding to local conditions and needs. However, this challenge can no longer be managed solely by structural and administrative mechanisms, but rather requires cultivating a complex managerial mindset, or a global mindset (Bartlett and Ghoshal, 1990). The properties of global mindset are described in terms of high cognitive abilities and information processing capabilities that allow managers to understand complex global dynamics, balance between competing demands and concerns, reconcile tensions between global and local, differentiate between and integrate across cultures and markets, and examine and attend to global issues.

Finally, the multidimensional perspective incorporates both the cultural and strategic dimensions, as well as several additional characteristics. This perspective began with the work of Stephen Rhinesmith (1996) who argues that people with a global mindset tend to drive for the bigger, broader picture, accept life as a balance of contradictory forces, trust organizational processes rather than structure, value diversity, are comfortable with surprises and ambiguity, and seek to be open to themselves and others. Thus, the multidimensional approach incorporates not only the cultural and the strategic dimensions but also a host of personality traits, dispositions, and behaviors drawn from the literature on global and cross-cultural leadership.

*Recent contributions.* Recent works on global mindset focus on a more systematic conceptualization and operationalization of global mindset. In an effort to reconcile the myriad approaches to global mindset, Levy *et al.* (2007) present perhaps the clearest conceptualization to date. They view global mindset as a highly complex individual-level cognitive structure characterized by cosmopolitanism and cognitive complexity. They elaborate on this definition by suggesting that global mindset involves three complementary aspects: (i) an openness to and awareness of multiple spheres of meaning and action; (ii) complex representation and articulation of cultural and strategic dynamics; and (iii) mediation and integration of ideals and actions oriented both to the global and the local. Levy *et al.* (2007) specify an information processing model of global mindset involving (i) attention to multiple cultural and strategic dynamics, (ii) integrated interpretation of cultural and strategic dynamics, which lead to (iii) effective managerial action in a global context. This model, however, has not yet been operationalized mainly due to the difficulty of measuring cognitive complexity using a survey instrument.

Recent research at Thunderbird Business School has specified a three-dimensional model of global mindset consisting of intellectual capital, psychological capital, and social capital. However, the model does not specify how the three dimensions are interrelated or interact to create the overarching construct of global

mindset. In addition, empirical analyses have not supported the social capital dimension, suggesting a two-dimensional model rather than a three-dimensional model.

#### FUTURE TRENDS

The construct of global mindset reflects a wider trend in international management research that increasingly draws on cognitive theory for insights about the relationships between individual characteristics and action in a global context. While research on global mindset appears to be headed in this direction, the field is still in its infancy, lacks clear, agreed-upon definitions and frameworks, and there is only limited empirical research. David Thomas (2010) suggests that in order to move research on global mindset forward, five specifications should be made: (i) which facets are included (and not included) in the construct; (ii) the process through which these facets are developed in individuals; (iii) if global mindset is multidimensional, how its underlying facets combine to form the higher-order construct; (iv) the process through which global mindset affects effective action in a global context; (v) specification of cross-level dynamics or how global mindset at the individual-level influences group and organizations.

#### APPLICATION

Developing a global mindset in employees, particularly in managers who are working across country and cultural boundaries, has become a key imperative for many companies and yet there is a severe talent shortage of individuals who can effectively lead and manage globally. For example, a recent Ernst & Young survey found that many companies fall short on the diversity of thought and culture needed to handle global business, and concluded that “We need to develop a new global mindset.” (Ernst & Young, 2010). To help fill this gap, a small number of companies have complemented the traditional expatriate assignment route to development and have undertaken bold new steps in both finding and developing global mindset in their employees.

In one of the most path-breaking innovations of its kind, PricewaterhouseCoopers (PwCs)

designed the Ulysses Program that sends top mid-career talent to developing countries for eight-week service projects (Businessweek, 2004). The program is designed to help train future leaders to find innovative solutions to intractable problems, and is designed so that participants work in small cross-cultural teams, collaborating with local clients as well as with PwC colleagues from other global regions, to apply their business expertise to complex social and economic challenges. The experience not only gives PwC a new view of their potential leaders, their business savvy, relationship-building skills, and their ability to hold up under pressure but it also develops new skills and permanently changes the mindset of participants (Pless, Maak, and Stahl, 2011).

IBM provides another example of a global firm’s approach to developing global mindset. When Samuel Palmisano became CEO of IBM, he embarked on a massive change process to sustain IBM’s global competitiveness by creating what he called “a globally integrated enterprise.” Today, IBM uses a number of structures and processes to develop a global mindset among its employees. For example, in 2008, IBM launched the Global Enablement Teams (GETs) consisting of four or five senior executives from multiple geographies who work with selected Country General Managers to drive business growth in a country. According to IBM, the GETs have created business leaders with deeper global mindsets, increased their competence in cultural adaptability, and better connected local country teams to the global company agenda (IBM, 2012). IBM also uses extensive social media forums that help to bridge cultural differences and social gaps among its 400000 employees in 170 countries.

A number of other multinational companies with whom we and our colleagues have worked have developed global leadership programs for high potentials and executives that include sessions and experiences designed to develop the global mindset of participants, as well as providing them with country-specific information on economies, the political and social systems, key stakeholders, customers, and suppliers. In one such program, led by one of the authors, participants in each program are drawn from all areas of the world, given

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experiential exercises to uncover their assumptions and stereotypes, and then asked to work together in global virtual teams on challenging strategic business projects, bracketed by two face-to-face modules. The global virtual team experience results in a research presentation and recommendations for senior leadership but the main objective is to provide a learning laboratory where the participants can experience the challenges of working globally.

Developing a global mindset is often seen as a core component of developing global leaders (Bird and Osland, 2004). Development of a global mindset, similar to global leadership development, is likely a nonlinear, dynamic, interactive, emergent process, in which the causes of changes in cognitive complexity and cosmopolitanism cannot be guaranteed or clearly predicted (Osland *et al.*, 2006). A global mindset is the result of a complex interaction between the traits, personality, and motivation a person brings to the development process, and the kinds of challenging opportunities and organizational support she receives. Again, like global leadership development, growth of a global mindset probably requires a multimethod approach that does not rely on any one type of input (e.g., experiential, didactic, etc.) in order to emerge. But, as noted by (Osland *et al.*, 2006), before the best approaches to developing a global mindset and global leadership can be established, it will first be necessary to continue building on the empirical and theoretical work on global mindset described in this article, and more clearly define the construct of global mindset itself.

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