Global Mindset for Global Leadership

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ABSTRACT

This paper explores one of the crucial requirements for leadership in the global environment, that of the global mindset. A review of the literature shows that, despite the extreme importance of the subject, global mindset has yet to be fully understood. Perceiving the global mindset in the universal environment is crucial, since failure to understand the core competence and essence of the global mindset will lead to poor or failed global leadership. Therefore, this paper provides a critical insight into the aspect of global mindset, to show why thinking globally is necessary for the development of the world in this new millennium. This paper reviews the definitions of global mindset and reports on other definitions and then identifies different characteristics of global mindset. It identifies and itemizes selected characteristics of the global mindset that are common in the literature. Such understanding is essential to adequately appreciate the prerequisites for effective global leadership. Findings show that the definition appropriate for the global mindset rests within the commonalities of the multiplicity of definitions.

INTRODUCTION

The rapid globalization of world economics, cultures and politics demands drastic changes in the way we think and the way we lead. The need for change requires the acquisition of new competencies particularly those related to effective global leadership. The need for a paradigm shift from the parochial, regional and national to the vast horizon of a globalized worldview is fundamental if we are to understand today’s rapidly changing world and remain relevant. A prerequisite to understanding the global leadership is the necessity to understand global mindset. The industrial change toward more global strategy was started since World War II. It has moved from domestic operation toward a broader and larger perspective (Adler & Bartholomew, 1992). It is stated by Ng et al. (2013) that “As organizations grows and evolutes, the need for leadership traits like visionary, innovativeness, and drive would be stronger”. A major problem that is currently hindering progress is the inability or unwillingness of some who, regardless of the need for change insist on hanging on to traditional ways of management and leadership, and are thus overwhelmed by progress and faced with failure. “Many organizations operate in silos: with each division or department looking upwards and so seldom sideways at issues that cross the verticals. They need leaders who can see across the whole organization and make the sum of the parts greater than the whole” (Middleton, 2007). This problem is not confined to organizations but also plagues society as a whole. Leading managers are required “to be aware of the organizations” mental model or mindset. They need to identify the codes that they are downloading as they confront a changing environment” (Nilakant & Ramnarayan, 2006) and at the same time it must be understood that “[t]he key to effective globalization is in the minds of people” (Pucik, 2006). Global mindset implies not only recognizing cultural diversity but also human diversity. “The acceptance of diversity should also include tolerance of people who are not global perhaps because of lack of opportunities or perhaps because of personal choice or circumstances. Anything taken to an extreme risks becoming pathological, and global mindset is no exception.”(Pucik, 2006).

Global leaders “must be change agents, critical thinkers and possess impeccable ethics, be decisive, confident, versatile, proactive, process-focused, open-minded, and with the capability to be critical thinkers and armed with the responsibility to be accountable” (Johnson, 2011). Global leadership summarized into five skills, which are “thinking globally, appreciating cultural diversity, developing technological savvy, building partnerships and alliances, and finally sharing leadership” (Cohen, 2010). This category of competencies
indicates the importance of thought and mindset, as a crucial component of global leadership. The importance of mindset, the “international perspective”, which means to think beyond boarders has been considered as critical element “for building relationships, creating strategy, and executing plans” (Nirenberg, 2002).

Thinking globally is a process that must be learned and practiced. “Global mindset is much about learning as it is about doing. To be truly global implies openness to learn from the experiences of others, and to understand and appreciate how others may think” (Pucik, 2006). A few elements of global mindset are explained, such as having the ability to work and learn from people, “understanding the worldwide business environment from a global perspective, learn about many cultures”, to interact with individuals from different cultures concurrently, building a “culturally synergistic organizational environment” (Adler & Bartholomew, 1992). There is an indication that “building global mindsets is not an objective that companies should pursue indefinitely. There is an optimal threshold to be found, as too much attention to international issues can also be drastically detrimental to the overall performance of a firm. It is best to think of the relationship between international attention and firm performance in curvilinear terms (Bouquet, 2005) and strategically speaking one of the ways that senior managers can change and develop their mindset to cross the borders is by learning from the excellent lessons derived from international experiences with other organizational members (Fletcher, 2000).

This is what drives globalization thinking that is needed to lead organizations -universities, firms, NGOs and others – confidently with a globalized mindset.

Furthermore, to understand the concept of global mindset this paper aims to review the various definitions of global mindset, and identify certain characteristics which are common among all definitions. In the sections that follow, the first discusses the necessity of thinking to the universal scale and then reviews several other definitions of global mindset.

Why the world needs a global mindset?

To explain why the world needs a global mindset, it is necessary to compare the past to the present. “The environment in the past was less dominated with global companies, constant technological change, and other potential obstacles to accomplishing objectives. Today, execution often requires a mixture of power and influence, of risk and analysis, of explanation (or winning people’s minds), and of inspiration (or winning their hearts)” (Dotlich et al., 2006). Moving toward globalization has altered previous standards to different levels, and forced leaders and managers to revise many of their mind models.

The trend toward globalization continues to accelerate as foreign competition intensifies, foreign markets become more important, and more companies become multinational or participate in cross-national joint ventures. Managerial responsibilities increasingly involve international issues, and managers must be able to understand, communicate with, and influence people from different cultures. Cultural diversity of the workforce within organizations is increasing as well. Building cooperative relationships requires considerable empathy, respect for diversity, and understanding of the values, beliefs, and attitudes of people from different cultures (Yuki, 2010).

Due to the complexity and uncertainty of global business environment “Work has shifted from functional to project-based, from local to global”. There is no other way for leaders but to adapt their knowledge and skills to the new environment (Moran & Youngdahl, 2008). Contemporary organizations have been transformed structurally since the 1980s and 1990s due to globalization of the economy and information technology. “Organizations or equivalent subsystems have become smaller and leaner as managers eliminate work inefficiencies and duplication of effort. A consequence of these emerging flatter, “downsized” systems in the need for major shifts in the distribution of work tasks and roles among workers and the need for fundamental organization development”(Swanson & Holton, 2001).

The following expresses the problem of the adaptability to the rapid changes of the world. The experiences of the high-tech companies in the last few decades that failed to navigate the rapid changes brought about in their marketplace by these types of forces may be a warning to all the businesses, institutions, and nation-states that are now facing these inevitable, even predictable, changes but lack the leadership, flexibility, and imagination to adapt – not because they are not smart or aware, but because the speed of change is simply overwhelming them (Friedman, 2005).

It must be stated that a significant element that causes transformation in the nature of work is “a perceptible shortening of the half-life of knowledge”. Obviously the new wisdom arouses the progress for the new systems and technologies (Swanson & Holton, 2001). Individuals who think globally with capabilities and leadership skills are able “to merge their efforts to create not just profits for their companies, but change a world to a place worth living for us and the next generation (Mendenhall et al., 2001). Since organizations have changed to new markets, global workforce is generated inevitably. To cope with the local insufficiency, using international sourcing becomes necessary for any organization. Due to the huge development in technology, transportation and global economy, the world has truly changed to a flat area, and therefore undoubtedly isolation would result in collapse of the institution (Pucik, 2006). “The accounting profession is currently in transformation. Those who get caught in the past and resist change will be forced deeper into commoditization. Those who can create
value through leadership, relationships and creativity will transform the industry, as well as strengthen relationships with their existing clients” (Friedman, 2005). In order to be able to compete successfully and survive in the present environment, many obstacles need to be removed, as their presence will not allow us to work with different cultures with different backgrounds. A number of them are considered as “cultural assumptions, values, and beliefs, about the world, about our leaderships with others, and about our perceptions of ourselves”. Thus, there is a requirement to change these boundaries (Rhinesmith, 1995). The mentioned barriers are all related to the way that we are thinking, and our viewpoints. What the world needs today are leaders with the ability to make savvy decisions and digest the meaning of rapid growth and who are strategically innovative to overcome new and unfamiliar challenges. “An emerging body of research in international management has suggested that meeting this challenge requires the competencies‖ (Levy et al., 2006). Despite being able to turn threat into an opportunity a leader with domestic experience may not succeed to meet the challenges as “a domestic leader’s familiar and experienced mindset may not readily accommodate global business challenges. Instead, global leaders would need to acquire new knowledge about the different contexts in which they work, and 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. There is an emphasis on the ambiguity of the concept global mindset since it deals with everything that is considered universal or transnational, “from individual attitudes skills, competencies and behaviors”, to the institutional levels, which include structures and strategies, and finally to “policy and practices” (Levy et al., 2007, a). Therefore a leader who wants to lead in this environment must be aware and innovative enough to break through services and solutions. In this regard, global mindset is also explained as “a prerequisite to effectively manage transnational corporations” (Osland et al., 2006). The section that follows discusses the meaning of global mindset and reviews the definitions proposed by various scholars.

The meaning of global mindset:

This section reassesses the selected literature on global mindset to explicate the different dimensions of global outlook. The notion of global mindset is introduced for the first time in three different categories of ethnocentric (mindset of home country), Polycentric (host country mindset) and geocentric (world mindset) (Perlmutter, 1969). Knowledge has been defined differently “as an appreciation of the existence of differences” (Kedia & Mukherji, 1999). Global mindset defines as the way “people and organizations make sense of the world with which they interact” (Gupta & Govindarajan, 2002). Global mindset is also defined as “an ability to see global opportunities intuitively. It enables those who have it to work effectively wherever they are in the world” (Solomon & Schell, 2009). Global set of mind describes as “the ability to influence individuals, groups, organizations, and systems that have different intellectual, social, and psychological knowledge or intelligence from your own” (Pucik, 2006). It is also defined as “a highly complex cognitive structure characterized by an openness to and articulation of multiple cultural and strategic realities on both global and local levels, and the cognitive ability to mediate and integrate across this multiplicity”. Elaborating on this definition, global mindset is characterized by three complementary aspects: (1) an openness to and awareness of multiple spheres of meaning and action; (2) complex representation and articulation of cultural and strategic dynamics; and (3) mediation and integration of ideals and actions oriented both to the global and the local” (Levy et al., 2007, a). Another explanation of global mindset indicates open mindedness, flexibility and personal confidence.

Global mindset is a way of approaching the world, a tendency to scan the world from a broad perspective. Globally-thinking people tend to be open to themselves and others by rethinking boundaries and changing their behavior. Global mindset is the foundation for business competence such as managing competitiveness and managing uncertainty. It is an orientation to the world; it represents a certain curiosity about the world, to see goals and objectives against larger backdrops and time frames; it provides explanation and meaning for events and guidance for one’s behavior. The global mindset has sometimes been thought of as an inherent personality trait that is “open, interested in others, with positive regard, self-confident, flexible and professionally competent” (Srinivas, 1995).

Another definition given by Cohen describes global mindset as the ability to influence “individuals, groups, organizations,” or any kind of system with a dissimilar knowledge from your own in different fields of intellectual, social, psychological and intelligence. The definition continues to include making changes to “think globally and act locally” to a broader perspective such as “think and act both globally and locally” at the same time. To understand the meaning of the expression it is further explained that to “think and act both globally and locally” means “not only recognize when it is beneficial to create a consistent global standard, but also deepen the understanding of local and cultural differences, crossing cultures and changing contexts. It requires simultaneously recognizing situations in which demands from both global and local elements are compelling.
while combining an openness to and awareness of diversity across cultures and markets with willingness and ability to synthesize across this diversity (Pucik, 2006). It is also asserted that “the world is increasingly flatter due to the technological developments. While the flatter world provides many new opportunities, it also provides a variety of challenges that are driven by the fact that humans developed and are accustomed to a round world. The challenge to global leaders is to mobilize global resources to achieve their companies’ ambitions. To succeed, they need a new and increasingly critical tool called global mindset” (Beechler & Javidan, 2007). It embodies unique global mindset in two key characteristics - inquisitiveness and duality (Black, 2006). It is believed that mindset is even more essential than sophisticated structures and procedures (Bartlett & Ghoshal, 1989). It is stated that “Global mindset is a set of individual attributes that, combined, enable the global executive to succeed in influencing those from different parts of the world to work together to achieve corporate objectives” (Hitt et al., 2007). It examines the factors that impact the global war of talent. It is concluded that “creative solutions require a global mindset for people and organizations; evidence-based management; learning agility; broader and deeper approaches to talent management and professional development that encompasses not only top talent but a wider range of employees, as well as the capacity to leverage diversity” (Beechler, & Woodward, 2009). Global mindset is known as “a multidimensional concept”(Nummela et al., 2004) which deals with cosmopolitanism, “as well as the attitudes and perspectives that are associated with it, and functions as the fundamental premise of the cultural approach to global mindset” (Levy et al., 2007, b). The idea of such a mental competence brings attention to the core demand at the heart of the globalization process – that of finding, and/or of developing, executives capable of working effectively across cultures and therefore across alternative mindsets (Redding, 2007).

Although these definitions seem straightforward, a global mindset requires having knowledge of other cultures (and extant practices, institutions, etc.) as well as an overarching mental framework that might integrate seemingly disparate cultures. An additional complication arises, however, when discussing concepts that are unique and idiosyncratic to particular cultures in contrast to those common across cultures. Before we tackle the specific differences and similarities of these constructs across boundaries, a more general discussion of cultural specificity is warranted (Earley et al., 2007). Having a global mindset requires possessing six personal characteristics: knowledge – broad as well as deep, conceptualization – ability to deal with complexity, flexibility – ability to adjust to global and local demands, sensitivity – for cultural diversity, judgment – ability to intuit decisions within adequate information, and reflection – seeking continuous improvement. The elements of global mindsets and the associated personal characteristics map onto six “competencies” characteristic of global managers: managing competition, complexity, adaptability, teamwork, uncertainty, and learning (Earley et al., 2007).

A new perception of the global mindset says that, though there is still a particular attention to the cognitive processes in shaping decision making, attention theory emphasized on “how individuals behave in practice”. It is argued that the primary revelation of global mindset is the attention to global issues (Bouquet et al., 2003). There is a relationship between mindsets and business policies mentioned by process theorists. Strategic change mind-sets confer insight to design appropriate policies, but consistent policies also bring about shifts, with a lag, in managers’ mind-sets (Murtha et al., 1998). Global mindset is defined by Rhinesmith (1993) as such; A way of being rather than a set of skills. It is an orientation of the world that allows one to see certain things that others do not. A global mindset means the ability to scan the world from a broad perspective, always looking for unexpected trends and opportunities that may constitute a threat or an opportunity to achieve personal, professional or organizational objectives. The eight components of global mindset which enable the leader to face the challenges of the globalization are itemized as such: a curiosity and concern with context, acceptance of complexity and its contradictions, diversity consciousness and sensitivity seeking opportunity in surprises and uncertainties, faith in organizational processes, focus on continuing improvement, extended time perspective and systematic thinking (Srinivas, 1995). Having global perspective is one of the six skills and abilities that every global leader must have to lead successfully. Leader with global outlook understands the global marketplace and have a high degree of cultural sensitivity. They respect the new cultures, and even try to learn new languages, which is an indication of open mindedness to learn new things (Conner, 2000). Another definition of global mindset focused on the willingness to overcome the boundaries. Thinking globally “is the ability and willingness of managers to think, act and transcend boundaries of goals, values and competencies on a global scale” (Ananthram, & Nankervis, 2014).

The global attitude as one of the leadership qualities is described as cosmopolitanism. “Leaders who think and act as cosmopolitan citizens. Cosmopolitan business leaders are aware of the pressing problems in the world, care for the needs of others, and in particular for the distant needy, aspire to make this world a better place and act in word and deed as global and responsible citizens. In short, they demonstrate both cosmopolitan mindset and attitude” (Maak, & Pless, 2009). In the same trend it is described as the “capacity to engage in a boundaryless and synthesizing cognitive process that identifies opportunity and innovation in complexity” (Rogers, & Blonski, 2010). Geocentric mindset is definitely associated with broad geographic scope. Firms that are global in geographic scope and have geocentric mind-set can be found at any point on the multinational
strategic continuum (Kobrin, 1994). “Open-minded and flexible in thought and tactics and able to deal with complexity” are necessary issues for success (McCall & Hollenbeck, 2002). The combination of psychological and strategic perspectives is to understand the meaning of global mindset. “A manager with a global mindset understands the need for global integration and local responsiveness and works to optimize this duality. The global mindset includes an appreciation for diversity as well as homogeneity and openness to learning from everywhere (Middleton, 2007). Global mindset is viewed as a cognitive structure or mental map that allows a CEO to comprehend the complexity of a firm’s worldwide environment (Calori et al., 1994). Another definition of global mindset says that a global set of mind is capable of comprehending a business, an industry, sector, or a particular market on a universal basis (Jeannet, 2000). Global mindset is indicated as a “set of competencies required to do global work” (McCall & Hollenbeck, 2002).

In the same way, global set of mind defines as having two dimensions: a cultural dimension and a strategic dimension that is “global business orientation” (Story & Barbuto, 2011). The individual with a global mindset views as someone with global business orientation simultaneously able to adapt to the local environment and culture (Jeannet, 2000). It is explained that a geocentric transnational or global mindset means the individuals or organizations have the ability to see the broader interconnectedness among many subsidiaries or markets and think along the lines of global integration, a hybrid strategy whereby the individual or organization combines some aspects of the local mindset with that of the geocentric mindset (Nadkarni et al., 2011). In the same trend another outcome of global mindset pinpoints how such attitude could help global leaders to understand, the environment to promote and advance capacity. “From a practical perspective, modeling the dynamic nature of global mindset helps global leaders understand how to interact with their environment in such a way that builds capacity to enable more efficient information processing and awareness of nuanced cues” (Clapp-Smith & Lester, 2014). And finally it is concluded that the global perspective is a process that is able to move the structure, individuals and culture of the organization from “autonomous business units” to an “integrated and effective” universal network (Kedia & Mukherji, 1999). So in order to develop a global mindset, knowledge must be combined with appropriate skills which results in managerial success (Lovvorn & Chen, 2011).

A review of the various definitions of global mindset indicates that there is so far no general consensus on what a global mindset is as various scholars have posited varying idea. However, what can be gleaned from the range of definitions is the existence of certain commonalities in the different definitions. Almost all the reviewed definitions emphasized some common aspects, and we have sorted them out in a table for easier comparison. Based on what we have revisited, the global mind set appears to be a combination of personal intellectual, emotional, cultural attitudes that help in understanding the complexity of the universal environment and an ability to apply compatible diplomacy to influence others. The advantage of thinking beyond borders is the capability to see possibilities and grabbing the opportunities. The Table below shows the selected characteristics for the global mindset.

Table 1: Common components of global mindset.

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<thead>
<tr>
<th>COMMON COMPONENTS OF GLOBAL MINDSET</th>
<th>EXPLANATION</th>
<th>BENEFITS</th>
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<tbody>
<tr>
<td>Emotional</td>
<td>Emotionally perceive others who are different from him/her</td>
<td>Growth and survival. To compete in the globalized World and taking advantage of opportunities to the full.</td>
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<tr>
<td>Acceptance of cultural diversity</td>
<td>To appreciate and value individuals from different cultures</td>
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<tr>
<td>Predictability</td>
<td>To be prepared for unexpected changes</td>
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<tr>
<td>Flexibility</td>
<td>To be able to shift the managerial direction quickly and act compatibly to unexpected circumstances</td>
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<tr>
<td>Ability to conceptualize</td>
<td>Having analytical skills to understand the global influences</td>
<td></td>
</tr>
<tr>
<td>Consistency</td>
<td>Reliable and being in agreement with itself, coherent and uniform</td>
<td></td>
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</tbody>
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Conclusion:

Developing a global mindset is significant as it is fundamental to effective leadership of any organization. This paper reviewed a number of contributions that have attempted to understand the concept of the global mindset, in different dimensions. A global mindset has been shown to be essential for success in today’s complex world of internationalization and globalization. This paper has taken cognizance of the many and varied definitions of the global mindset and arrived at the conclusion that an acceptable definition of the global mindset lies in the commonalities within the many diverse definitions. In light of this, global mindset can be defined as the ability to appreciate diverse cultural differences as well as homogeneity; to be flexible in thought and action and be able to identify and seize unexpected opportunities. Leadership with a global mindset will open new doors for development and seek new investments for the organization and enable it, to compete and succeed on the global stage. What the world needs today is a universal set of mind that enables the leader to systematize, direct, and target the goals of the organization according to global standards. It is proposed that future research should examine the ways of developing a global mindset for effective global leadership.
REFERENCES


