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Hanna Punkari

THE DEVELOPMENT OF GLOBAL MINDSET

An analysis in a global company

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UNIVERSITY OF VAASA
Faculty of Business Studies
Author:	Hanna Punkari
Topic of the Thesis:	The Development of Global Mindset – An Analysis in a Global Company
Name of the Supervisor:	Adam Smale
Degree:	Master´s of Science in Economics and Business Administration
Department:	Management and Organization
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ABSTRACT
Global leaders are individuals who work across the cultural boundaries in global context. The playground is ambiguous and people are more interdependent than before. Global organizations and culturally divergent individuals make global leader´s work more complex. Global mindset is a mental capability which is argued to be crucial when dealing with complexity. As there is a shortage of talented global leaders globally, this reflects also to the organizations locally. When business is hectic and organizations are in constant change, role transitions may be remarkable and they can realize fast. Typically these individuals promote from expert to leader role, or from domestic to global level.

This study has two objectives: The purpose is to identify what influences the development of global mindset at individual level. In particular, what are the most effective ways, how global mindset can be developed. Another interest is to explore in what respects leadership intransitivity present challenges in the development of global mindset and global leaders. The theoretical framework of this study lies on a model of Global Mindset Inventory, which structures individual´s capability into intellectual, psychological and social capitals and further into nine competencies related. Another interest is to present the basic principles of leadership intransitivity which is most often associated to organizations with low hierarchy (so called born globals).

In this qualitative interview study, totally ten global leaders were interviewed. The interview data was rich and it enabled reasonable analysing by telling stories and giving meanings as a basis to the qualitative study. Based on empirical findings, there seemed to be two main influential attributes affecting global mindset development of an individual: mental (personality) and experimental (the level of competence). Related to these, there were concrete development methods like learning on the job, coaching, job rotation, observing and self-study on a top. Also third central attribute "organizational support" emerged, which means actions like motivating, delegating, sharing as well as giving new roles and responsibilities for capable individuals. Leadership intransitivity existed in some respects; there occurred challenges to move from technical to leader role.

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KEYWORDS: global leadership development, global mindset, development methods, leadership intransitivity

1. INTRODUCTION

The need for global workforce has been commonly recognized in the 21st century, but it becomes even more crucial by the year 2020. The concern of workforce is global for many reasons: According to the broader prospects for the year 2050, the median age worldwide will be around 44 and in the most developed countries even 55, while it was just over 25 in 2010. From a practitioner point of view it is argued that even in China and Japan the sufficient amount of future workforce is insecure. (Cohen 2010: 4) This is contradictory to a common view that China is the key future market. There is a general concern of insufficient supply of experienced people, such as global leaders, but at the same time it is challenging to find developmental jobs for all Chinese high potentials in their own region (Evans et al. 2010: 207, 214).

As labour markets are global, the chances to find talents are unlimited. The amount of young professionals is tremendous in Asia compared to Western Europe; as there is a demand of high-educated talents in the West, there is a certain supply in the East. A large capacity of the workforce exist in developing BRIC countries, ie. Brazil, Russia, India and China. Those emerging economies have got integrated into the global business and the level of income of the talented individuals there does not largely differ from the level in Western countries. The employee market is getting global, and depending on the industry, the speed is fast or moderate. (Bhagat, Triandis, Ram Baliga, Billing & Davis 2007: 195) Due to developed technology and internet the national boundaries does not exist as they have used to, but at the same time other "boundaries" become more dominating: *complexity* is the word dominating the global world. It arises when cultural, economic and political forces meet and individuals are forced to redefine their existing views or at least adapt to opposite views. Companies should be able to take complexity as an essential part of global business. This ability is in hands of individuals and in front line in the hands of top management. Those who are able to crasp the complexity in organizational or individual level are the strongest in global world.

1.1 Background and research problem

The current supply and demand of workforce is unbalanced globally. Due to globalization, organizations are competing at the unified market place and having the equal increased needs of developed workforce. The unbalanced situation of supply and demand has also been called as war for talent when there is a limited amount of

high-educated individuals available. The term "war for talent" was exposed by the US management-consultant firm McKinsey & Company in 1998 when they first time launched their report of 6000 managers of various industries. They concluded that the most desired individuals over the next 20 years would be technologically intelligent, globally astute, and operationally agile. Similarly, they characterized talent as "the best and the brightest". (Michaels, Handfield-Jones & Axelrod 2001) In general, a demand can be described as a certain need for something. In this thesis it characterizes a need for individuals who are both capable (has competence) and motivated (has mental ability) to take the responsibility of the global leadership role. Supply, instead, as its general meaning describes delivering something for someone. In this thesis it means supplying global leaders for the need of multinational companies (MNCs).

According to Javidan and Bowen (2013) there is an emerging need for global leaders, and actually the shortage of those talents may in some cases even prevent MNCs to expand globally. Lasserre (2003) addresses equally that in order to take the full advantage of globalization and its opportunities organizations have to find capable global leaders and realize the certain challenges in having them. When there is a shortage of talented individuals globally, it is even more crucial for organizations to take care of those capable individuals who already exist in the company. Often individuals who have inherent capability and motivation have high expectations concerning their career, and they are eager to take a new step once they are given a chance. They can even challenge organization to provide them supportive learning experiences. Thus the intelligence of top management is crucial: Organizations that value constant learning strategically important, provide reasonable tools and resources for learning as well as encourage the individuals for dialogue and team work across the cultures (Watkins & Marsick 2003). The constantly changing global business environment makes this learning process complex, and most often cultural intelligence of an individual helps in succeeding with this complexity (Cseh, Davis & Khilji 2013: 490-491).

There is no one and only method as how to become a successful global leader. Instead, the factors are multi-dimensional, depending on one´s personality, previous experience as well as the current role and responsibility. Motivation to learn and develop as a global leader reflects one´s personal interest, which is also crucial when acquiring a true global mindset. (Cohen 2010: 8-9) Global mindset is not only shifting one´s thinking from local to global but instead the ability to combine those both in variable contexts.

Even if the needed criteria of one´s competence are met, there can be a certain challenge when moving to the next level in a leadership role. This is called as *leadership intransitivity*. Most often this occurs when moving from expert role to leader role, and additionally this can relate to the move from domestic to global level. The challenge of "letting go and taking on" means delegating the previous tasks and taking on the new role. (Evans et al. 2010: 208)

1.2 The aim of the study

This study focuses on the phenomenon of the global leadership development. Even more interesting aspect in global business is complexity, which seems to be a dominating consequence when different political, cultural and social forces meet. Global leaders are asked to have a global mindset, which essentially helps to construe complexity. The purpose of this study is to analyse the enablers of development of the global mindset in the case organization. More closely, the aim is to examine how the global mindset develops at an individual level and what are the concrete experiences and practices in developing global mindset.

In order to link the global leadership development to organizational context, the focus is also to exploratory study the existence of leadership intransitivity in a case company which seem to fulfil the criteria of a born global company.

There are two research questions stated in a following manner:

1. What influences the development of a global mindset at the individual level?

2. In what respects does leadership intransitivity present challenges in the development of a global mindset and global leaders?

These questions are analysed empirically by having theme interviews among global leaders in a global company.

1.3 Research approach

The special interest of this study lies on global mindset development. Global leadership competencies have inspired scholars during the past decades and thus the competence area has been studied widely. Since 1990s, when launched first time, the concept of global mindset has been seen as a critical success factor of an individual in global business. However, through these years literature has drawn quite unilateral picture of the concept of global mindset. In 2005 Thunderbird Global Mindset Institute defined their view of three capitals and nine key competences of which global mindset consist. Afterwards their model has inspired many other scholars who have provided their own insights for global mindset. Anyway, literature on global mindset has rarely gone so far as to specify the concrete development methods. This study aims at examining more deeply the developmental aspect, such as how global mindset develops at individual level and what are the practical methods to develop one´s global mindset.

The theoretical framework of this study is based on the Global Mindset Inventory model (GMI) of Thunderbird´s Global Mindset Institute. It provides a conceptual framework for understanding the term ´global mindset´ comprehensively. In Global Mindset Inventory the enabling factors of global mindset are intellectual capital, psychological capital and social capital. Global Mindset Inventory can be also used as a self-assessment tool as it was used in the empirical part of this study.

In this thesis, the main focus is to examine only person-specific domains of global mindset, but from theoretical point of view it is essential to recognize also the industry- and organization-specific aspects in order to get the comprehensive picture.

Another interest of this study is leadership intransitivity which has not been widely examined so far. The aim is to evaluate whether leadership intransitivity present challenges among the global leaders in the case organization and in what respects.

In the empirical part the scope is to interview global leaders. They all are physically located in Finland. They also fulfill the research criterion of been employed at least five years in the company.

1.4 The structure of the study

This study consists of five chapters which all handles the topic from the specific view. All chapters together form the comprehensive research with theoretical and empirical evidence.

The first chapter introduces the topic and gives the general view why the topic is extremely important in multinational companies in the 21st century. Additionally, the focus of the study and the research questions are presented in this chapter.

The second chapter covers the literature review on the topic.

The third chapter presents the used research methodology.

Empirical findings are presented and analyzed in the fourth chapter. Straight citations of the interviewees are used inside the subchapters in order to rich the analysis and indicate the linkages between research questions and the empirical data.

Finally, the fifth chapter concludes the empirical findings. There is also one more reflection to the research questions and discussion around the topic. In addition, the limitations of the study as well as the suggestions for further research are presented in the end.

2. LITERATURE REVIEW

This chapter focuses on theoretical aspects of global leadership development starting from a definition of leadership and ending to the conclusion, what are the concrete methods to develop global mindset at individual level. Definitions and topical arguments presented in this chapter are seen important to introduce and to give the sufficient information on what is a global mindset, why is it crucial to have and how can it develop at individual level.

First the construct of leadership as such and then leadership in cultural and global contexts are described to form a comprehensive distinction between domestic and global. The concept of complexity is also covered thoroughly being tightly linked with global leadership. The key competencies of global leadership are referred as well, and the special attention is paid to global mindset. The major study of global mindset gives perspective to the subject and acts as a basis on which the concepts and results of this study are reflected. Further, global leadership development and most valuable methods are included in the literature review. In the end, a concise view is put to leadership intransitivity aspect which quite few studies has been addressed so far. There is also a separate sub chapter, which presents the definition of born global company.

2.1 A review of the key concepts of the study

In order to get a consistent picture of the extensive field of global leadership development, it is important to define the key concepts in the following.

2.1.1 Leadership in cultural context

> *"Leadership is the ability of an individual to influence, motivate, and enable others to contribute toward the effectiveness and success of the organizations of which they are members."* (House, Hanges, Javidan, Dorfman & Gupta 2004: 55)

Leadership as a phenomenon has a long history; social scientists started to study leadership already in early 20th century, but still up to these days there is not one and only definition of it. Over time, many approaches and theories of leadership have been provided, varying according to its perspectives such as leadership traits, behaviours, role relationships and change. (House et al. 2004: 55) There have also been a large amount of insights of the leadership key competences. To name a few, adaptive

capacity, an ability to lead with shared meanings, and a sense of integrity combined with values are among the most important. Adaptive capacity means an ability to cope with stressful conditions and become even a stronger person through this kind of experience. (Storey 2011: 19)

Early research examined leadership mainly in small groups rather than in large organizations. Only recently leadership has been studied and applied in larger context and seen as a meaning-making activity rather than a measurable phenomenon. Leadership means above all tasks, individuals, organizations and also societal and organizational cultures, where all actors are related to the process (Alvesson & Sveningsson 2003: 377). Typically the role of the leader is the interpreter of the unit in complex environment. Leader reflects the environmental opportunities and strengths, as well as organizational threats and weaknesses and balance between managers and followers. The word "complexity" describes well the work of the leader. The effective leader is able to survive with the complexity and ambiguousness, and instead turns it into success both at individual and unit level. (Storey 2011: 15-19) Even if the suitable behavior and capabilities of the competent leader are not unambiguous in various contexts, there are three main categories of behavioral requirements shown in Figure 1.

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                    ┌─────────────────┐
                    │   Big-picture   │
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│ Inter-organizational │         │ Ability to deliver │
│  representation  │             │      change     │
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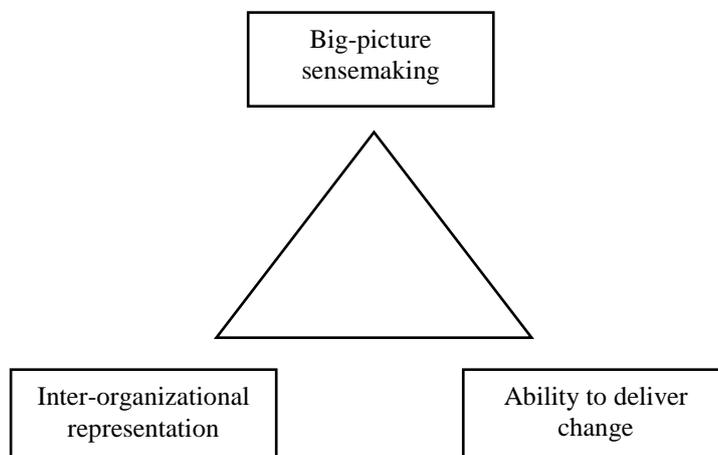
Figure 1. Behavioral requirements and meta-capabilities of leadership. (Storey 2011: 26)

Big-picture sensemaking means above all the ability to adapt to changing environment and be visionary and proactive with the developmental actions. It requires *the ability to deliver change* by engaging, energizing and empowering the people in the organization. This kind of emotional intelligence has been also called as distributed leadership (Storey 2011: 15-19). The third meta-capability of a leader, *inter-*

organizational representation, raises the ability to lead in a network context with different stakeholders who may have diverse and even opposite perspectives to one´s own. (Storey 2011: 26-27)

Although there are many definitions of the culture, commonly culture refers to the cognitive and behavioral aspects of the individuals. Individuals who have the same social culture share common views and experiences, and usually behave quite similarly because of their shared beliefs, values, norms and traditions. (Beechler & Javidan 2007: 143) At organizational level, similarly, company values, practices and culture are shared by members of the organization. Further, culture reflects the relationship of the leader and the followers. Eventually there can also be cultural differences inside the organization. According to Geert Hofstede (2001: 9) culture is "the collective programming of the mind that distinguishes the members of one group or category of people from another". There is a relationship between culture, cultural values, and cultural practices. Hofstede has described this relationship as an onion where the values are in the core and the practices on the top.

Figure 2. The cultural onion. (Hofstede 2001)

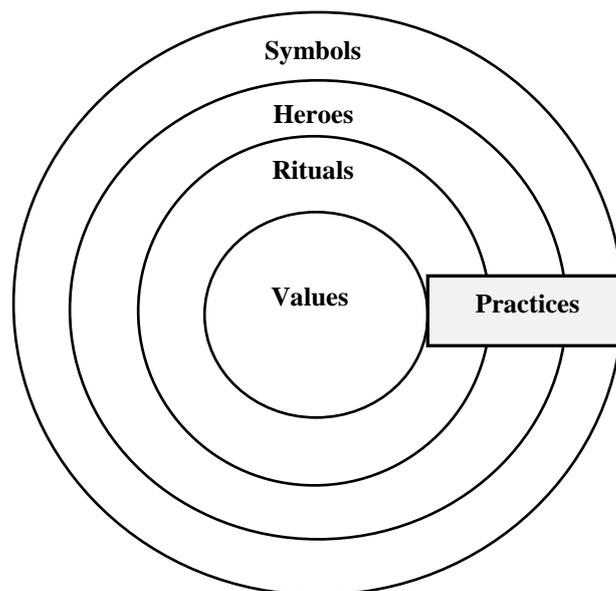Values in the core are invisible, but they drive the concrete practices of the individual. (Hofstede 2001: 11)

2.1.2 Global leadership

Over years the word "global" has got many meanings starting from dictionary definition as "referring to a globe" (Wikipedia) up to general view as "an international scope". In business, the word global has been such a long time a trend used every time when a company operates across its national borders. It has been seen as an opposite to the word "domestic". (Mendenhall, Reiche, Bird & Osland 2012) A global company can be characterized as operating around the world via its subsidiaries or via export. Having co-operation just in few countries abroad does not make a company global but instead it demands strategic and consistent actions to promote in global business. Furthermore, company globalization process needs open-minded individuals who act as role models and facilitators in implementing actions in global level. These global leaders have global mindset and visionary insight in everything they do. (Lane et al. 2012: 211; Gabrielsson, Kirpalani, Dimitratos, Solberg & Zucchella 2008: 386-388)

The terms "global leader" and "global leadership" have often overlapping or similar definitions and they are hardly differentiated with each other. A global leader can be defined as a person who executes global leadership in his role. Further, there can be definitional scopes named as "a state" and "a process", where global leadership is defined as a state by specific tasks, roles and responsibilities that global leaders take on. Similarly, global leadership can be described as a process reflecting continuously of *how* an individual fulfills his global role and responsibilities. (Mendenhall et al. 2012: 2)

There is evidence that managers who have been successful in domestic leadership do not always perform equally in global context. Even if the basic leadership principles do not necessarily change from domestic to global level, many arguments have been proposed over time in order to clarify the central differences. As global leadership has more dimensions than traditional leadership, it means more and different kinds of issues, more complex systems, increased lack of information clarity as well as unclear cause and effect relationships. (Mendenhall, Osland, Bird, Oddou and Maznevski 2008: 14-15) This kind of complexity reflects naturally to the role of the global leaders as well, since they manage and motivate global, culturally diverse teams (Caligiuri 2006: 219). Cultural diversity is a key challenge in global leadership, which asks cross-cultural skills from global leaders. It has been argued that due to complexity global leaders have the tolerance of constant pressure, and that makes a basic distinction between domestic and global leaders (Kets de Vries & Florent-Treacy 2002). Complexity, in turn, is due to greater need for cultural understanding,

information sharing across functions, organizations and even nations as well as tensions between global efficiency and local responsiveness. In addition, decision-making with many stakeholders along with ethical dilemmas increases complexity. (Bird & Osland 2004: 4). To sum up, compared with domestic leadership global leadership makes difference in *degree* of required competences, like self-awareness or cognitive complexity (Jokinen 2005). Similarly, global leadership means more and different *kind* of dimensions than domestic leadership (Mendenhall et al. 2008).

The GLOBE (Global Leadership and Organizational Behavior Effectiveness) study is a research program with the aim to analyse cultural differences across countries. This quantitative research was executed in 1993, and it covered totally 17,000 managers from 951 organizations in 61 societies around the world. There were three different industries included. In the study, totally nine dimensions of national cultures were first defined and then measured quantitatively. Those national culture dimensions were performance orientation, future orientation, assertiveness, power distance, humane orientation, institutional collectivism, in-group collectivism, uncertainty avoidance and gender egalitarianism. The objective was to examine whether there are leader behaviours, attributes and organizational practices which are culturally convergent or culturally divergent. These were reflected both to societal culture and organizational culture. The former consists of language, religion, political orientation, origin, and history. The latter, instead, covers the shared organizational language and values as well as history. As a result there were six culturally generalizable global leadership attributes identified. All cultures seem to endorse *charismatic, team oriented, self-protective, participative, humane* and *autonomous* leaders. (House, Hanges, Ruiz-Quintanilla, Dorfman, Javidan, Dickson & Gupta 1999: 82; House, Javidan, Hanges & Dorfman 2002: 3; House et al. 2004)

Jepson (2009) argued that cross-cultural leadership needs a more interactive approach than was launched by the GLOBE. Similarly, Alvesson and Sveningsson (2003b) have stated that leadership should be considered as a collective social process involving also subordinates. Jepson (2009) based her argument mostly on social constructionist view which encourages rather adopt than to ease the complexity of nationally bound leadership style. Furthermore, this view explains the variations of leadership behaviour also within the culture since individuals build their national identity themselves. (Jepson 2009: 66-68) In order to fill in the gaps of the GLOBE, Jepson (2009) launched a cross-country study which concentrated on the leadership in different contexts varying from national level to organizational level and further to hierarchical and even to departmental level. This qualitative research covered totally 105 interviewees, and the findings were quite valuable. It was proved that there are

certain similarities in leadership behaviour at the same hierarchical level and within the same departments. (Jepson 2009: 73-74) Moreover, the desired level of leadership was often associated with the displayed leadership or with the previous experiences rather than with national culture (Jepson 2009: 77).

2.1.3 Complexity in global leadership

> *"Global leaders have to acquire new knowledge about the different contexts in which they work. The way they use knowledge and information to analyze a situation and act upon it entails a broader set of choices at a higher level of complexity."* (Levy, Beechler, Taylor and Boyacigiller 2007)

Globalization has been described as "more and different" meaning that the global playground includes uncountable internal and external stakeholders combined with various cultural and political insights. The bigger market of customers and competitors is there, the larger variety of needs and regulations as well. These often conflicting demands, which are called also as *multiplicity,* cause complexity which global managers have to deal with. Even if globalization has brought the whole world closer with fast movement of capital, information and people, as an opposite view it has caused *interdependence*, which is apt to increase vulnerability in global relations. Also, the more cultures and insights, the more *ambiguity* there is. Ambiguity is the result for individuals interpreting their surrounding world: depending on their culture they understand information differently and the facts can get multiple interpretations. The mass of available information have also led to ambiguity; information can be unclear, wrong or totally lacking which causes uncertainty. In addition to "more and different" in global business, global leaders have to deal with constant change, because the whole playground is always in motion. When global companies are tightly linked with each other, multiplicity, interdependence and ambiguity often repeat themselves again and again. For example, a short message can be interpreted differently in different cultures and cause totally wrong actions. The complexity has then the multiplier effect on top of multiplicity, interdependence and ambiguity. In addition, constantly changing business environment put a certain challenge to this whole picture. (Lane, Maznevski & Mendenhall 2004; Lane, Maznevski, DiStefano & Dietz 2012: 211-213) The following Figure 3 visualizes the complexity caused by globalization.

| Multiplicity | x | Interdependence | x | Ambiguity | x | Flux | = | Dynamic Complexity |

Figure 3. The complexity of globalization has the multiplier effect. (Lane et al. 2004)

As globalization causes complexity in many levels in business, there is no doubt why global leaders are ought to have certain characteristics like cognitive complexity, self-assurance and interpersonal skills to succeed in their roles. These characteristics can be also categorised as intellectual capital, psychological capital and social capital as they are in Global Mindset Inventory (GMI) launced by Thunderbird´s Global Mindset Institute.

2.2 The key competencies of global leader

> *"Global leaders need more than intercultural skills; they have to understand how culture may influence their company´s strategy, structure, administrative systems, and operations."* (Lane et al. 2012: 177)

Global leaders exist in all levels of organization, not only among the top executives. According to Jokinen (2005) "anyone who has global responsibility over any business activity" can be described as a global leader. (Jokinen 2005: 201) Often global leaders have been described also as change agents: "they must effectively manage through the complex, changing, and often ambiguous global environment" (Caligiuri 2006: 219) or "anyone who leads global change efforts is a global leader" (Osland 2008: 34). One more definition suggests that there is clearly no one type of global executive but instead "executives are more or less global depending upon the roles they play, their responsibilities, and the extent to which they cross borders" (McCall & Hollenbeck 2002: 32).

Global leadership competencies have gained an emerging interest among academics from the 1990s. In fact, scholars in the field have been even more interested in the competencies which are needed for effective global leadership than the exact definition of global leadership (Beechler & Javidan 2007: 136). Based on several studies in the field, there is a general assumption that so called "soft qualities", ie. individual characteristics, has reflected more clearly global leadership competencies than for example factual knowledge (Jokinen 2005: 204). Jokinen (2005) has studied widely the global leadership qualities. The most frequent competencies of global leader are presented in the following Table 1. They are based on Jokinen´s (2005) findings, but have been extended with latter subsequent similar studies.

Table 1. A concise view of global leadership competencies.

Author	Global leadership competence
Harris & Moran (1987)	empathy openness sensitivity to intercultural factors respect for others role flexibility tolerance of ambiguity
Srinivas (1995)	curiosity acceptance of complexity diversity consciousness and sensitivity seeking opportunity in uncertainties faith in organizational processes focus on continual improvement extended time perspective systems thinking
Rhinesmith (1996)	managing complexity managing adaptability managing uncertainty
Brake (1997)	relationship management personal effectiveness business acumen transformational self
Gregersen et al. (1998) and Black et al. (1999)	exhibiting character embracing duality demonstrating savvy inquisitiveness (curiosity)
Rosen (2000)	personal literacy social literacy business literacy cultural literacy
Williams (2002)	communication and listening conflict resolution respect honesty openness tolerance approachability reliability
Nummela, Saarenketo & Puumalainen (2004)	openness ability to handle cultural diversity
Jokinen (2005)	self-awareness
Levy, Beechler, Taylor, Boyacigiller (2007)	cosmopolitanism cognitive complexity
Bhagat et al. (2007)	cosmopolitan outlook cognitive complexity cultural intelligence
Beechler & Javidan (2007)	openness, curiosity, respect, flexibility, effectiveness
Javidan, Steers & Hitt (2007)	mutual trust
Osland, Bird & Oddou (2012)	perspective taking trust building mediating

The Table 1 is only a concise cross-section of global leadership competencies through the past years. The purpose of the table is to point the frequency of certain global leadership competencies and a large amount of leadership competencies in all. Only a few authors and their views are included in this table. The list of competencies is rich, but there are also many parallel terms meaning the same in different words.

In the 21st century the role of business intelligence has become more important. Global leaders are expected to have the ability of managing uncertainty as well as business savvy with cross-cultural skills (Evans et al. 2010: 207). In addition to traditional leadership skills global leaders have to adopt broader knowledge and a global mindset to navigate through the complexities (Cohen 2010: 3). The core aim is to influence individuals, teams, or organizations and to help them achieve the objectives. In global context, however, the relationship between the leader and the follower do not rely on traditional authority but instead on global networks and global teams (Beechler & Javidan 2007: 141). This kind of complexity asks for individual skills, attitude, values, and personal traits. As leadership commonly means the ability to influence others to get something to done (e.g. Javidan & Bowen 2013: 146), global leaders have the challenge to influence people that are different from themselves (e.g. Smith & Victorson 2012; Javidan & Bowen 2013: 146). Global leaders have to balance between opposite forces, expectations, and requirements which are caused by organization´s values and principles, his home country´s regulations, and the host country´s norms (Javidan & Bowen 2013: 149). This requires a deep understanding of cultural differences. (Cohen 2010: 6) Global mindset is also closely linked with personal knowledge and skills; assimilating diverse cultures asks for cultural intelligence which is almost a sixth sense (Kedia & Mukherji 1999: 249; Cohen 2010: 7).

2.3 Global mindset

> *"The most important attribute required for effective global leadership is not a new set of skills or experience, but rather a new perspective called as a global mindset." (Cohen 2010: 4)*

Managerial cognition was focused attention already in the early works in 1960s. Especially the study of Perlmutter (1969) about the cognitive capabilities of senior executives can be treated as a ground-breaking research towards an existing phenomenon of global mindset. Perlmutter (1969) distinguished three main attitudes or orientations of senior managers which guide multinational companies to a certain

direction. These attitudes mainly influence to the structure, strategy and processes of the organization. First of them, *ethnocentric* orientation*,* emphasizes a high national identity and is often seen as a contrary between headquarters and subsidiaries. It is called also as home-country orientation. The second, *polycentric* orientation, instead, is confidential of the manners and methods in another culture. Among senior executives there is a respect that the things are done properly in the host country even though not always in the same way than locally. The third one, *geocentric* orientation of managers, reflects a true global mindset. It means that there are no cultural boundaries in decision-making but instead the challenges of the company can be solved globally. (Perlmutter 1969)

Three managerial orientations of Perlmutter have later inspired many academics in their studies. Since the 1990s, global mindset has been seen as a critical success factor as a consequence of the emerging global business. It was realized that in global competition the success does not merely lay on structural mechanisms but more and more on mindset-based capabilities (Bartlett & Ghoshal 1990). As Govindarajan and Gupta (1998: 2) put it "Success is all in the mindset". It is widely recognized among the academics and practitioners that managers who have a global mindset are able to deal with the complexity in multinational business environment. Complexity is caused by the constant balancing between local responsiveness and global integration, as well as diverse workforce. In this process, the role of global leaders becomes crucial: they take the responsibility of the complex network consisting of internal and external stakeholders. They also influence culturally diverse individuals, teams and groups towards agreed goals both inside and outside the global organization (Beechler & Javidan 2007: 140).

Bhagat et al. (2007) have provided a comprehensive view to global mindset development: industry-specific, organization-specific and person-specific domains each have an effect on the development intensity. They either facilitate or hinder the development of global mindset. Depending on the industry and the product in case, the pace of globalization can be rapid or slow. As an example, rapid globalization requires a standardized product with fast life-cycle, political contribution, government interventions as well as effective marketing (industry-specific domains).

In addition to applicable product, organizational capability is essential; it requires strategic leadership processes such as knowledge management, and also matrix organization or a kind to ensure horizontal coordinating (organization-specific domains). The third person-specific domain consists of both facilitating and hindering

traits of global mindset development. Those which facilitate are cosmopolitan outlook, cognitive complexity and cultural intelligence. (Bhagat et al. 2007: 4)

Organization has a pivotal role to encourage senior managers to proceed in global role and responsibility. Organizations are forced to redefine their old strategies and realign their way of thinking in order to manage complexity of economic, political and cultural interdependence. In order to become a true global company, the top management should consist of individuals of multiple nationalities. Sam Palmisano, the former CEO of IBM has put it as follows:

> *"Simply put, the emerging globally integrated enterprise is a company that fashions its strategy, its management, and its operations in pursuit of a new goal: the integration of production and value delivery worldwide."*

It is not always simple, though:

> *"The real challenge is to globalize the mind of the organization."* (Lane et al. 2012: 214)

When the global business environment provides both opportunities and challenges, the organizational key success factor is especially the agility and flexibility to change as well as predict the signals in business environment. (Kedia & Mukherji 1999: 230; Beechler & Javidan 2007: 132; Lane et al. 2012: 211) The way how an organization reflects the global business environment and opportunities there is called as *a corporate mindset.* It also helps with balancing between local responsiveness and a global approach. In this process, top management has a pivotal role in creating a global strategy and focusing primarily on vision and processes as well as people. That is why top management should also be refreshed by members of multiple cultures in order to have a global view for organization´s decision making. (Paul 2000: 190-193; Lane et al. 2012: 211) Moreover, senior executives should drive the leadership development process and act as role models for middle managers, who are asked to adopt a global mindset in leading and developing diverse workforce (Caligiuri 2006: 219; Evans, Smale, Björkman and Pucik 2010: 217).

Nummela, Saarenketo and Puumalainen (2004) have equally seen three determinants of export performance: organizational characteristics, managerial characteristics, and environmental forces. It is assumed that becoming global a company requires on the one hand internal abilities such as managerial skills and organizational willingness,

but there are also certain forces in business environment which contribute to think and act global (Nummela et al. 2004).

Up to these days there have been several parallel descriptions of a global mindset: for example it is said to reflect a manager's openness to and awareness of cultural diversity and the ability to handle it (Nummela et al. 2004: 54). According to Beechler and Javidan (2007) global mindset consists of both knowledge and cognitive and psychological attributes which help with influencing individuals and groups. These three dimensions of global mindset are also known as intellectual, psychological, and social capital. A leader with global mindset has a certain passion for cultural diversity; it requires openness, curiosity, respect, and flexibility as most important. (Beechler & Javidan 2007) One more definition of global mindset says that it is a kind of cognitive or knowledge collection of different cultures. An experienced manager chooses an appropriate cultural framework for a situation in case. (Nardon & Steers 2007: 48) Depicting one´s social capital, mutual trust is also considered crucial for successful global leaders. In practice it means respecting divergent cultures and people so that they feel trust for their leader. Interaction with individuals of diverse cultures is apt to increase mutual trust, and it is considered as the most effective learning method. (Javidan, Steers & Hitt 2007: 221-222)

Global mindset has been compared with cultural intelligence with the distinction that global mindset is more a state of mind than actual behaviour. Cultural intelligence, instead, is often described as interactive behaviour with individuals of other cultures. Further, cultural intelligence means the certain openness to any kind of diversity. Earley, Murnieks and Mosakowski (2007) argued that having global mindset is useful only, when there is also cultural intelligence to put it into practice. As a result of these two aspects is an individual who behaves effectively in divergent environment. (Earley et al. 2007) In turn, Beechler and Javidan (2007) argued that global mindset is a major driver of global leader´s behaviour, and it enables the flexibility and effectiveness in complex environment.

As Thomas Friedman has argued, the world has become flatter mostly due to development of technology. At the same time, the issue of global mindset has been described challenging, because the minds of individuals are still mostly round. When the national boundaries do not exist as they have used to, cross-cultural barriers grow and cause new challenges and opportunities (Javidan & Walker 2012: 39). The shift towards global mindset does not happen very fast in individuals´ minds. As work environments are changing more rapidly than the global mindset among individuals,

the competitive advantage of multinational companies is exactly the agility to change the direction towards global thinking. (Javidan et al. 2007: 216) It can be said that organization has an enabler role in this process by providing supportive environment for individual development. The success and the speed in global business depend in large part on a management team´s ability to adapt to the global realities (Javidan & Bowen 2013: 154). The importance of ''finding'' versus ''growing'' applies in the development of global mindset; having suitable individuals for global leader roles it is possible to "find" one´s global mindset and developing them further with practical methods, e.g. coaching, means "growing" one´s global mindset (Javidan & Bowen 2013: 151).

2.3.1 Global mindset at individual level

Since global mindset is understood as the cognitive ability to structure diverse cultures and influence individuals and groups related to them, the role of individual´s mental capability is indisputable. A theoretical framework of this study lies primarily on the Global Mindset Inventory (GMI) model of Thunderbird Global Mindset Institute. The scientific process of creating Global Mindset Inventory started in Thunderbird School of Global Management in late 2004, and the model has been afterwards tested and developed with thousands of respondents. GMI was launched to respond to the demands of global leadership: as there is a constant demand of talented global leaders and only a limited supply of them, developing one´s mental capability is crucial both for the individual and for the organization in case. Global Mindset Inventory contains totally nine competencies related to communicating skills, business acumen and the ability to influence divergent people. Those competencies are grouped under three capitals – intellectual, psychological and social. (Thunderbird Global Mindset Institute 2013) The structure of Global Mindset Inventory with three capitals and nine competencies is presented in Figure 4.

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                        ┌─────────────────────┐
                        │   GLOBAL MINDSET    │
                        └─────────────────────┘
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Intellectual capital	Psychological capital	Social capital
Global Business Savvy	Passion for Diversity	Intercultural Empathy
Cognitive Complexity	Quest for Adventure	Interpersonal Impact
Cosmopolitan Outlook	Self-Assurance	Diplomacy
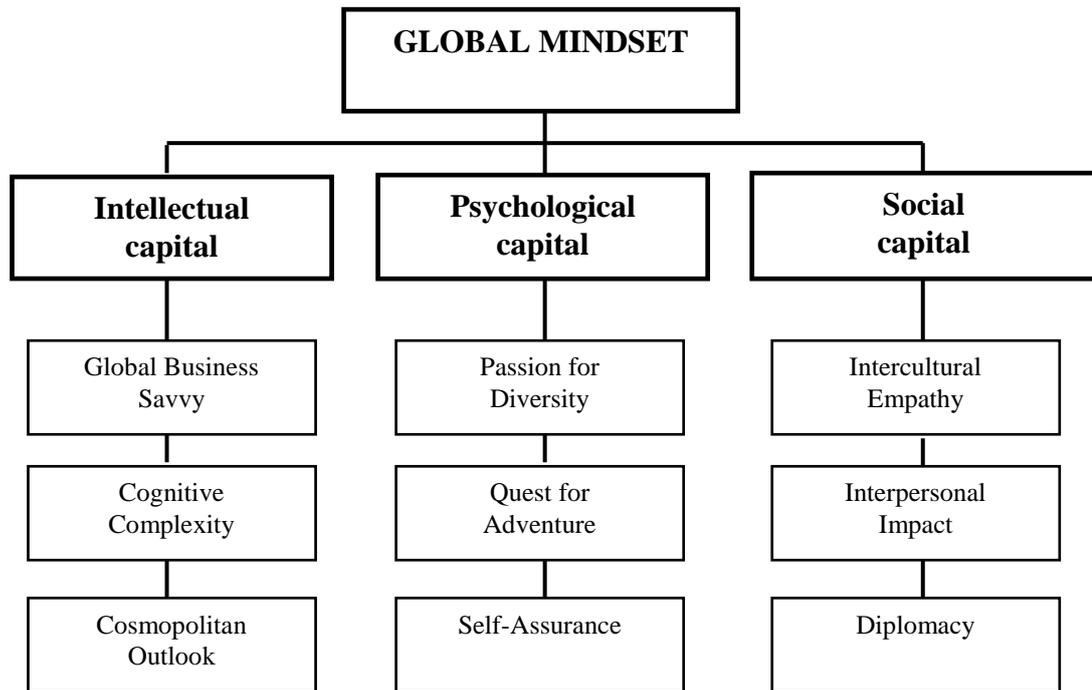
Figure 4. Three capitals and nine competences of global mindset. (Thunderbird Global Mindset Institute 2013)

The Global Mindset Inventory model is a comprehensive package of desired characteristics of an individual, but realistically taken there is no human being, who fulfills all nine competencies perfectly. However, it is not the point either. Instead, it is valuable to recognize own strengths and weaknesses, and then concentrate on certain attributes requiring development.

> *"Individuals who have a global mindset have a certain self-efficacy to cope with complex situations; they do not abandon but instead learn by working. This kind of optimism is called as psychological capital."* (Clapp-Smith, Luthans & Avolio 2007: 106)

Psychological capital seems to be the most challenging to increase and develop, because those traits are mostly inherent: *Passion for diversity* means the inherent intensity to explore the world by travelling and living abroad and getting to know the local people there. Further, *quest for adventure* explains the most valuable part of the global mindset, such as dealing with uncertainty, feeling comfortable in unpredictable situations and willingness to take risks. An individual with positive psychological capital has also *self-assurance*, agility in tough situations as well as positive energy to challenge himself. (Thunderbird Global Mindset Institute 2013)

As psychological capital relates to one´s mental capability to survive in complex situations, intellectual capital is the cognitive side of global mindset: *global business savvy* and *cosmopolitan outlook* both refer to one´s curiosity to global phenomena of business, cultures and politics. *Cognitive complexity*, instead, modifies the core of the whole global mindset concept. Complexity arises when cultural, economic and political forces meet and individuals are forced to redefine their existing views or at least adapt to opposite views. Those who are able to crasp the complexity in organizational or individual level are the strongest in global world. This requires certain analytical problem solving skills. (Javidan & Walker 2012: 4-5; Thunderbird Global Mindset Institute 2013)

The third part of one´s global mindset consists of the behavioural aspect, ie. social capital. As so called "soft qualities" often qualifies a competent global leader, *intercultural empathy, interpersonal impact* and *diplomacy* indeed display this emotional intelligence. Ability to engage people from different cultures to work together, building networks and the ability to integrate different perspectives are among the most important attributes of global leader. These together are the building blocks of mutual trust. (Javidan & Walker 2012: 4-5; Thunderbird Global Mindset Institute 2013)

In global business environment it is obvious that there are constant trigger moments which require new ways to think and act. Some individuals are better adjusted to these unpredictable moments than the others, and a global mindset has been argued to play a key role here. Clapp-Smith et al. (2007) has argued that any unknown event leads to the process of expanding the global mindset of individual. Cognitive complexity has a strategic importance by indicating individual´s ability to act in global context. Every time there is an unknown event or clue, an individual tries to find the suitable trait from his cognitive complexity either by *differentiating* or *integrating* the existing traits. Alternatively he may expand the complexity with a new trait. High level of differentiation is essential, because it helps with recognizing cultural diversities. Even more important, though, is one´s ability to integrate the multi-dimensional information. Integration means categorising the information both across contexts and within context. According to Clapp-Smith et al. (2007. 112-114) only the person who has both high differentiation and high integration has a true global mindset.

Despite of its strategic importance, cognitive complexity is not enough in global business environment. It is even more important to have a psychological capital which contributes the process towards a higher level of cultural intelligence. Only a self-

confident individual is able to see also failures as opportunities to learn. At the same time, failures help with coping with further challenges. Having positive psychological capital often broadens one´s mind and helps building one´s world view to even more professional. Psychological capital keeps the process flowing. (Clapp-Smith et al. 2007: 115-117) Still, there is one more dimension which can strengthen the relationship of psychological capital and cultural intelligence. It is called as individual characteristics, and it consists of passion to develop and promote in one´s career. (Clapp-Smith et al. 2007: 107-108; 124)

2.4 Global leadership development

> *"In order to remain competitive, organizations have to be proactive and continuously develop their existing leaders or select new ones to perform in global tasks; there may be a dilemma of "make or buy".* (Caligiuri 2006: 226)

Almost all the models of the global leadership emphasize the personal characteristics of the individual as a basis for development. The ability to interact in complex situations along with tolerance of uncertainty and ambiguity are considered as most important. In order to gain the needed tolerance, the individual has to have certain characteristics such as openness, curiosity, self-confidence and optimism which also are categorized as one´s psychological capital. In addition, the intellectual capital which appears as business acumen and understanding of other cultures and political systems is highly appreciated in global leadership role. Along with the personal abilities, the value of relationships and networking is also indisputable.

Learning at the individual level consists of three phases during which the new information is processed. These phases are *contrast, confrontation* and *replacement*. When there is a new situation, the individual contrasts it to his existing view and confronts his own beliefs. Without that contrast there is no change, or replacement, in one´s own mental map. In cultural interaction the contrasting situations are common. The transformation is possible only when an individual is capable for replacing his culturally limited notion and accept diverse views. At deeper level he is also able to apply the learning to other contexts, for example when working with multiple cultures simultaneously. (Oddou & Mendenhall 2008: 162-164)

2.4.1 Methods to develop global leadership

Cappellen & Janssens (2005: 349) has defined global career paths as an intersection of three different domains: an individual, an organizational and a global environment domain. While the past perception of global career only covered long-time expatriation, the contemporary view is linked to many kinds of international experience, such as global projects and teams, extended business travels and short-time assignments. In general it reflects the common nature of business, which is mobile and short-sighted.

There is no one and only method as how to become a successful global leader. Instead, the factors are multi-dimensional, depending on one´s personality, previous experience as well as the current role and responsibility. Motivation to learn and develop as a global leader reflects one´s personal interest, which is also crucial when acquiring a true global mindset. (Cohen 2010: 8-9)

> *"The highly motivated, self-directed individual with skills of self-reflection can approach the workplace as a continual classroom from which to learn."* (Chien 2004: 287)

It is widely recognized that it is essential to have an extensive view about other cultures in interconnected global business world. However, business schedules are often so tight that there is no time for separate culture learning before the actual need, even if the best efficiency would be achieved if "theory and practice" followed each other consecutively.

There is a commonly used phrase of "learning by doing" which means the same than learning on the job, or self-directed learning (Chien 2004: 286). All these terms reflect informal learning which is among the best and most effective learning methods in the lifelong learning process. Self-directed learning is based on one´s perceptions which make learning especially effective; it enables individual to pursue activities that correspond to his learning styles and needs. (Chien 2004: 286). In a working place self-directed learning is linked with organizational performance, and learning on the job becomes even more powerful when it is systematic. It requires certain commonly agreed goals, such as:

> 1) *What areas of knowledge and skills we need to gain in order to get something done (our learning needs and goals).*

2) How we will gain the areas of knowledge and skills (our learning objectives and methods)

3) How we will know that we have gained the areas of knowledge and skills (learning evaluation). (Chien 2004: 287)

Sometimes it can be frustrating if learning is only a process of trial and error. Realizing the dilemma of limited time, Nardon and Steers (2008) have argued that in addition to basic cultural knowledge and a certain global mindset, there is a need for learning cultures "on the fly". In addition to lack of adequate time for learning, Nardon and Steers (2008) raised the issue of complexity which appears through multicultural interactions. As business relationships used to be bi-cultural in the past, today they are increasingly multicultural both between companies and inside a company. When there is a mix of cultures, it is not axiomatic to which culture people should adapt. Besides, the way how people communicate has changed due to rapid development of technology. Virtual technology, such as web meetings and conference calls, has decreased face-to-face communication. Due to increased demands of efficiency on the one hand and technology-based multicultural business environment on the other hand, there are certain need for new cultural learning methods. (Nardon & Steers 2008: 49-50)

Experiential learning theory describes the cycle of individual learning process. During the process an individual faces concrete experiences which he observes reflectively and then makes generalizations. Based on those generalizations, an individual identifies solutions and behaves according to his new mental theory. Figure 5 demonstrates the cycle of individual learning process. (Nardon & Steers 2008: 50-51)
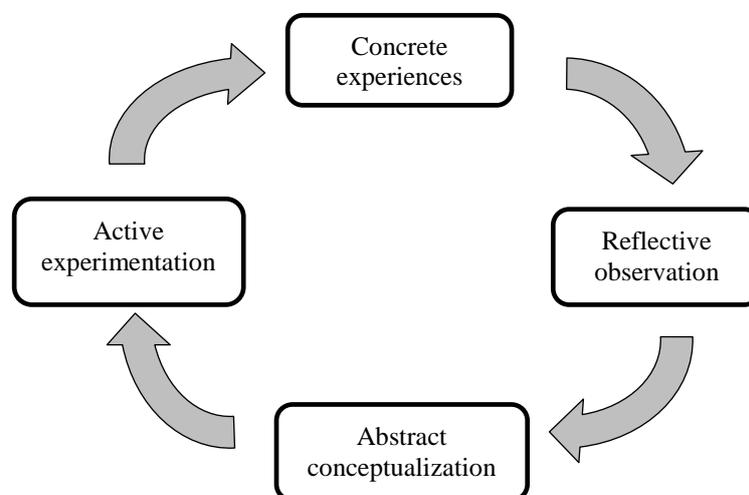

Figure 5. The cycle of individual learning process.

Every learning cycle is unique and may start at any point. Essentially, though, all steps mentioned are crucial when working successfully in complex business environment. (Nardon & Steers 2008: 51-52)

Global leadership skills can in principle be learned and improved in one´s current job in multinational company, but working with diverse workforce does not solely make an effective global leader. Moreover, it is argued that learning different cultures from a distance is difficult (Nardon & Steers 2008: 49). Interaction with individuals of diverse cultures is considered crucial, because it is more effective than any other learning method. The meaning of job assignments is thereby indisputable. (Nardon & Steers 2008) Also networking with colleagues is an important tool for global leaders when building a global mindset. In addition to internal purposes, networking means also social communication with colleagues across organizations. (Paul 2000: 196)

As Clapp-Smith et al. (2007) argued the trigger moments to be effective for learning, Evans et al. (2010) has also proved that when taking people out of their comfort zone the learning process is the most effective. They state that managed mobility, called also as a job rotation, is considered critical for intransitive leadership development. Often the focus is to take a more strategic view to working, as well as to handle broader concepts. (Evans et al. 2010: 215-216) Regardless of the positive psychological capital of the individual, firms are responsible to put their people into situations where the transformation process of contrast, confrontation and replacement can happen. The methods for developing global leaders are international business seminars, business travel, international project teams, and international assignments. All of these have a certain impact in internalizing process. (Oddou & Mendenhall 2008: 166).

International assignments are argued to be among the most important tools for learning about diversity and foreign cultures. The daily interaction and integration with people from other cultures is the most natural way to gain deep understanding about foreign working and social life (Oddou & Mendenhall 2008: 169). Traditionally international assignments have been demand-driven, lasting from one to three years. As a developmental method there would also be a certain need for learning-driven assignments which provide a possibility to learn foreign working culture and build networks abroad. This, however, requires a certain choice of top management, and it is comparable to the issue, whether to focus on high-performers with past performance or on the high-potentials with future performance. This, in turn, reflects the dilemma of short-term versus long-term strategy planning. (Evans et al. 2010:

214) Evans et al. (2010) argue that there should be a linkage between accountability and tenure in assignments. In demand-driven assignments the individual always has a certain targets to achieve, which means he is accountable of agreed performance. In learning-driven assignments, instead, there is not similar accountability. (Evans et al. 2010: 216)

Viitala (2005) has presented different development methods illustratively in four dimensions by their nature: informal and formal, individual and collective. This division is shown in Figure 6.
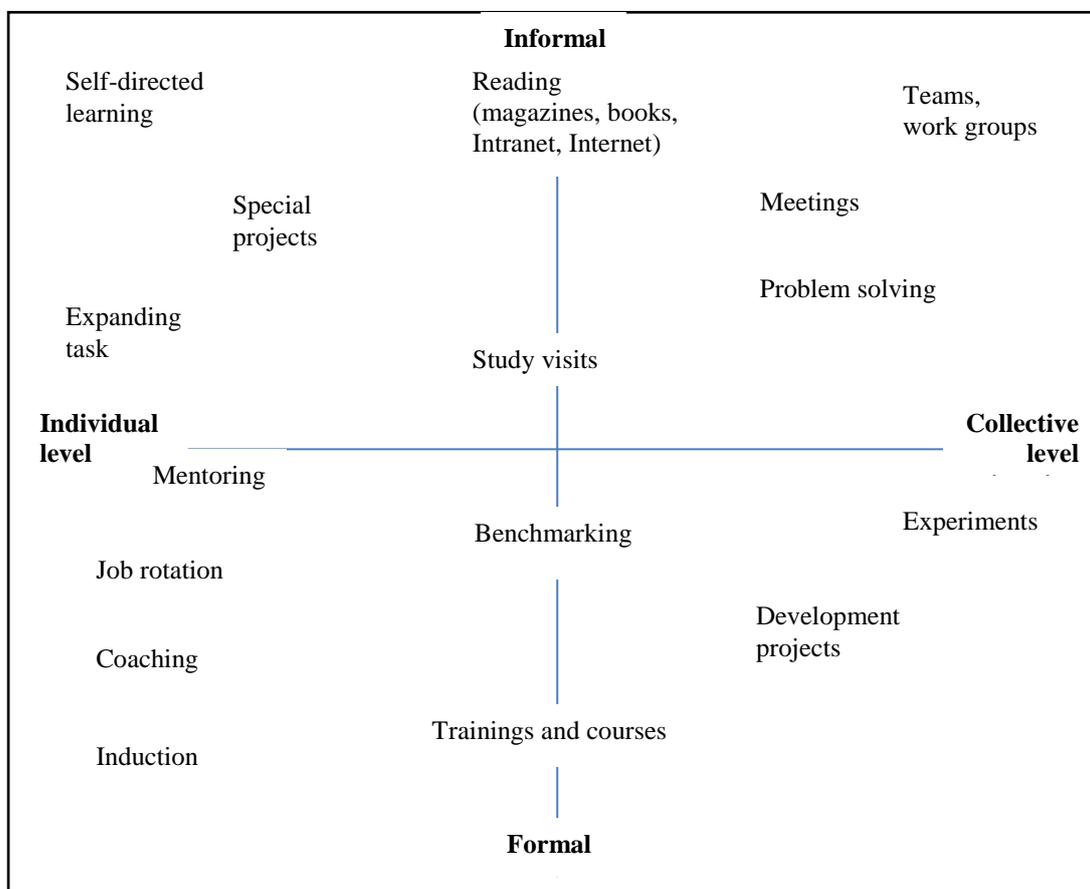
Figure 6. The development methods. (Viitala 2005: 261)

The Figure 6 presents how the concrete development methods are categorized between individual and collective level. In this study, the special attention is paid to the methods at individual level (on the left side of the figure). There are methods such as induction, coaching and mentoring, which all are related to interaction of two individuals - more and less experienced. In global leadership development coaching and mentoring are emphasized more than induction which is mostly used in the

beginning of employment. The role of job rotation is also indisputable in leadership development. In the middle there are benchmarking and trainings, which can be considered useful methods as well, mainly in sharing the best practices or formal theoretical knowledge. In addition to these, networking, reflection, action learning, and 360-degree feedback can be also used as leadership development methods of an individual. The nature of them is however more collective.

In the left upper corner in Figure 6 there are informal development methods used at individual level. At least self-directed learning and task expansion are strongly related to one´s personal attitude and motivation to develop. All kind of self-study is also associated with one´s personal interest and curiosity to learn new.

In order to give additional value for global leadership development, all methods have to be modified appropriately for the use. Formal learning methods help in developing theoretical knowledge and informal methods in turn in developing practical skills. Formal and informal methods together are apt to create conditions for reflective learning (Viitala 2005): for example by coaching one can conduct global leader to expand his tasks and gain a new level of competence. Or vice versa, by acting in special projects one can adapt to the theoretical input of trainings. Acting as a mentor requires comparable work experience in a global business; otherwise the aim of experimental learning does not fulfill. If the mentor is able to identify the challenges of a less experienced manager, the learning method is the most effective. Action learning is an effective way to learn for those working in MNCs; it covers concrete global business issues which have to be solved with international team members. A reasonable tool for personal development is the 360-degree feedback which enables the comprehensive view of individual´s behavior. The feedback is given multi-dimensionally by managers, team members and customers. Reflection, as well, acts as a developmental tool; there feedback is given by surveys, for example.

2.5 Leadership intransitivity

Related to a high demand of global leaders, there may be challenges related to leaders´ transitions in organizations which have a low hierarchy. This challenge is called as *leadership intransitivity*. As a consequence less experienced leaders have good chances to be promoted to the upper leadership level. These chances may however be tricky if the leaders cannot get adequate support and feedback. Leadership transitions call for the shared accountability of the organization, the individual and the

peers. When the redundant layers of leadership and non-essential leadership positions have been removed, the career moves are rapid and often require tremendous leaps to a new level. This may be a certain challenge for the less experienced leaders inside the organization, and thus some failures are inevitable. On the one hand the challenges are related to the movement from expert to leader role, and on the other hand to the shift from individual performance to group performance which means that in the leader role the results have to be accomplished through other people. (Paese and Wellins 2007: 4) Even more often the leadership intransitivity occurs when individual´s role changes from local level to global level. The challenge of "letting go and taking on" means delegating the previous tasks and taking on the new role. Related to context – local versus global – it requires certain maturity to adopt a new perspective. (Evans et al. 2010: 208) The leadership role at the global level is usually more demanding than the domestic role, so it is assumed that the ability to move from domestic to global role depends more on individual´s mental capacity and motivation to adopt different cultures. Global business environment is also more complex and ambiguous which requires mental capacity to act effectively.

In the following Figure 7, there is a low hierarchy born global organization described as a pyramid. In this case the redundant layers of organization have been removed. At the same time, the step from an expert role to a leader role is much smaller. On the one hand it means that the career progress is quite smooth from level to another, but on the other hand the responsibility grows significantly from lower to upper level. Even if this kind of challenge can exist in all kinds of organizations, a low hierarchy means less managerial levels so the transition from expert to leader role becomes realistic earlier in such born global organizations than organizations in general.
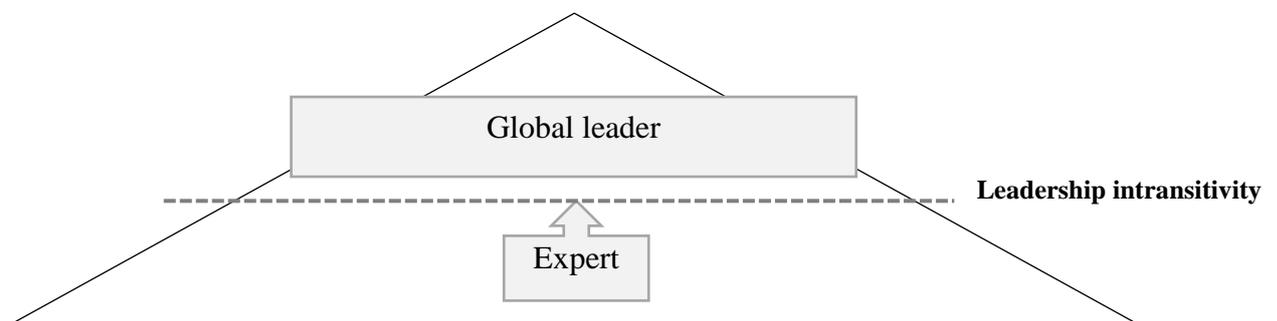

Figure 7. The illustrative example of transition from expert to global leader role in an organization with low hierarchy.

In organizations which have a low hierarchy, the transitions are many times related to the movement from the expert role to a leadership role, and it has been noticed that people struggle most with these kinds of transitions. When working as an expert, the authority is purely based on the expertise. Therefore, when getting a chance to move up in one´s career, it can be challenging to delegate some of the experimental tasks to someone else and concentrate on leadership. Similarly, as an expert the goals have previously been to gain the individual objectives. As a leader, instead, the goal is to get results through other people by influencing people towards agreed objectives. "Letting go and taking on" can be most challenging to internalize in the new leadership role. (Evans et al. 2010: 208: Evans, Pucik & Björkman 2010: 303-304)

Leadership intransitivity is often related to a change from an operational role to a more strategic role in broader business environment. Those individuals, who are capable to move successfully to the next level, are the most valuable for employer, and they should be identified and developed systematically. (Evans et al. 2010) Guillén and Ibarra (2010) have described these different levels as leadership pipeline, through which leaders progress during their role-cycles. They made an assumption that making a transition to a new leadership role is more challenging than leveraging tasks in a current role. Further, they argued that relevant leadership development tools are not the same during the whole leadership life-cycle; "one fits for all" does not exist in most cases. According to Caligiuri (2006) the capability to develop contains several dimensions, which are person´s knowledge, skills, abilities and personal characteristics. Especially Caligiuri (2006) emphasizes the remarkable role of personal characteristics, which is the most difficult to develop and change, but which also is the most important in performing global tasks successfully.

In order to manage the transition, both the leaders and the organization have to commit into the process. Caligiuri (2006) states that multinational organizations should firstly identify the managers with the requisite personality characteristics and secondly provide them possibilities to training and self-development. Transition skills are a good example of relative global leadership competence, and therefore they should be emphasized when planning promotion (Paese & Wellins 2007: 22). In general, the global leadership development should be understood as a strategic process linked with business goals, which begins from selection and covers the whole career. Going beyond, performance management and talent management should be seen as a critical part of global leadership development in multinational organizations. (Caligiuri 2006: 220-226). Setting the ambitious objectives and communicating them to the leaders motivate them to try the best. Finally, when the promotion becomes

apparent, the support of superior and peers is crucial. In this process, the leader has also an active role: certain self-assessment is needed in order to map the current strengths, but also vulnerabilities. Getting feedback from mentors and experienced peers is valuable, especially during these trigger moments when moving to a new role. (Paese & Wellins 2007)

Evans et al. (2010) has also proved that when taking people out of their comfort zone the learning process is the most effective. They state that this managed mobility, called also as a job rotation, is considered critical for intransitive leadership development. Often the focus is to take a more strategic view to working, as well as to handle broader concepts. (Evans et al. 2010: 215-216)

2.6 Born globals

Born globals (BGs) is a definition of start-up companies which have an inherent global market potential as well as a high intensity to grow rapidly. They search for opportunities in multiple countries from inception (Melén & Nordman 2009: 243). As Lasserre (2003) has suggested, the dimensions of global strategy are global ambition, global positioning, global business systems, and global organization. Distinguishing from international small- and medium-sized enterprises (SMEs), born globals have an accelerated capacity to internalize and they follow the global strategy from the beginning. It means that born globals have a global vision, and they are ambitious to enter certain regions and countries within three years after foundation. Further, they invest heavily in resources and competencies to create global capabilities. As being "born globals", they also build a global organizational structure as a basis for their business. (Lasserre 2003) This requires naturally a product with global market potential.

A key disjunctive factor between international SMEs and BGs is two-dimensional, viewed as precocity and speed of internationalization. The former refers to early internationalization and the latter to efficiency to enter foreign markets. Being a BG requires both the precocity and speed. A global vision with a potential product is, however, not enough. There is a high demand of experienced people; these are senior managers who have networks and visionary insight. (Gabrielsson, Kirpalani, Dimitratos, Solberg & Zucchella 2008: 386-388)

3. RESEARCH METHODOLOGY

The main purpose of this study is to examine the development of global mindset at individual level. The study covers literature review through the existing theories, research and observations of the subject. The empirical part is executed as an interview study which enables collection of the primary data and analysing it thoroughly. The collected data is thus empirically tested towards the existing theories and research. This chapter describes the research methods used to collect and analyse data in the study. First the research approach presents the general theoretical background for the research methods used. After it research design is covered, as well as data collection and data analysis. Further, methods that were used in the interviews are introduced along with the interview details. In the last part of the chapter the study's reliability and validity are evaluated.

3.1 Research approach

Research studies can be divided into theoretical and empirical studies. Theoretical studies rely merely on available theories which can be treated as so called secondary data. Empirical studies, in turn, connect theory with real life observations of a phenomenon, and the primary empirical data is collected and analysed by the author of the study. (Heikkilä 2005: 13; Biggam 2011: 114-115) Research studies can further be divided into quantitative and qualitative studies. The differences between these two approaches relate mainly to the way information is gathered and presented. Quantitative study prefers to numerical data collected from a large sample while qualitative study presents information in a more verbal or visual form and collects it from a smaller sample. A quantitative study focuses on answering questions such as *what, where, how much, how often* etc, and forms a description of the phenomenon based on numerical data. A qualitative study focuses on questions *why, how, what kind of* etc., and aims to understand the phenomenon more deeply via data which is gathered and observed in interviews for example. (Heikkilä 2005: 16–17; Hirsjärvi, Remes & Sajavaara 2008: 131–133)

This study has a qualitative approach with the primary aim to clarify the concrete actions promoting the development of one´s global mindset. The general aim of the qualitative research is to determine a kind of quality in the phenomenon. In this study this means particularly answering to questions of "*what* influences the development of a global mindset at the individual level" and "*why* is that so effective". Also, "*in what*

respects does leadership intransitivity present challenges in the development of a global mindset and global leaders". The empirical part of this study was conducted by interview study method. The richness of interview study is that it is adapted to its purpose in qualitative approach. The open-ended questions allow people to describe their opinions in their own words, and in parallel this method leaves room for fruitful discussion around the topic. Many valuable aspects would have left out of the interview unless there was a possibility to share thoughts and explain more than was exactly asked in question. Notably, it was rewarding that the respondents shared their thoughts and views openly during the interview; it seemed that they felt trust in that moment.

The interview study method was chosen for natural reasons since the purpose was to have a valid sample of individuals who work in certain similar roles in the global organization. In other words, there were pre-defined criteria for interviewees: person who has a role of global leader and who has been employed at least five years in the company and additionally promoted at least once during his career in the company. The interviewed persons accordingly were chosen by the company HRD (Human Resource Development) Manager, who delivered a list of names and titles for the author for further actions.

Interview questions were defined fairly broad in the beginning, but they were narrowed down as the research process became more accurate. The final interview questions are included in Appendix 1.

3.2 Research design

A study process commonly starts with defining the research problem in the beginning. After it a research design has to be implemented. The research design is a conceptual structure within which research is conducted. A reliable research design minimises bias and maximises the reliability of the collected data. There are some questions which can help construing the concept, like "*What is the study about?", "Why is the study being made?", "What type of data is required, and where is it found?", "What techniques of collecting data will be used?"* and *"How will the data be analysed?"* Equally, research design addresses quality measurements to be considered to ensure validity and reliability of the study. (Dhawan 2010: 36-38)

In this study, the basic principles of qualified research were considered at the first phase with planning and conducting. The commonly admitted and desired principles of qualified research are validity, reliability, objectivity, efficiency, openness, privacy protection, usefulness, and proper schedule. Validity and reliability of the study are presented in more detail in the last section of this chapter. Objectivity in research refers to keeping the findings objective, reporting both the negative and the positive, and preventing the authors´ own opinions to influence them. Efficiency and openness relate to the way data is collected for the study, and how it is analysed. For example, respondents need to be informed about *how* and *why* the data is collected. It is also necessary to make sure the privacy of the respondents is respected. A single respondent should not be identified from the research paper. (Heikkilä 2005: 29-32)

3.3 Data collection

Research data can be gathered with a variety of methods depending on the nature of the research. The most commonly used methods are surveys, interviews, observation, and documented information, of which the latter entails using statistics, previous research, reports, advertisements, and other printed text as a source of information (Koskinen, Alasuutari & Peltonen 2005: 131). Data can be gathered by using only one method or several complementary methods. Surveys and all kind of documented information are used in quantitative study as it prefers numerical data collected from a large sample. Interviews and observation, in turn, are the most commonly used methods in qualitative study as the information there is presented in a more verbal form and collected from a smaller sample. While choosing the sources and methods for information it is necessary to consider the object of research as it defines the options for information and data gathering. (Heikkilä 2005: 16–17)

This study was done by conducting a half-structured theme interview. Interview questions were defined by the author and approved by the supervisor of the study. Based on advises of the supervisor the initial amount of questions was reduced, which enabled a narrowed scope. Also, a special attention was paid on formatting the questions, so that they asked exactly the matters they should in terms of research problems (the validity point). As a complementary method, there was a separate self-assessment questionnaire, Global Mindset Inventory. Originally it was launched to help in assessing individual´s global mindset, and to this study the questionnaire was chosen for the same reasons.

In this study, the purpose of the self-assessment was two-dimensional. From researcher´s point of view it indicated the level of interviewees´ global mindset and helped with getting a general understanding of their mental ability. From the interviewee point of view the questionnaire acted as a tool for self-reflection. It also introduced them to the actual interviews where the scope was to clarify what concrete experiences and practices had been useful in developing one´s global mindset. In the interviews, though, no profound attention was paid to the pre-filled questionnaire. Instead, the open-ended interview questions adapted the structure of the Global Mindset Questionnaire and its contents.

The Global Mindset Inventory model was selected also as a theoretical framework of this interview study. From author point of view the special interest for this particular theory was the freshness of it. Global Mindset Inventory gave perspective to this study and acted as a basis on which the concepts and results of this study were reflected.

In the beginning of data collection process, the author had a meeting with the company HRD Manager. The aim was to get a short presentation of the company in general. Also, the aim was to get the more detailed introduction to organization´s structure and where global leaders are exactly placed in the matrix. In addition, in order to avoid wrong assumptions which could lead to an invalid study it was essential to have a coherent understanding of the definition of "global leader". After this meeting HRD Manager delivered a list of global managers (totally ten) with the titles for further contacts.

The contact with global leaders was taken by e-mail. It enabled that each of them got equal information via the cover letter at first phase. Secondly, as those persons were known to be mobile and busy in their roles, e-mail was a flexible tool to communicate with them. Notably, all of them responded quickly and they were also eager to find time for the interview. The questionnaire was sent by e-mail to respondents two weeks before the actual interviews (Appendix 2). The interviewees were asked to fill in the questionnaire and send it to the author by e-mail for analysing and archiving purposes. The exact date, time and place for interview were agreed at the same time.

In the interviews, the components of the theoretical framework were covered through open-ended questions about "*what* has been the most efficient way for you to learn about the different cultures" or "*what* experiences have been helpful for you to learn cognitive complexity" and *"why",* and similarly through all three capitals –

intellectual, psychological and social. The executives were asked to describe experiences or events that have shaped them as global leaders and developed their global mindset. The rich dialogue enabled the interview to be reciprocal which is considered valuable in interaction. In addition to valuable output of the interviews and questionnaire, observation was also done in interviews. It helped author to modify a certain picture of them all; e.g. what kind of personality the particular individual had.

Also a few questions based on the theory of leadership intransitivity were incorporated, including queries about current role, previous experience and past promotions. Additionally, some new questions around the topic arose as a result of what the interviewees said.

In the literature review of the study, there is a reference to "born globals" having a global vision and being ambitious to enter certain regions and countries within three years after foundation. Further, those organizations have inherent global market potential as well as a high intensity to grow rapidly. As the other phenomenon of this study, leadership intransitivity, is most often related to organizations which have low hierarchy, born global organization likely fulfils this criterion. So, that is the motivation of having born globals defined in this study. The company in this study, in turn, fulfills the central criteria of born global, as it has internationalized in two years after foundation and has had a strategical intensity to global market.

The interviews, totally ten, were covered during the summer and autumn in 2011, lasting 45 to 60 minutes each. All interviewed global leaders had been employed in the company more than 5 years, some of them over 10 years. The interviews took place in the company´s premises in Vaasa and Vantaa. Interview topics were divided in main themes, and the questions for each theme were created based on the literature on the topic (see Appendix 1). The interviews were recorded which enabled concentrating on active listening and asking complementary questions. The language in the interviews was Finnish.

The notes were transcribed for further analysing after interviews.

3.4 Data analysis

The main purpose of data analysis in research studies is to handle the collected evidence appropriately and try to avoid all kind of bias. Data analysis can be

conducted once data is collected, and it requires absolute objectivity in the analysis. A special attention has to be paid to *data reduction*, which means data is sorted, focused and re-organized. *Data display* presents the reduced and re-organized data in professional manner, which enables the simpler *conclusion drawing*. Conclusion drawing, as it says, draws the whole data together. (Miles & Huberman 1994)

In this study, content analysis was used as a qualitative method of analysing the empirical data. Content analysis means depicting interpretations and conclusions about the textual data, such as the transcribed interview data in this study. In content analysis typical sources of data are narrative responses, focus groups, observations, printed information, and as in this study, open-ended questions and interviews. Content analysis starts with categorizing the data to meaningful groups which contains same kind of message than some other. Further, it aims to study the information systematically, objectively, and reliably and gain deep understanding and knowledge of the studied phenomenon. Finally, the purpose of content analysis is to summarize the collected and categorized data and link it to previous studies. (Löytty & Koskinen 2002)

3.5 Validity and reliability

Validity is the indicator of quality in all kinds of dissertations and studies. Validity determines whether the research truly measures what it was intended to measure, and whether the research findings describe the object of the research properly. The importance of proper data collection is indisputable. A special attention needs to be paid to the structuring of the questions in interviews and surveys to make sure they correctly answer to the research questions. In this study the interview questions were modified and adjusted carefully. The aim was to ensure they were targeted to the core aspects which provide valuable information for the research questions. They were also double-checked by another person beforehand in order to ensure their validity. (Heikkilä 2005)

The validity of the study can also be examined as *internal* and *external* validity. Internal validity refers to the degree the surveys and questionnaires reflect the theory in case. External validity relates to the degree other researchers would interpret the findings in a similar way. (Sancheva 2009: 54)

> *"To the extent which results are consistent over time and an accurate representation of the total population under study, is referred to as reliability and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable."* (Joppe 2000)

Reliability in research refers to the repeatability and consistency of the study. In order to gain reliability, qualitative study has to include enough information about the data, particularly how it was collected and analysed. The whole research process needs to be systematically described including the methods how the study is conducted as a whole. (Koskinen et al. 2005)

4. EMPIRICAL ANALYSIS

Empirical findings are presented and analysed in this chapter. In addition, those will be compared with the theoretical aspects of global mindset development in order to find the linkages between those two.

The purpose of this study was to analyse the enablers of development of the global mindset. More closely, the aim was to examine how global mindset develops at individual level and what are the concrete experiences and practices in developing global mindset. The empirical analysis was based on theme interviews of global leaders in the global organization. In this study, the theoretical framework lies on three capitals of global mindset - intellectual, psychological and social. Inside those capitals there are nine competences which are referred through in this empirical analysis. Another pivotal issue is to study empirically leadership intransitivity; whether it appears in the case organization and in what respects.

The main empirical findings are presented in the following sub chapters. Also direct quotations of the interviewees are used with quotation marks.

In this thesis there were two research questions stated in a following manner:

1.   What influences the development of a global mindset at the individual level?

2.   In what respects does leadership intransitivity present challenges in the development of a global mindset and global leaders?

4.1 Few practical qualifications of global mindset

All interviewees worked as global leaders in the organization. When asked first, *how important you feel global mindset in your current role*, they recognize it very important, absolute prerequisite. They introduced rational, and at the same time intelligent reasons for that: First of all, it is not possible to create common practices and policies in the global company without taking different aspects into account. In addition to own cultural aspects it is necessary to see all other cultures and languages as a part of big picture. That is the point of being a trusted colleague or partner in global business. Secondly, when the global market growth is especially in APAC (Asian Pacific) and BRIC (Brazil, Russia, India and China) countries instead Europe, it is important to realize that the business culture in those areas is somehow different

compared to European business manners. Careful communication and open attitude are keywords which smooth the way when different cultures meet in daily business. One of the interviewees crystalized the idea of acting in global environment:

> *"You have to open your own heart."*

"Opening your own heart" means that you have to give something about your own in order to get trust from your partner. Communication with Asians may be challenging, and not least for the reason of possibly poor language skills. The best method in communication is learning in practice. One interviewee gave an example of learning by trial and error.

> *"Do not send an e-mail with several questions. Ask instead one or two and you can get also some answers."*

All in all, being honest and giving a clear message without empty promises, the trust can be achieved.

Interviewees emphasized more than once that global mindset requires honesty and sacrifice. One more argument of having global mindset was presented:

> *"A person with a global mindset is able to step out of his "comfort zone" and make decisions from company perspective even if those were opposite of own or team members´ views."*

Thinking global and developing global organization would not be possible if the responsible persons did not have ability to adopt also other aspects than own. This refers to a tolerance of uncertainty which is needed in complex business environment. Tolerance of uncertainty has also got theoretical evidence to be distinguishing personal trait of a global leader. Equally, tolerance of constant pressure has been argued to make a basic distinction between domestic and global leaders. As one interviewee put his words:

> *"You have to live with it (complexity), and you cannot always win."*

In theme interviews the aim was to identify the most effective ways how the interviewed persons have developed global mindset in practice. The interviews concentrated on the questions what and why (e.g. what has helped them to develop that skill or attitude and why was that so effective). Equally interesting was to identify the practical experiences which *have not* helped them to develop. In the following, there will be a comprehensive examination around the findings.

4.2 Learning experiences in terms of intellectual capital

Basically intellectual capital means the level of knowledge of global industry as well as the intelligence towards different cultures. According to Thunderbird School of Global Management a person with intellectual capital understands complex issues quickly and has certain problem solving skills, global business savvy and knowledge of different cultures and history.

The experienced global leader crystalized the intellectual capital as follows:

> *"Intellectual capital is a basis for the person to think and act globally and take different aspects into account."*

One of the interviewees recognized his global mindset inherent.

> *"Development of a global mindset is first of all based on my personal interest to global world. It has arisen already in my childhood and appears as a curiosity towards people and different cultures."*

According to him, personal attitude has a remarkable influence here.

Another global leader emphasized the capability to understand global business as the most important aspect in his role.

> *"It is essential to understand, how the whole system works between customers, developers and production."*

When asked, what influences on the level of one´s intellectual capital, and particularly what has been the most efficient way to learn about the different cultures, all interviewees agreed that by working with persons from other cultures intellectual capital increases most. It means visiting other countries both in business and in leisure time and communicating with local people there. For learning and observing informal situations are even better than formal interaction, because those show you the real cultural attributes, how people communicate, live and act.

> *"The best method to learn the local culture is to meet colleagues after working day and have a dinner with them for example."*

Being in place and observing also helps building a trusted relationship between two persons from different cultures.

> *"Observing in local site helps you to see how those persons behave in social situations and meetings, as well as what kind of atmosphere there is in the office."*

One´s ability to understand cultural differences develops best in practice.

> *"In China, the collectivistic culture is emphasized meaning that there can be two persons sitting next to each other and doing exactly the same thing. Also taking personal responsibility, making decisions and being innovative are challenging for Chinese people."*

The ability to read between lines is essential for global leader as well.

> *"In the US, everything is "great" in any case, whereas in Finland we are most often moderate in everything we do or say."*

In order to accumulate global mindset requires positive experiences and profits. Also, it matter how long the visit abroad is; the longer the better from learning point of view. However, spending time abroad does not necessarily mean many years´ job assignments but more often shorter business trips several times a year. Interestingly, most of those interviewees had worked some periods abroad during their career, but not in this company, except one who was located in UK when interviewed. All in all, the terms "learn by doing" and "learn by listening" were mentioned by the interviewees frequently.

> *"Only after observing it is possible to change things to a new mode."*

> *"If I have to sell my idea and build trust among the individuals in other culture, it succeeds only by staying there for a while and spending time with them."*

One of the global leaders described his learning method in detail.

> *"If I have a new country in my regional palette, during the first month I try to listen what they have to say, how they have done the business. After I have learned these, I can start to move things to certain direction. However, there is no need to change everything, of course."*

Even if the meaning of learning on the job is indisputable and it is an effective way to learn about different cultures, there have to be also supplementary learning methods in the organizations. One of the global leaders estimated:

> *"There are two equally effective ways to learn about different cultures: first sharing thoughts with colleagues who have accumulated cultural experience and second experience the culture oneself. There is a room for training, too, but not in a large scale."*

Most respondents had personal experience of coaching, which means getting advice from more experienced person, who had spent time in a certain country abroad. Those

who had been coached by someone felt it valuable and easy way to get practical answers. Those who had not been coached by anyone thought it would be valuable, though. However, those who already had a long career behind did not see a personal need for coaching, but they instead had acted as coaches for others and managed it successfully. One of the most experienced global leaders even required more coaching and thought that it would be a profitable way to get more results for the company. He has acted as coach himself, and he argued it as the only way to get a trusted relationship.

> *"You have to respect every human being and his culture, but by coaching you can lead him to a desired direction."*

Coaching can be a separately agreed process between two persons, but a capable global leader often acts as a coach in his daily tasks unwittingly.

> *"I act as a facilitator and role model between our culturally diverse individuals by communicating, listening and understanding. I have to think global."*

In some cases coaching was felt useful only in learning some basic etiquette, such as greetings, having dinner or using public transportation for example. These, however, are the most important to know when communicating with people from other cultures, so the importance of coaching came out in many levels in the interviews.

There was mainly positive attitude towards trainings whenever those have been available in the company. However, the interviewed persons did not know very well if their company provides such cultural orientation training which meant they were not familiar with the content of company training package as a whole. All of them knew where to check the available trainings and equally they were convinced that in case some training is felt useful company provides it. Some of them agreed that it would be valuable to have cultural orientation; at least an individual in the beginning of his global role would benefit of it. At the same time many of them said that business is so hectic that your next business trip can be "in the end of the week", so often there is no room for cultural orientation in advance. According to interviewees the main benefit of the trainings is learning the facts of the country or the etiquette, such as how to greet and what is allowed or prohibited. Many interviewees thought these kinds of facts are easily available also by self-study via internet and books. Thus, they did not felt training very useful compared with face to face communication.

One of respondents had completed a six-month MBA program in his previous job. He felt it very valuable and comprehensive and he highlighted it as his personal learning point:

> *"This so-called Mini-MBA covered four parts: strategy, business, self-development, as well as negotiation- and presentation skills."*

Similarly, one other global leader thought some business-oriented training would be the most valuable for him in the near future.

One of the interviewees raised self-study as his personal way to learn about people and their behavior. Psychological literature has inspired him most and it has acted like a complementary method for the job learning: Behaviorism has supported him in daily work to meet different persons and build trusted relationships. In addition, it has helped him to move out from the comfort zone in order to learn something new.

> *"You should not get stuck too much in your own limits or ideology."*

Learning should not be a process of trial and error. However, one such comment came out related to one´s startup in global leader role:

> *"During the first few months there was no time to stop and analyze the new role more deeply, as there were so hectic times with the new product and business."*

This individual had not been personally involved in planning of the new organization model, and he neither got any special introduction to his new role. The person did not seem to be afraid of that, but he continued:

> *"In practice, when there is a change in the organization, the first (communication) phase is covered adequately, but after it there are no systematic way how to proceed. Instead, there is an assumption that when once communicated, everything flows by itself. This is about the lack of time and resources, I guess."*

Other interviewees had noticed same kind of managerial weakness and they claimed:

> *"In group level the roles and responsibilities are not clear and it causes much inefficiency."*

> *"By coaching, I think, this company would be much more effective and would make more profit with the current amount of workers."*

At least those comments proved that the company had somehow neglected its support role related to leadership development.

4.2.1 Cognitive complexity

Cognitive complexity is a trait which is asked from a person who is working in global business environment, and it significantly helps in building global mindset. Shortly it means the ability to split complex situations quickly as well as certain analytical skills to solve problems. Further, cognitive complexity can be seen also as the ability to interpret abstract ideas, like an intelligence to "read between lines". All interviewed persons understood the point of cognitive complexity and its importance. It also seemed nothing special or insurmountable for them but instead they took it as a part of business in global level.

The answers were quite equal to the question *"what experiences or practices have been helpful for you to learn cognitive complexity"*. All of them emphasized the personal ability to system thinking, logical thinking, diversity and seeing "the big picture". The meaning of personal attitude was mentioned frequently:

> *"It is the attitude which counts most; you can always learn if you have the motivation and the desirable and reachable objectives."*

Interviewees found rational solutions to crasp the entity, and described their ways as follows:

> *"I put the problem into the process view, organizational view and global view and after then draw a mental 3D model of the whole."*
>
> *"By following proper processes and agreements the daily business is straightforward which helps also the complexity. Do not assume but try to find facts instead."*
>
> *"First I try to understand the entire situation from different perspectives and at the same time to find the main problem there."*

Related to this, one of them advised to take enough distance and some objectivity to daily tasks.

> *"It is only work and nothing too complex."*

Many interviewees defined the system thinking on one hand as an ability to manage entities and on the other hand as an ability to see how the details impact on the big picture. It requires understanding of prevailing systems or processes in organization and how they link with each other. Communication is a key also in complex situations, as all interviewed confirmed this. Leadership behavioral capability theory, shown in Figure 1 in this thesis, supports this view of managing entities, seeing the big picture and managing change via communication for example.

The interviewed agreed that long careers and many roles in past have accumulated their competences and helped them to clarify the complexity. One of them especially highlighted the heterogeneous group of colleagues.

> *"It is a true advantage for this company to have so many experienced individuals, who have built their careers in another company and in totally different business areas, and then brought the tacit knowledge with them to this company."*

Also one´s character has certain role here; interviewed persons described themselves as extroverts who are social and curious to learn and experience new things. One of the interviewed persons had currently a three-year job assignment in United Kingdom, to which he has gravitated upon his own request. He described it as his personal learning process to step out of the comfort zone. At the same time with job assignment, he also started in a new global role in regional management, which made it even more complex – in a positive way though. According to him, the current physical location in UK has provided him a totally different view in global organization.

> *"It is instructive to get familiar with the subsidiary by sitting physically in their premises. It is important to avoid headquarter bias."*

Job rotation has helped interviewees to see business in many lights both vertically and horizontally. One of the interviewees convinced that by saying:

> *"Despite the sole experience in one unit (marketing), my role has changed every second year and it has developed me a lot."*

Job rotation is often seen as a valuable method in leadership development theories, but in practice there can be some barriers which came out also among global leaders in the case organization. Job rotation issue can also be addressed as leadership

intransitivity meaning that there are challenges with transitions from expert to leader level – either consciously or unconsciously:

> *"There is a kind of leadership challenge in the organization. Leaders would have more time to lead if only they delegated part of their work to the capable individuals in the team. Leaders should not be jealous of letting go but instead see it as a possibility for both parties. Job rotation would also help the organization to keep fresh. If there are no new career steps available in the company, the capable individuals will leave sooner or later."*

It seemed that cognitive complexity is merely a positive challenge for the interviewed global leaders. They do not motivate working with routines but instead they enjoy unpredictable situations which are frequent when working with people from different cultures. There was one Indian among interviewed persons and he confirmed that in Indian culture complexity is individual part of life.

> *"You cannot give up but instead you have to be competitive always."*

This person thought that his own culture as a part has helped him to clarify cognitive complexity in business. It is obvious that especially persons with inherent global mindset are driven to global roles as those are challenging enough. They also are often eager to change roles regularly. Some of the interviewees criticized the company not being able to provide enough career steps for those who would like to proceed vertically or rotate roles horizontally.

> *"You have to push the managers above you again and again, but usually without any progress. There is no structured way to manage career steps but instead you have to find the right persons to discuss."*

Another interviewee confirmed this same by saying:

> *"I tried to bring out some ideas in business several times, but without any results. It mainly depends on the manager in case, because currently I am heard."*

In the end, one interviewed person summarized his personal way to handle complexity in three aspects: First he described himself as extrovert who likes to socialize. Secondly he told that his long work experience has helped him and thirdly he emphasized his personality which supports him. He also told that there has to be an ability to listen and at the same time to analyze. He concluded:

> *"I suppose I could not work locally without any global connection."*

In Figure 8, there is an inclusive summary of what affected the development of intellectual capital across 10 respondents.
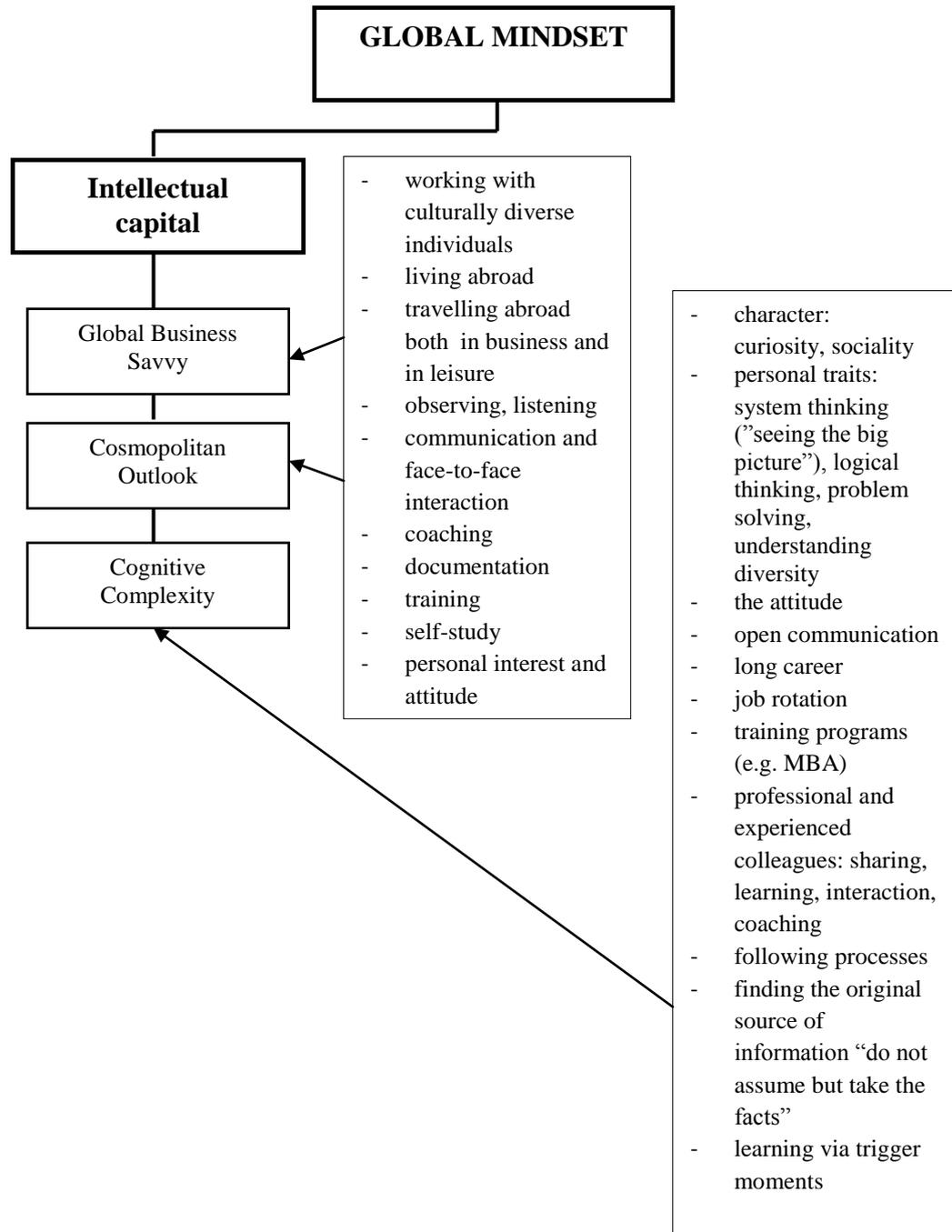
Figure 8. Learning contributors of intellectual capital.

4.3 Psychological capital

Psychological capital means first of all passion for diversity which accumulates by seeking new situations and enjoying them, as well as get to know new people and cultures. Also it means quest for adventure and self-confidence. As all interviewed confirmed, psychological capital increases most via one´s own interest and open attitude towards other people. When the mind is open for cultural meetings, the psychological capital cumulates most effectively via daily communication and interaction.

> *"If you have the open attitude - the mindset - after it they only way to deepen your capability is face-to-face interaction."*

The interviewed persons had an appropriate mindset for their current role as the following comment proves.

> *"Of course unpredictable situations are always challenging, but I prefer them to routines."*

The interviewees described themselves as change managers who like to take personal risks as well as to influence people towards desired actions. Many of them pointed frequently that high technical competence is the most important competitive advantage in their company and also at individual level.

> *"We have a great variety of experience and a lot of tacit knowledge of which our most important psychological capital consists. There is always someone whom one can ask."*

> *"If you are competent and trust yourself, you can feel safe even if other things would change around."*

> *"I have to have many years´ of expertise in a background before I feel self-confident. Also adequate language skills guarantee me safety in global playground. Getting feedback is important as well."*

> *"A good level of knowledge together with honesty and modesty are the most important tools for success."*

High level of competence can be treated as psychological capital, because those persons themselves realize that their competence is a real strength towards competitors and due to it they feel self-confident. However, they also recognized the existing risk of tacit knowledge; it does not enable proper documentation as a whole as it is based on individual´s accumulated knowledge which is hard to measure and document.

Self-confidence often accumulates via successful moments or accomplishments, but also via unsuccessful moments. If something goes wrong, there is always a learning point for further actions.

> *"You should not be afraid of failures but instead you should analyze them thoroughly in order to learn new."*

> *"Constant self-examination is required. To become a trusted global leader, I have to apply a balanced approach in my actions. Thus, it is essential to recognize the personal weaknesses, too, and try to correct them."*

Honesty is an admirable trait as well.

> *"Being honest means that I am competent enough to share my knowledge and views, but also when I make mistakes I can admit it."*

There were also cultural differences in the level honesty was highlighted.

One of the interviewed emphasized processes and documents; those tell people the common way to act and give the needed safety in daily business.

4.3.1 Negative learning connections

When there was a discussion of *what did not have helped* global leaders to develop their mindset, some concrete examples existed: Sometimes there may be negative attitude towards other cultures. The interviewees were suspicious that in that case class room training would help in changing attitudes.

> *"You cannot change one´s attitude involuntarily. Again, the most effective way to open one´s mind is face-to-face interaction with people from diverse cultures. And informal situations are most profitable."*

Another illustrative example was provided of *what would not help* to develop one´s global mindset (even though this was not considered a problem of the company in case)

> *"Poor communication, or even concrete actions, which emphasize mainly local figures and practices is apt to prevent a company become truly global. Instead, global mindset at organizational level should always be a step forward compared with global mindset at individual level."*

In Figure 9 there is a summary of what affected the development of psychological capital across 10 respondents.

```
┌─────────────────────────────┐
│      GLOBAL MINDSET         │
└─────────────────────────────┘
              │
┌─────────────────────────────┐
│       Psychological          │      -  personal interest and
│         capital              │         attitude
└─────────────────────────────┘      -  daily communication
              │                         and interaction
┌─────────────────────────────┐      -  work experience
│       Passion for           │      -  unpredictable
│        Diversity            │◄────    situations
└─────────────────────────────┘      -  new roles vertically
              │                         or horizontally
┌─────────────────────────────┐
│       Quest for             │◄────
│       Adventure             │
└─────────────────────────────┘
              │                       -  personal traits:
┌─────────────────────────────┐         honesty, modesty
│      Self-Assurance         │◄────  -  good knowledge of
└─────────────────────────────┘         personality:
                                         strengths,
                                         weaknesses
                                      -  high level of
                                         competence
                                      -  successful and
                                         unsuccessful
                                         moments
                                      -  getting feedback
                                      -  processes and
                                         documents
```

Figure 9. Learning contributors of psychological capital.

4.4 Social capital

In few words social capital means an ability to act with different kind of people as well as engaging and influencing them. When different cultures meet, there is a variety of different values and attitudes between persons. Social skills are therefore important in order to build trusted relationship between two or more persons. Especially in global leader roles where the interviewed persons act, social capital is a key for success. It may require also changing one´s own attitude, so the person should be mature enough to critically observe his own behavior. The respondents emphasized more than once the following.

> *"A global leader has to respect every person as an individual per se, not solely as a representative of a culture".*

Further, they argued that business logic is quite invariable around the world, so the most effective way to influence individuals is to coach them to the desired direction. One of the respondents described his personal view of intercultural empathy as follows.

> *"I think the key word here is reciprocity; building trust between two culturally diverse individuals is possible only when both individuals share something about their own."*

> *"Be patient in communicating, because sometimes the message has to be interpreted more than once, observe, choose the most effective way to communicate, be persuasive, try to draw a big picture of your message and argue your view. Remember that there are also differences between individuals, not merely between cultures. Be honest, do not give empty promises."*

One comment was especially related to interaction with Chinese people.

> *"In order to build trust with them, they want to see concrete value adding actions of which they can profit. In this respect, Chinese individuals highly appreciate individual´s personal experience and in that way build trust with him."*

One of the leaders thought that certain course of personality development has helped him to widen the perspective and question his own attitude. The interviewed persons mentioned trust as a key word, and it can be best achieved by communication and face-to-face interaction. Many of them emphasized:

> *"You cannot buy trust, you have to build it."*

This requires open communication at early stage, as well as an ability to sell your idea. Further, it also requires such sensitivity to observe the situation as a whole and then make the plan how to promote it. The best result can be achieved by respecting each other and sharing thoughts and ideas openly. Selling one´s idea means suggesting concrete actions which add value for the respondent.

> *"As I do not act in a straight leader role for anyone, I have to sell my idea by influencing. So again, being honest, keeping the facts and communicating them straightforwardly are the key elements for successful interaction."*

It is important to change only the essential, and instead respect the local policies whenever it is reasonable.

> *"Commonly agreed policies in the beginning help in eliminating the possible conflicts here. It requires open communication, and at the same time it helps building trust between the parties."*

Possible conflicts can be best tackled by telling the facts in early stage. Often creating a new way to act requires flexibility from both sides.

A person can build trust via his achievements and competence. The reciprocal trust is possible only if one is able to adapt to opposite role, interviewees confirmed. The business requirements can be totally different in some other country, and they should always be observed objectively enough. This can mean also changing one´s own attitude, not always the others´. One interviewed said:

> *"Every person is an individual, and you have to respect it."*

However, by coaching it is possible to find the common way to change attitudes and achieve results without injuring one´s inmost.

Interviewees emphasized that there is a special spirit inside the company which as a part helps building a trusted relationship between cultures. This spirit covers common company values and policies which are followed globally, except some, often law-based, details which are agreed locally. Typically in this company the spirit means also high openness in daily business, and it comes from the early stages when the company was locally driven in Finland. Practically it means that one can always trust his colleague no matter where he is from. The interviewees confirmed that the same openness is still there in current global company, but it requires meeting each other face-to-face as early as possible. Even if a company spirit has always been cohesive,

according to interviewed leaders the spirit has suffered from the challenging times in business from time to time. One respondent raised a business-based argument which for its part has supported the cohesion.

> *"As we basically have only one business, even though a wide product portfolio related to it, there are no internally competing product divisions but instead we all have the same direction."*

As the company has been founded in Finland and the business has started from there, headquarter has a special role in the organization, not least for its large size compared to other units. However, the interviewed global leaders realized the challenge related to this, and many of them emphasized:

> *"The organizational structure is like a child with a big head and a small body".*

> *"I always have to think globally, not from Vaasa perspective. Additionally, all things have to be proportioned to the size of the subsidiaries. It means that if we in Finland have a separate process owner for every single process, in our subsidiary there can be only a few managers and they should take the ownership of many processes simultaneously."*

These kinds of structural differences have certain influence in daily business, and thus the processes and policies have to be updated accordingly. Largely the success depends on the management´s mental capability and willingness to restructure the procedures and implement them.

Social capital may mean also a kind of sensitivity to read one´s thoughts. All interviewed agreed:

> *"When you are able to see the situation with someone else´s eyes, the trust can be best achieved. True interest and objective analysis are also very important in this process."*

In the following Figure 10 there is a summary of what affected the development of social capital across 10 respondents.

```
┌─────────────────────────────────────┐
│          GLOBAL MINDSET              │
└─────────────────────────────────────┘
```

| - implemented procedures in global and local level
- self-awareness
- personal traits: openness, flexibility, empathy, honesty, respect
- face-to-face interaction
- open communication
- personal competence and work experience
- coaching
- trainings of personality development
- company spirit |

Social capital

Intercultural Empathy

Interpersonal Impact

Diplomacy
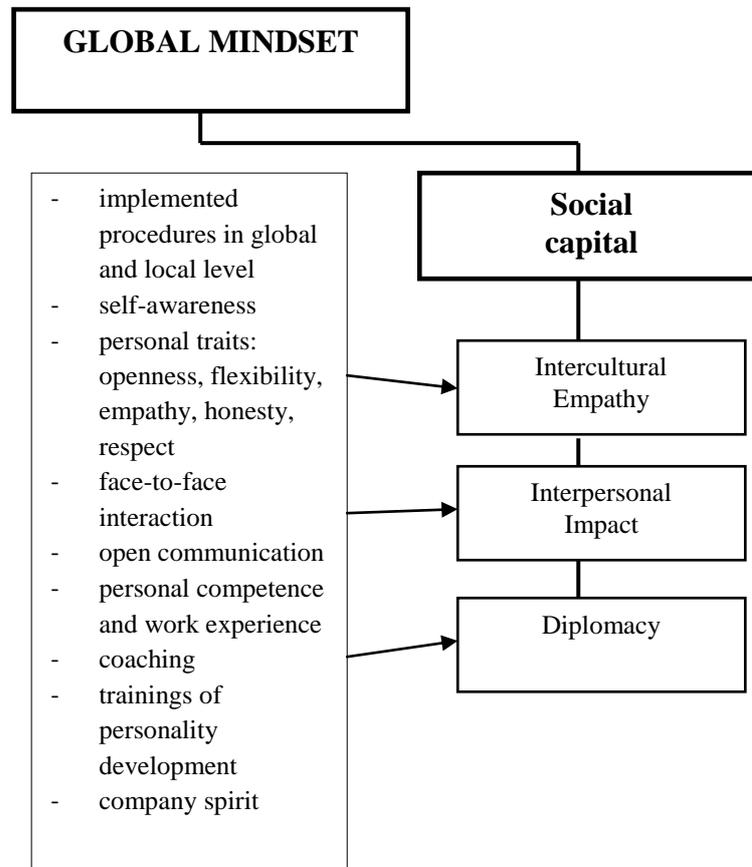
Figure 10. Learning contributors of social capital.

As a conclusion, when analyzing the influences of a global mindset at the individual level, and how global mindset develops, empirical results are quite straightforward: the most efficient way to develop one´s global mindset is learning on the job, and more specifically working and interacting with culturally diverse individuals. The respondents argued face-to-face interaction to be the most valuable way to learn, and it can be developed abroad both in business and in leisure time. In order to learn on the job, it requires openness, curiosity and motivation. Learning can cumulate via successful but also via so called trigged moments. Actually those unsuccessful experiences are often considered quite efficient learning points on the job, because they develop individual also as a person. An individual has to analyze his weaknesses more deeply and try to develop himself.

Personal characteristic is the prerequisite in developing one´s global mindset. Supportive traits are openness, curiosity, flexibility, empathy and honesty on a top. If

one´s mind is not open for diverse cultures and interaction there, the inherent motivation to learn is missing.

Coaching was seen as a valuable method in many respects, such as a method to share tacit knowledge and useful experiences between two individuals. Likewise, coaching was considered as a leadership tool of a global leader to move individual´s activity to a certain direction. It was also argued that coaching should be used more frequently as the company would be more effective with the same amount of workers.

Job rotation had helped interviewees to see business in many lights both vertically and horizontally. Some of them had personal experience of job rotation, but it seems that there had been some practical barriers concerning job rotation. It is about the issue "letting go and taking on": Leaders would have more time to lead if only they delegated part of their work to the capable individuals in the team.

Training was felt quite useful, but only as a supportive tool besides the interaction in daily work. The global leaders did not see cultural orientation trainings very important, but they prefer to training programs which would concentrate on business, strategy and communication skills.

The meaning of processes and policies was emphasized among some respondents. Especially the process aspect is linked to organizational global mindset; it is challenging for individual to develop his global mindset in case the organization´s procedures do not act as catalysts behind.

4.5 Leadership intransitivity

Another aspect in this thesis was to analyze if leadership intransitivity present challenges in the development of a global mindset and global leaders, and in what respects. Leadership intransitivity is the challenge of moving from one level to another, and it is especially related to the movement from an expert to a leader, because it has been noticed that people struggle most with these kinds of transitions. "Letting go and taking on" can be most challenging to internalize in the new leadership role.

The global leaders of the case organization had many years´ work experience as technical experts and global leaders. Some of them had had a long career also in other

companies before, and all of them have been at least five years in the current company.

The following Table 2 introduces at high level the responsibility areas of interviewed global leaders. The profiles are retained anonymous enough. Some perspective for the level of expertise is got via working years presented. All respondents were nominated to global leader roles in 2010 when the global organization was established both in R&D and Marketing function. Notable, however, is that in most cases the total years of expertise was a bigger figure, as those persons had started their careers in another company.

Table 2. The profiles of the respondents.

Gender	Current Area of Responsibility *	Previous role in the company	Years in the company**
male	Director, Business Management	marketing manager	7
male	Director, Products	project manager/ team lead	11
male	Director, Marketing	product marketing manager	5
male	Director, Marketing	global leader in different segment	5
male	Director, Marketing	product manager/ team lead	11
male	Director, Production	manager in support function	11
male	Director, Global R&D	project manager/ team lead	5
male	Director, Products	project manager/ team lead	7
male	Manager, Product Development	process development manager	13
male	Manager, Global Services	service manager	13

* since 2010 when global R&D and Marketing functions were established
** in 2011 when interviewed

There were equal answers to the question *"why do you think you were nominated as global leader"*. They said inevitably to be eager to take responsibility and get constantly new challenges. Many of them said that they regularly apply for new career steps, and one of them even make himself a career plan which means a new vertical or horizontal role every third year on average. The main point for them is to have tasks which motivate. These persons are typically determined and they do not hide it but they instead have their own strategy to proceed in career. One of the interviewed crystalized his career steps.

> *"First I have to learn processes and products, then people and their competences and after then leading people and managing business. After learned them all, I think, I am quite valuable for the company."*

The previous merits have act as catalysts, why these persons have been nominated as global leaders. Their posts have not been internally open in the company but instead these persons have been chosen to these roles by management. It is crucial to keep these valuable persons in the company.

One of them described himself as a leader of change.

> *"I would like to be a role model for the team and motivate others to achieve results. It is motivating to take the whole team to develop."*

One of them emphasized the process view.

> *"For me it is important, how processes work and how persons work with each other."*

Another leader characterized himself:

> *"I am a leader who set the goals, but gives his team free hands to act. I think it guarantees the best results."*

Despite all interviewees seemed to be mature for their global leader roles, they had also experienced leadership intransitivity during their career, so they all recognized the challenge between two different roles. All of them had more or less technical background and that way an inherent interest for problem solving and getting visible results. The shift to leader role, which means getting results by influencing others, is not always easy.

One interviewed admitted:

> *"It has not been very simple to move to background from the previous expert role and let the new person take the ownership of it. Actually it has been quite challenging to give away the technical responsibility and act as a coach instead. Sometimes it would be nice to give advice and comments, even if it would be important to leave space for the follower."*

Another interviewee confirmed exactly the same:

> *"When moving from expert to leader role you have to trust your team members, delegate the old tasks for them, ask your team members to take responsibility and give them also authority to act. As a leader you have to concentrate on your new role instead."*

Only by taking new kind of responsibility it is possible to grow to the next level as a global leader, but at the same time it means giving responsibility to the follower.

> *"Previous technical role and competence helps later to act as a leader of technical experts. The more network and contacts there are around the better."*

Also, one of them confirmed:

> *"The more miles behind the faster one is able to adapt a total new role."*

One of the interviewees brought another aspect to leadership intransitivity. He had a big technical team to lead, and he described;

> *"Technical experts are rarely leadership oriented. They often have certain career plans and always salary increase linked with it, but when a new more turbulent role with leadership responsibility is suggested for them, it includes tasks which are out of one´s comfort zone and not so easy to manage. Uncomfortable tasks are exactly the hardest part in leader role; being interaction with human beings requires psychological and social skills as well as the ability to negotiate and argue."*

According to interviewees, leadership intransitivity occurs in many levels in the case company, also among their superiors. Quite many of the interviewed global leaders criticized their own superiors that they concentrate on daily business instead of leading people. They argued that too often leaders continue working with daily tasks as they have used to.

> *"If leader delegated tasks for his team members, he would have more time for development."*

This is about the processes, too. If there are processes, there are also roles and responsibilities inside them. Another issue is if those processes are followed. One interviewed said:

> *"If someone does not act according to processes and keep his own role, it definitely has an influence on daily work."*

This seems to be a problem in the case company, but not so easy to fix up if management gives the example here. One interviewee raised the importance of leadership training as an awakening tool for leaders to prioritize leadership.

> *"By simple actions the efficiency would be higher with the same capacity. Actions like motivating, delegating, sharing and giving new roles and responsibilities would enable the management to lead and develop at the same time when their team members would take more responsibility of operative tasks. This truly would add value for the company. "*

The quotation above crystalizes the leadership intransitivity phenomenon quite comprehensively.

5. DISCUSSION AND CONCLUSIONS

When analysing the development of a global mindset at the individual level, empirical results are quite straightforward: according to the respondents the most efficient way to develop one´s global mindset is learning on the job, and more specifically working and interacting with culturally diverse individuals. The respondents argued face-to-face interaction to be the most valuable way to learn, and it can be developed abroad both in business and in leisure time. Learning can cumulate via successful but also via so called trigged moments. Actually those unsuccessful experiences are often considered quite efficient learning points on the job, because they develop individual also as a person. An individual has to analyse his weaknesses more deeply and try to develop himself. There is a maturity aspect also linked with learning on the job: it requires openness, curiosity and motivation. Learning on the job can cumulate in many kind of situations, which can also be opposite with each other. The most common dimensions are presented in the following Table 3.

Table 3. Typical dimensions of "learning on the job" in cultural context.

Business	Leisure
Formal	Informal
Successful	Unsuccessful
Positive	Negative
Long-term	Short-term

In some respects there could be a suspicion if "learning by doing" was the only method available, because at least by doing it is possible to learn in any case. In this study, it is assumed that "learning on the job" and "learning by doing" have the equal meanings in respondents´ minds. Strictly speaking, the nuance of "learning on the job" is more professional and positive than "learning by doing", which relates somehow to "learning by trial and error". In the interviews, no attention was paid to analyse their "learning on the job" method more deeply. There is an assumption, though, that there was no process for self-directed learning, and thus everyone had applied their own methods. When managed, this learning method can be seen as self-directed learning which is linked with organizational performance. Further, learning on the job becomes even more powerful when it is systematic. If processed, it requires certain commonly agreed goals, such as:

1)   What areas of knowledge and skills we need to gain in order to get something done (our learning needs and goals).

2)   How we will gain the areas of knowledge and skills (our learning objectives and methods)

3)   How we will know that we have gained the areas of knowledge and skills (learning evaluation).

As learning on the job was proved to be the most efficient way in developing one´s global mindset, also coaching was felt as a valuable method among the respondents. Coaching was seen beneficial in many respects, such as a method to share tacit knowledge and useful experiences between two individuals. By coaching, the respondents argued, the organization would be more effective with the current amount of individuals.

Job rotation was not very commonly used in the company, but those who had changed their roles, valued job rotation highly. Trainings were considered useful, even though more interest was put to training programs which provide expertise in terms of business-, strategy- and presentation skills.

As an additional interesting component in most interviews the executives raised the fact, what concrete actions the organization had provided to help them (the support role). This appeared naturally without script and in many cases the executives wanted to open the company capability and responsibility in a verbose manner.

The special interest of this study lied on global mindset development, and more deeply, *how does global mindset develop at individual level*. In a high level there seemed to be two main influential attributes: *mental* (personality) and *experimental* (the level of competence). In a more detailed perspective those appeared as motivation to learn and as current role and responsibility on the job. Based on empirical data, also third central attribute "organizational support" emerged. The importance of organizational support came out in several interviews as stories and descriptions of how organization functions in the "big picture". The following Figure 11 summarizes the empirical evidence around the topic.
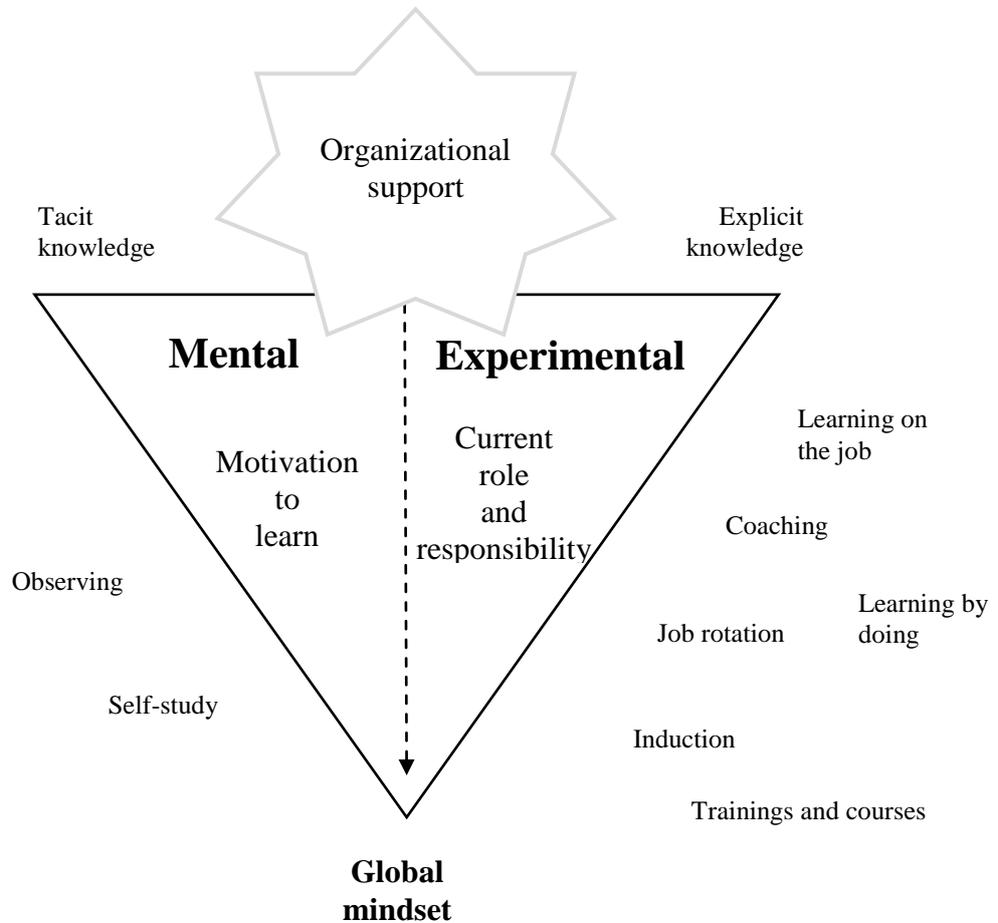
Figure 11. Development of individual´s global mindset based on the empirical data.

Another interest of this study was leadership intransitivity, which occurred in some respects in the company, and also among the superiors. There was criticism towards superiors that they concentrate on daily business instead of leading people. Leaders often continued working with daily tasks as they have used to.

Work experience has a positive impact to leadership intransitivity. It was said that "the more miles behind the faster one is able to adapt a total new role."

5.1 Limitations of the study and suggestions for further research

As this study was an interview study concerning only ten global leaders in one single organization, the research findings cannot be generalized as such.

The findings of this study can provide a valuable point of reference for development activities in case organization. Equally, it would be interesting to further study how these findings would compare to similar target group in some other global company.

As covered in theory part of this study, the so-called organizational mindset accelerates a company to "think global" and implement a new strategy accordingly. If there are many capable global leaders, but no globally oriented top management, strategy and thus no organizational support, all individual efforts are pointless. In further studies, a certain attention should put on organization´s ability to support the global mindset development of an individual (a kind of catalyst-role).

As respondents strongly emphasized "learning on the job" method, it would be valuable to analyse more deeply in further studies or as a separate development project in the company. In case there is no process for self-directed learning in the company currently, by managing appropriately this learning method would become more systematic and enhance efficiency.

As one more interesting aspect for further study, global leaders from other nationalities and located at a distance would have enabled a deeper insight of the cultural differences between individual competencies and characteristics. On the other hand, it would have been also interesting to evaluate whether the leadership intransitivity occurs differently when there is a high distance from the headquarters. This is related to so called headquarter bias as well.

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Appendix 1. The interview questions.

1. Tell me about your current role in the company.

2. How about your history in the company (previous titles, roles and responsibilities, how many years in each role)?

3. Have you ever worked abroad? If, what was the country and how long you stayed there?

4. Talk me through your last promotion (or multiple). By whom, in what kind of situation, after internal search, as a result of performance evaluation?

    a. How easy or difficult it was? Why?
    b. major differences if there are multiple
    c. how well prepared
    d. additional requirements regarding (global mindset)
    e. what would you have needed (before and after)
    f. were the assumptions about the role (+ required competences) accurate
    g. why/ how did you end up into the global leader role
    h. (in general, is it easy to move to a new role in the organization)

5. How have you felt the transition from different role to another? F ex from expert to leader? Was it easy for you? Why/ why not?

6. How important is global mindset in your work? AND what aspects of a global mindset are particularly important in your work? Why?

Intellectual capital

7. What is and has been the most efficient way for you to learn about the different cultures? Why?

8. What experiences/ practices have been helpful for you to learn cognitive complexity (ie. handling complex issues)?

Psychological capital

9. What has been helpful in the development of your psychological capital (quest for adventure and self-assurance)? (rotation, expatriation, training, coaching/ mentoring, work experience, formal education…)

    a. give examples
    b. why was it effective?
    c. what did it allow you to do?

Social capital

10. What has been helpful in the development of your social capital (having the ability to work with people from different cultures, engage and influence them etc.)?

(rotation, expatriation, training, coaching/ mentoring, work experience, formal education…)

       a. give examples
       b. why was it effective?
       c. what did it allow you to do?

Appendix 2. Global Mindset Inventory (questionnaire, 2 pages).

			EXAMPLE	1	2	3	4	5
Source: Thunderbird School of Global Management								
GLOBAL MINDSET INVENTORY								
Rate yourself on the following scale. Choose the alternative which best describes you.			☐☐☐				x	☐
1	Not at all							
2	Small extent							
3	Moderate extent							
4	Large extent							
5	Very large extent							
INTELLECTUAL CAPITAL								
Global Business Savvy								
To what extent do you…								
				1	2	3	4	5
1	have knowledge of global industry			☐	☐	☐	☐	☐
2	have knowledge of global competitive business and marketing strategies			☐	☐	☐	☐	☐
3	have knowledge of how to transact business and assess risk of doing business internationally			☐	☐	☐	☐	☐
Cosmopolitan outlook								
To what extent do you…								
				1	2	3	4	5
4	have knowledge of cultures in different parts of the world			☐	☐	☐	☐	☐
5	have knowledge of geography, history, economic and political issues, concerns and hot topics, and important persons of different countries			☐	☐	☐	☐	☐
6	have up-to-date knowledge of important world events			☐	☐	☐	☐	☐
Cognitive complexity								
To what extent do you…								
				1	2	3	4	5
7	have the ability to grasp complex concepts quickly			☐	☐	☐	☐	☐
8	have strong analytical and problem solving skills			☐	☐	☐	☐	☐
9	have the ability to understand abstract ideas			☐	☐	☐	☐	☐
10	have the ability to take complex issues and explain the main points simply and understandably			☐	☐	☐	☐	☐
PSYCHOLOGICAL CAPITAL								
Passion for diversity								
To what extent do you…								
				1	2	3	4	5
11	Enjoy travelling and exploring other parts of the world			☐	☐	☐	☐	☐
12	Enjoy getting to know people from other parts of the world			☐	☐	☐	☐	☐
13	Enjoy living in another country			☐	☐	☐	☐	☐

Quest for adventure

To what extent do you…

		1	2	3	4	5
14	have an interest in dealing with challenging situations					
15	have a willingness to take risks and test one's abilities					
16	enjoy dealing with unpredictable situations					

Self-assurance

To what extent you are…

		1	2	3	4	5
17	energetic					
18	self-confident					
19	comfortable in uncomfortable situations					
20	witty in tough situations					

SOCIAL CAPITAL

Intercultural empathy

To what extent do you…

		1	2	3	4	5
21	have the ability to work well with people from other parts of the world					
22	have the ability to understand nonverbal expressions of people from other cultures					
23	have the ability to emotionally connect to people from other cultures					
24	have the ability to engage people from other parts of the world to work together					

Interpersonal impact

To what extent do you…

		1	2	3	4	5
25	have experience in negotiating with other cultures					
26	have strong networks with people from other cultures					
27	have a reputation as a leader					

Diplomacy

To what extent do you…

		1	2	3	4	5
28	find it easy to start a conversation with a stranger					
29	have the ability to integrate different perspectives					
30	have the ability to listen what others have to say					
31	have a willingness to collaborate					