

# Global managers and global mindset business essay

[Profession](#), [Manager](#)



The strong intensification of international activity during the last twenty years has drawn attention on the management of human resources in the organizations that expanded their activity across state borders. This implies activities like importing, exporting, startup operations and alliances, and mergers (Napier, et al., 1995, p. 217).

The business environment today is characterized by rapid change, high competitiveness and global setting. In this context, an effective and appropriate management of all resources is required. The necessity of managing human resources as efficient as possible is acknowledged by human resource professionals and also by line managers and, even more, is considered to be a critical 'competitive factor' (Plevel, et al., 1995, p. 42). A manager must be able to handle international human resource management difficulties in a highly unstable and unforeseeable international environment.

House et al. (2004, p. 4) state that "(...) cultures of the world are getting more and more interconnected and that business world is becoming increasingly global". Companies are getting involved in international trade and therefore they have to interact with a growing number of employees, customers, suppliers, competitors, and creditors. They are developing more and more outside their home countries' borders and cultivating a multicultural workforce that needs to be handled by capable managers that know how to act in an international context.

This is the reason for which a global mindset became a required quality of a global manager and, in the same time, it emerged as a subject of interest for scholars (Kedia & Mukherji, 1999; Nummela et al., 2004). After establishing

that a global mindset has a great importance for a global manager, another set of questions, to which this paper tries to answer, emerges: How can global managers acquire a global mindset and how can they sustain it? By answering these questions, the paper aims, through a theoretical approach, to shed light on the type of comportment a global manager should have and on how the company can help the manager to development a global attitude.

Section 2 of the paper starts with the clarification of key terms. It defines the concepts of a manager, a global manager and a global mindset. Then it goes further and tries to find theories that fit to the concept of global mindset.

Section 3 comes with concrete answers to the research questions. Section 4 concludes and presents the limitations of the theoretical study.

## **Theoretical Background: Global Managers and Global Mindset**

### **Definitions**

In order to be able to go further with the study, a clarification on the meaning of key terms is needed.

A distinction between the terms ‘ manager’ and ‘ global manager’ must be made. On one hand, a manager, in an understanding viable for this paper, is a person who is “ responsible for planning and directing the work of a group of individuals, monitoring their work, and taking corrective action when necessary” (Reh, n. d.). He might directly lead the workers or he may have a number of supervisors that do that for him. A manager must be up to date

with the work of his group. The most important thing for a manager is to know how to handle the people that he supervises. A manager can have the authority to employ or fire employees or to promote them, but it is not a necessity. In big companies, a manager can just make proposals regarding these actions to his supervisors. He has the power of changing the work assignments of team members. (Reh, n. d.)

On the other hand, a global manager is “ characterized by the nature of the work he or she does, typically within an organization with global operations. He or she has the capability to manage amid the complexity of business that is conducted across divergent cultures and time zones” (Financial Times Lexicon, n. d.). He can also be an expatriate, a person that lives and works abroad, but this is not a rule.

Global managers can more specifically be seen in terms of three prototypical roles in a global organization (Financial Times Lexicon, n. d.). These are: first, the global business or product-division managers that have the task of managing global strategic positioning and advantage co-ordination across the organization. Second, there are managers of the country that make the connection between the local market operations and global business objectives held by the organization that they represent. Third, there are the worldwide functional managers who are able to disperse knowledge and innovation across the main functional departments of the organization. This classification indicates that the knowledge and experience to perform global tasks can be adopted and conveyed through an integrated web of specialized global talent.

At this point it is important to mention that this paper integrates the concept of ' global leadership', defined as " people in business settings whose job or role is to influence the thoughts and actions of others to achieve some finite set of business goals. (...) usually displayed in large, multicultural contexts" (Story & Jr, 2011) under the concept of ' global manager'. This approach is taken because a leader is always a manager, even though a manager is not all the times a leader.

A global manager must cultivate a global mindset because it gives him the ability to examine, appreciate and weight the principles, ethics, compartments and business practices of individuals and organizations from diverse parts of the world.

Stephen L. Cohen (2010, p. 4) argues that " the most important attribute required for effective global leadership is not a new set of skills or experience, but rather a new perspective called a global mindset". A global mindset " is a way of being rather than a set of skills. (...) A global mindset means the ability to scan the world from a broad perspective, always looking for unexpected trends and opportunities that may constitute a threat or an opportunity to achieve personal, professional or organizational objectives." (Rhinesmithn 1993: 24)

A definition proposed by the Financial Times Lexicon describes a global mindset as " one that combines openness to and awareness of diversity across cultures and markets with a predisposition and ability to see common patterns across countries and markets" (Financial Times Lexicon, n. d.). A

company that makes use of the global mindset has employees that see cultural and geographic variety as openings for the exploration and the preparation to embrace successful practices and good ideas, no matter what their sources are.

### **Theories regarding the acquisition of a global mindset**

There are no conclusive theories in what concerns the acquisition of a global mindset, but an analogy can be made with the theories that talk about leadership. A short overview of these theories is given by Dorfman (1996, pp. 272-273).

One of the oldest theories concerning leadership is the one presented by Thomas Carlyle in the late 1890s. It is the 'great man' theory of leadership that argues that a leader is a person gifted with exceptional qualities that make him stand out and differentiate him from his followers. However, this theory is highly unrealistic and has been systematically discredited. It was replaced by a theory searching personal and physical traits that can be cultivated and which allow a person to become a successful leader. The early studies on the subject could not find concrete results that would confirm the theory (Stogdill, 1948). More recent studies managed to find some generally accepted traits (for example charismatic, team-oriented), but they also found out that most of these traits vary from a geographical perspective (House et al., 2004). This approach is considered by Dorfman (1996, 272-273) as being simplistic because, as Bass (1990) proved, the success of the leader does not depend only on his traits, but also on the particular circumstances and on the interaction of the traits and the situation.

In the 1950s the behavioral approach developed. It was trying to find what leaders do (actions and behavioral patterns) in order to achieve high subordinate efficiency and morale. The Ohio State researchers found that, from the perspective of the subordinates, leaders can be put into two categories. The first one, task-oriented behavior covers leader's responsibilities like giving tasks to subordinates, directing activities, and evaluating poor work. The second category comprises relationship-oriented behavior, like displaying concern for subordinates and being friendly and supportive (Dorfman, 1996, p. 273).

The behavioral theory can be applied in a reformed formula to the concept of global mindset. The two perspectives presented earlier are valid for an international context. A manager that has a global mindset must be able to handle task repartition, activities directing, evaluate the work of subordinates from a global perspective. He must be able to respond to the needs of underlings coming from different cultural backgrounds. In the same time, it must be kept in mind that the behavioral theory is still faulty, because it does not take into account some important aspects of the concept. A global manager that disposes of a global mindset, in order to be efficient, must be able to adapt himself to the ever-changing and unexpected requirements of the multinational tasks and characteristics of the subordinates performing these tasks (adaptation after Dorfman, 1996, p. 273). International managers should be able to distinguish the most appropriate actions under different conditions, to develop ways through which they can anticipate and prepare for changes that may occur in the

multinational arena and to bring together in a peaceful way different viewpoints and expectations of the headquarters and the units (Napier, et al., 1995, p. 239).

## **The development of a global mindset**

### **Why should companies want managers with a global mindset?**

There is always the possibility that the competitor company will be brought by a global oriented consolidator and change the local rules to which the local companies are used. This is why in a globalizing environment what companies need the most are people that are ready to work in a regional and global context.

A global mindset is often defined as a key aspect for global leadership improvement and success because it “ gives (...) the ability to influence individuals, groups, organizations and systems that have different intellectual, social, and psychological knowledge or intelligence from your own” (Cohen, 2010, p. 5).

One of the most important values of a global mindset consists of the fact that makes the company to combine the promptness with an appropriate response to the global changes. It is easy to act quickly, but there is the risk of being rash and spoiling the activity of the company, if the responsible person does not know how things work on the international arena. A global mindset has the benefit that, while the company is familiar with and knows how to respond to the needs of the local market, it is able to make



connections between these needs and the global experience and capabilities of the company (Gupta, et al., 2008). It gives the company the opportunity to surpass its rivals by managing to correctly assess diverse market opportunities.

Gupta et al. (2008) found the following benefits that a global mindset brings to a company. First, a global mindset makes the company much more willing to take action in researching and learning from product and process innovations that come from the exterior, exceeding its local limits. Second, a global mindset gives to the company the ability to be more receptive to and aware of the access to the local market of foreign competitors. It makes it easier to compete and grow both on the local and the worldwide market.

In the same time, even though having managers with global mindset is beneficial for the company, it has to take into account the difficulties it may have to face in order to cultivate the perspective into the minds of its employees. Developing a global mindset takes time because it needs a consistent long time strategy. These strategies mature step by step, through experimenting and even failing. It is a process that can take years until it is refined and successful.

Herbert Paul (2000, pp. 199-200) argues that for many companies that do their work in the world markets operating with a global mindset is a difficult challenge. He distinguishes between three categories of companies that need to deal with the implementation of a global mindset among their managers, but the approach they have to take is different.

First there are the established global players which have to shape and enlarge their already existing global mindset in order to keep their position on the international arena.

The second ones are the traditional multinational companies that must give up on the strategies with which they are used to work just because they are comfortable with them. The challenge for them is to change the direction of their attention towards a global approach.

The third type of companies is represented by the medium-size and small companies that either want to expand internationally, either are forced to do so in order not to go out of business. They are the ones that have to invest in building the global mindset from scratch.

What makes it even harder for the last two types of companies is the fact that they are under the pressure of creating the global mindset in a short period of time if they want to keep up with the pace of the changes. For this reason, they are disadvantaged. A viable solution for them is to hire managers that have already developed a global mindset, but of course, this is a costly solution (Paul, 2000, p. 200).

## **How can a manager act in order to acquire a global mindset?**

Since the companies keep expanding globally, their managers must understand global business and work efficiently across cultural differences. They must constantly check if the strategy used is still viable or if it must be

changed. They must want and be able to go above their own convictions and adapt them to the international environment (Paul, 2000, p. 200).

Cohen (2010, pp. 5-6) sustains that a leader must “ think and act both globally and locally”. This means that he must be able to appreciate when it is advantageous for the company to create a reliable global standard and to deeper explore the understanding of local and cultural differences, crossing cultures and evolving contexts.

A manager must also be capable of recognizing in the same time situation that requires the use of both global and local elements and he must act while combining an openness to and consciousness of variety across cultures and markets. He must have the predisposition and the capacity to work with a willingness and ability to organize across this diversity (Cohen, 2010, p. 6).

The manager should not work alone in order to acquire a global mindset. The company he is working for should provide the assistance for this.

According to Kedia & Mukherji (1999, p. 240) a company can support its employees to develop a global mindset through four activities: foreign travel, establishing teams, training and transfers.

Foreign travel has the ability of putting potential global leaders in the middle of a foreign country in order to make that person get familiar with and understand the culture, economy, political system and market of the respective country.

Through the establishment of teams the individuals that come from different backgrounds and have different perspectives are able to work together in a warmer environment.

Purposeful training gives the opportunity of learning in an efficient and well structured environment.

Transfers to foreign locations have the possibility of living, working and learning from the experience of overseas assignments.

To put it simply, these are the training processes through which a manager should pass in order to gain a global mindset: formal education and targeted training, pre-assignment acculturation training, in-country acculturation training, computer usage training, participation in multinational team projects, foreign short-term involvement (that can last between 1 and 3 months), and expatriate assignments (are longer than 1 year). The most important of them is argued to be the international assignment (Lovvorn & Chen, 2011, p. 276).

### **What helps and sustains a global mindset?**

A global mindset is a way of being, whose main features are openness and the ability to distinguish complex interconnections. Even though having a global mindset is essential for an international leader, it is not a sufficient condition to effectively handle global competition. It cannot exist on its own, but it needs a set of reliable knowledge and skills to sustain it, in order to respond to the fluctuating, emerging and increasingly complex conditions that are coupled with globalization (Kedia & Mukherji, 1999, p. 234).

Knowledge and skills are the necessary conditions that sustain the global mindset (Figure 1).

The knowledge helps the manager to understand different aspects of the interdependent world. Skills are a set of abilities that help the managers in making their work more efficient in the global environment. The combination of a global mindset, knowledge and skills is necessary for creating successful global managers.

## **Figure 1**

(Kedia & Mukherji, 1999, p. 235)

### Knowledge

Knowledge regards actual existing information and not cognitive or behavioral skills. It takes into account the existing differences and if it is used accordingly, it makes use of skills. In this manner it increases the efficiency of the global manager. There are multiple areas of knowledge that a global manager should conquer in order to be successful. This paper proceeds in presenting three of them, as they have been found as essential by Kedia & Mukherji (1999, p. 237).

One essential area of knowledge is the ability of knowing how to use technology, information systems, and telecommunications in an efficient manner in the global activities of the company. The technical dimension of knowledge implies not only technologies involved with communication, information and computers, but also the impact that it has on the global

operations of the firm. Technology can make products, processes or services outdated much faster than it happened a few years ago. Because of that managers must understand technology and evaluate its effects on the global activities of the company. This knowledge must be comprehensive, profound and must be well linked with the international dimension, which includes continuous search for new information and competitive market conditions on a global basis.

Another significant knowledge-based issue is to discern between socio-political factors of different countries and to know how they influence business operations. This means that the connection between trade, export, industrial, and agricultural development policies is valuable, as it is the information on taxation, banking, exchange rules, and so on.

The third area of knowledge concerns the cultural and cross-cultural issues that have to determine the outcomes of management activities. This means that the global manager must be able to adapt to new values, experiences and lifestyle, specific to different nations and societies, in order to become successful.

## Skills

Skills are the ability of putting knowledge into action. If the managers have the knowledge but they do not know how to apply it, then it is useless. In this case knowledge and understanding should offer the foundation for taking action because the theoretical knowledge does not transform itself into skills unless a lot of practice is involved (Kedia & Mukherji, 1999, p. 238).

There are two skills presented as important for global managers by Kedia & Mukherji (1999, p. 238). First, the global manager has to be able to adopt the beliefs and behaviors of other cultures and second, he must have the ability of leading and leveraging the diversity in such a manner that it becomes beneficial for the company.

In order to become effective leaders must be able to change their behavior and adapt to the medium in which they are working rather than try to change the comportment and actions of their underlings. Global managers must understand what culture means and must try to bring on the same level the existing diversity in the company in order to obtain organizational effectiveness and greater performance. They should comprehend how to use this diversity in the advantage of the company.

## **Conclusions**

Taking into account the fact that the world is ever-changing due to the process of globalization, the need for global managers that possess a global mindset becomes obvious. Companies are trying more and more to go out of their local markets and to step in the international business environment.

This paper tried to show how a global manager should act on the international arena and how the company should help the manager to development a global attitude, by answering the following questions: : How can global managers acquire a global mindset and how can they sustain it?

It started by defining the key concepts, relevant for the paper: manager, global manager – under whose definition included the notion of global leader

- and global mindset. Then it proceeded with offering a possible theory for the acquisition of a global mindset, by adapting the behavioral theory on leadership.

The following part first presented the benefits and the obstacles that a company must take into account when it decides if it wants to use managers that have a global mindset. Then it showed how managers should act and how the company should help them in acquiring a global mindset. Finally, it presented the two aspects that help and sustain a global mindset in order to become successful: knowledge and skills.

The paper used a theoretical approach in order to answer its main question. Further investigation should be made in order to offer empirical evidence for the presented theoretical aspects and see if they actually work in the globalized world. Furthermore, viable theories in what concerns the acquisition of a global mindset should be developed.