Special Issue: Global HR

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Leading Global Businesses Through Great People Decisions
Claudio Fernández-Aráoz

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Developing a Global Mindset

Cross-Cultural Challenges and Best Practices for Assessing and Grooming High Potentials for Global Leadership

By Maria C. Smith and Janet Victorson
Global companies need leaders who are capable of working anywhere and feel empowered operating in a diverse variety of cultures. How do relationships between work cultures and practices and local cultural and social norms within multicultural organizations influence leadership assessment and development? Through case studies and personal interviews, this article explores how Bayer AG and other major market-leading companies are addressing the challenges to prepare their high-potential performers and the company for global success.

What is a Global Mindset?

The heart of leadership is the ability to influence other people.

According to Mark Miller, business leader, blogger and best-selling co-author of “The Secret: What Great Leaders Know – And Do,” the one question that really matters — particularly for TED Fellows, an exclusive group of thought leaders, world-changers and trailblazers who have shown exceptional courage and unusual accomplishments — is “Why?” (Miller, 2012). For example, “Why do children with rare diseases have to suffer?” asked Jimmy Lin, the renowned geneticist. Alex Odundo asked, “Why can’t we make a machine to hit the market. But it did. Asking — and answering — “Why?” leads to stunning breakthroughs.

How many times have you thought, “Why haven’t our expansion efforts in China and, in particular, for our new Shanghai office, been successful? What are we missing?”

The world’s top-performing organizations have both asked and are currently answering those questions. They have acknowledged the fact that when it comes to competing successfully internationally, they need to embrace and develop a global mindset. In doing so, they have not only trained their leadership team and high-potential performers, they also have committed to achieving diversity and developing multicultural competencies throughout the company. They have armored their employees with the knowledge and skills to plan, operate and deliver results globally.

How do organizations identify the critical success factors and work through the challenges that ensure their leaders and staff embrace diversity and incorporate it into a global mindset? What levers will help drive a global mindset, create breakthrough diversity strategies and tactics, and stimulate cross-cultural awareness and leadership?

According to a 2009 Center for Creative Leadership (CCL) research study (Madden, 2010), 86 percent of senior executives say it is “extremely important” for them to work effectively across boundaries — including geographic boundaries — in their leadership role, but only 7 percent think they are “very effective” at doing so. Many globally operating companies frequently discuss cultural sensitivity. However, to make an impact, this must take place within the dual context of maximizing individual potential and achieving business goals.

The general management teams — and boards — of successful multinational organizations are comprised of executives from various cultures. In fact, the goal for leading global companies is that their top leadership team and entire company’s staff reflect their customers’ diversity. Nestlé and Novartis, two Swiss companies, have made dramatic shifts from Swiss-dominated boards and executive leadership to a diverse set of nationalities. Both boards now have non-Swiss majorities, and several business units are based outside Switzerland. Nestlé’s executive board represents 10 unique nationalities, and 80 percent of Novartis’ executives are not Switzerland natives (George, B. 2012).

Members of global organizations differ from each other in a number of important ways: gender, personality, communication style and so on. Cultural differences present some of the greatest potential barriers to effective teamwork and value-adding outcomes. Because each culture operates under a unique set of norms and behaviors, team members from different countries will have a certain mindset as well as assumptions and expectations about how the group should perform. Multinational organizations want their
Strategic Implications

Many factors affect the development of an organization’s global mindset, talent management, cultural diversity strategies and operating plans. Some companies’ corporate missions and values statements include an explicit reference to diversity (e.g., Johnson & Johnson’s credo values and global standards of leadership explicitly reference diversity a number of times).

Other organizations acknowledge and exploit, among others, four business levers: training, leadership development experiences, cultural sensitivities and employee engagement. These companies include Bayer AG, a global enterprise with core competencies in the fields of health care, nutrition and high-tech materials; Steelcase, a global leader in the office furniture industry; and Microsoft Corp., the largest global software company.

These organizations’ talent management policies and practices are linked to explicitly help company leaders and employees think globally and act locally, achieve cultural diversity, improve performance and increase customer satisfaction.

It is in each of these organizations’ DNA to attract new talent, retain high performers and provide leadership assessment and development programs that genuinely engage employees. A 2008 Towers Perrin Global Workforce Study of employees found that the top driver of engagement was senior management demonstrating a sincere interest in employee well-being. In addition to cross-cultural training and expatriate assignments that provide on-the-job life experiences, Bayer conducts focused talent management and employee development discussions. These conversations, key to successful engagement, help bring out the best in employee creativity and potential.

CEO and board involvement and accountability make a difference. In a study funded by Industrial Relations Counselors, Inc., ORC Worldwide, an international management consulting firm (now Mercer LLC), set out to test the assumption that senior leadership commitment is essential to successfully achieving and managing a diverse, inclusive workforce (IR Concepts, 2008). Key findings indicate that organizations with the most successful records on diversity and inclusion tend to share certain characteristics:

• The organization’s values statement explicitly addresses diversity and inclusion (as opposed to “respect for individuals” or other more general statements).

• Managers are trained to recognize and avoid “microinequities.” This refers to the often unrecognized, unintentional ways that lingering stereotypes contribute to continued unequal treatment of women, racial/ethnic minorities, GLBT (gay, lesbian, bisexual and transgender), disabled individuals and other diverse groups.

• The CEO talks frequently to his/her direct reports (the executive committee) about diversity, demands regular reports from them on the progress of diversity initiatives; and holds them accountable for both their personal behavior and for meeting objectives such as developing and mentoring diverse people.

EXHIBIT A: BAYER SIDEBAR CASE STUDY

Bayer AG

A global health care, nutrition and high-tech materials organization, Bayer AG has 111,800 employees worldwide. Bayer’s leadership development programs help leaders coach and develop their virtual teams in a global and matrixed environment. Bayer’s approach to building a talent pool is noteworthy; it uses common terms, definitions and methodologies throughout the organization in a series of annual personnel organization conferences, or talent management discussions, and seeks to identify future leaders early in their careers.

Bayer first institutionalized a common process to identify and capture high potential employees, employing a standardized process and methodology. Now all of the CEO’s direct reports use the same common process, language and criteria when they do succession planning.

The process begins with a vetting session, where the executive team comes together to agree on the top-tier candidates for future leadership positions. Their team-based approach requires the executive team to identify emerging leaders earlier in their careers and facilitates greater internal mobility and opportunities for developmental assignments. Bayer provides a range of cultural diversity developmental learning opportunities for candidates, such as sending them on expat assignments and having them lead international project teams, and offers a variety of leadership development and coaching programs.

“The early identification and consequent development of top talent from around the world are key elements of Bayer’s talent management strategy. We want to equip our leaders through the right developmental experiences with the skills and competencies they need to succeed in a global, dynamic and challenging business environment.” – Gabriele Oehlenschläger, Global Leader, Center of Expertise for Talent Management, Bayer AG
• The non-executive board of directors holds the CEO responsible for the company’s diversity initiative and his or her compensation is linked to diversity performance.
• The board itself is ethnically and nationally diverse.
• The board reviews the diversity of high-potential pools and succession slates.

In summary, the highest performing companies have institutionalized diversity and inclusion. They have enshrined their commitment in value statements that explicitly refer to diversity or respect for differences, and they have integrated diversity and inclusion protections in key organizational processes such as training, succession planning and identification of high potentials. See Exhibit A on p. 44.

Bayer’s Foundation Building

In Fortune’s March 2012 survey, Bayer ranked in the top five of Europe’s most admired companies (chemicals) and achieved a No. 11 ranking overall. Additionally, in October 2011, a global poll of more than 160,000 students by leading employer-branding consultancy Universum Communications placed Bayer among the world’s 50 most attractive employers in the engineering category. The Universum index is based on the frequency with which students from the world’s 12 largest economies name a company as a preferred employer. Bayer was one of eight German companies in the international list of the 50 most attractive employers for students seeking careers in engineering.

These announcements confirm the fact that Bayer is making great strides in terms of positioning itself to attract the world’s best talent.

“When it comes to developing a global mindset, each country offers its own set of challenges,” said Gabriele Oehlschläger, a global leader at Bayer AG’s Center of Expertise for Talent Management. “You need to understand the different markets, businesses and cultures and be able to lead, interact with and guide people around the globe.”

Oehlschläger shared that Bayer’s organizational behaviors are based on values that the company put in place 18 months ago. Using the acronym LIFE from Bayer’s mission statement, “Science for a Better Life,” the values of Leadership, Integrity, Flexibility and Efficiency give all employees guidance on how to conduct themselves in business and when working with others. For each value, Bayer has defined a set of behaviors that it wants its leaders and all employees worldwide to exhibit — e.g., building trusting and respectful relationships.

Bayer’s leadership team wants to know which high-potential performers will be ready to move into a more senior leadership role in three to five years. The Bayer Development Center is built on an international case study that provides observers with insights on how adaptive participants are in working in other cultural environments. Those insights are provided as feedback to participants. Bayer has collaborated with Right Management to identify and assemble best practices and created the state-of-the-art development center for emerging leaders in the Americas.

Bayer’s assessment process for high-potential employees and GlobeSmart, a web tool developed by Aperian Global and licensed at Bayer, are at the forefront of their activities to build a culturally diverse workforce and global mindset. The development centers (DCs) are tools that Bayer uses to assess and verify the potential for success multiple levels higher than an individual’s current role. The DCs use internal “Bayer Observers,” who watch and, among other types of feedback, help high-potential performers build cultural sensitivity into their mindset.

Observers are senior leaders who are well-versed in the organization and exhibit LIFE behaviors in their daily interactions and work. Bayer also looks for diversity — it wants a gender mix in each DC. For the mid- and executive-level assessments, Bayer applies even more diversity in the form of international observers and leaders that come from different parts of the business.

“We usually spend three to four hours with the observers before we even start the process,” said Claus Fey, vice president of human resources at Bayer Corporation USA. Fey also serves as an observer and speaker for Bayer’s Development Centers. “We share what we’re trying to accomplish, what to look for and train them before they get involved. We also take a close look at the observers — are they looking for the right things? — and then provide feedback to the observers about the way they are communicating to those being observed. With Right Management’s help, we’re also coaching observers and double-checking their observations against the experience of people who do this full-time.”

Michael Haid, SVP of talent management, the Americas, Right Management, reinforced Oehlschläger and Fey’s points of view about global mindset and cultural diversity. Haid serves in an advisory role for Right’s work with Bayer.

“When it comes to having a global mindset, I believe a meaningful definition is the ability to influence others that are not like you,” said Haid. “It also means understanding the impact that your influence has on a variety of cross-cultural stakeholders who are also, typically, not like you. The idea behind global mindset and cross-cultural sensitivity is that both are really important in very specific ways when it comes to connecting emotionally with people from other cultures, whether that’s a national, company or functional culture.”

Leadership development programs are a critical element when it comes to building certain leadership competencies and effectively leading in today’s global business environment — e.g., cultivating a global mindset and creating awareness of cultural sensitivities.

Bayer’s current Leadership Excellence I program for managers includes integrated modules with themes on leadership, team building and coaching. The six-day session includes 360-degree feedback and telephone coaching, Bayer’s LIFE values, exchanges on each participant’s current leadership experiences and issues, leadership behavior exercises and peer counseling. Discussion
BayWay® provides opportunities to dive deep into individual topics and extend leadership competencies based on an individual’s needs. Participants learn how to lead people in globally distributed organizations. They also learn methods to cope with complexity, serve as team champion, motivate others to keep their spirits up and embrace change to empower Bayer’s future.

In the three-month virtual “shared learning” phase, participants work together in multicultural virtual teams and develop live solutions for test cases. Active tutors support the participants, where team members and a tutor mirror each participant’s individual action plan. In addition, the participant’s manager must approve his or her action plan.

The one-week live training “Learning Lab” is held after the virtual phase. It provides a unique opportunity to experience global leadership at Bayer. This event, which brings together all participants at a European location, consists of leadership simulations, workshops and discussions. “I think the number one leadership competency is to know how to leverage diversity for business benefit,” said Antje Wessel, global head of diversity and inclusion at Bayer AG. “For some, it may not come naturally to be inclusive. I think a person’s skills will increase the more they are exposed to the concept of diversity. Instead of blaming people for not being inclusive, I think we should appreciate and acknowledge those who do manage inclusively. They provide excellent examples and help nurture a culture of diversity at Bayer.” See Exhibit B.

Bayer is also taking steps to develop leaders at the local/regional level within countries and country groups and rely more on local/regional leaders and less on expatriate assignments to provide leadership. “This is an example of thinking globally, but acting locally,” said Fey. “We want more local/regional talent developed within the countries so more and more people on the leadership teams are from the respective region or country. We think that makes good business sense.” See Exhibit C.

Another way that Bayer is developing a global mindset among its leaders is through GlobeSmart, a web-based global tool that offers a comprehensive database on 66 countries. “Our aim is to greatly improve the diversity and international focus of Bayer employees,” said Dr. Horst-Uwe Groh, head of corporate human resources at Bayer AG. “To secure the success of our diversity strategy, employees of all nationalities must be integrated into the company’s work on an equal basis and be able to handle cultural diversity in day-to-day situations sensitively and constructively.”

“In the globalized world in which we live, many barriers between people have disappeared,” said Dr. Groh. “These days we can travel quickly to almost any country on Earth.
and thanks to modern telecommunications, we can link up to people anywhere in the world within seconds. But do we really understand each other when we communicate across continents? Does ‘yes’ really mean ‘yes’ in a specific context — or might it actually mean the opposite in some countries? Does it make sense to conduct a discussion with colleagues in Germany in exactly the same way as with staff in Japan? Do people from Brazil understand feedback in the same way as their colleagues from India or the United States?”

This site enables Bayer’s leaders to learn about how to work with others (e.g., the way you provide feedback to someone in Canada is different from the way you provide feedback to a direct report in China). GlobeSmart also provides cultural tips about the political goings-on and a sense of awareness about how people living in China may take additional time before responding when asked a question. The site enables Bayer’s leaders to gain a sense of awareness and successfully interact with other cultures, yet still hold true to Bayer’s overall organizational LIFE values.

One of the benefits of GlobeSmart is the Assessment Profile. After completing a quick five-minute survey, this self-assessment enables you to compare your profile to others in the organization across five spectrums of behavioral style and preferences. The profile comparison tool provides specific ways to bridge the gaps where you differ with others.

“GlobeSmart helps as a self-assessment tool because users can see that they answered the same questions differently than a colleague in another country,” Wessel said. “People can see that just because different cultures have different values, it doesn’t make them better or worse; the difference can be a huge benefit.”

Several other elements of GlobeSmart include:

- Global Business Knowledge at Your Fingertips — Provides instant access on ways to communicate effectively, manage and train employees and improve relationships with colleagues, customers and suppliers from around the world.
- Practical Examples for Skill Building — Offers tests and case studies based on typical business scenarios. It enables you to test your knowledge and receive immediate feedback with suggested content to build knowledge and skills.
- Ex-pat and In-pat Transitions — Helps expats arriving in a new country decrease the time to adapt by learning about the main cultural differences in language and behavior. It also helps leaders more quickly transition in-pats into their teams by understanding cultural differences and enabling the entire team to learn how their behaviors and differ from that of the other team members with whom they will be interacting.
- Social Media — Users share experiences, questions, comments and upload images.
- GlobeSmart Advisors — Global network of “first responders” to users’ questions.

“One of the current best practices is to make learning progressive and not just a one-time event because there’s only so much you can capture in a full-day classroom session or even a two-hour virtual workshop,” said Sueng-Youn Shin, senior consultant with client strategy at Aperian Global, which produces GlobeSmart. “We want to help make learning a continuous process.”

The GlobeSmart Assessment profiles provide focused help on integrating and getting along with people from different cultures. If, for example, you click on the “Global Advice” tab and the country “Canada,” the system will tell you how similar you are to people in Canada when it comes to being direct (versus indirect). Alternatively, when it comes to independent versus interdependent, GlobeSmart will compare your profile to that of a Canadian. It may show that you are much more comfortable working in a group environment compared to an average Canadian.

“GlobeSmart is a great opportunity to understand more about yourself, your tendencies and how it compares to other cultures,” Fey said. “If I’m going to China, I can see what my natural tendencies would be to communicate and interact and how that’s different from the country norm. We encourage people to use it to better prepare themselves for cross-cultural interaction. It’s woven into how we operate.”

Najafi Global Mindset Institute

The Global Mindset Inventory is an approach that Right Management has informally adopted and shared with Bayer.

Dr. Mansour Javidan, former dean of research and Garvin Distinguished Professor at Thunderbird School of Global Management, spearheaded a three-year Global Leadership and Organizational Behavior Effectiveness (GLOBE) project. In Phases 1 and 2, they looked at cultural similarities and differences across countries and tried to understand implicit leadership theories. They wanted to understand what people in different societies expect from their leaders. They collected data from more than 17,000 middle managers in 58 countries representing 62 cultures. From that, they created profiles of outstanding leadership in each of those cultures.
The Thunderbird Institute also created the Global Mindset Inventory, an assessment tool that helps determine a global leader’s ability to influence individuals, groups and organizations unlike themselves (Najafi Global Mindset Institute, 2012). See Exhibit F.

Joy McGovern is head of client services for the Najafi Global Mindset Institute at Thunderbird School of Global Management. McGovern defined global mindset as “the ability to influence those people who are different from you, whether that difference is cultural, social, institutional or political.” She also shared a success story about how the GM Inventory, one of the few tools approved by the Association to Advance Collegiate Schools of Business, was applied at a giant retail company.

“We have been working with them since 2009 and regularly conducting a variety of workshops at various levels in the organization,” McGovern said. “We have taken what was, essentially, an inwardly focused American company and enabled them to expand very successfully into other countries and new cultures.”

A case study, included in “Making It Overseas,” a Harvard Business Review article written by Dr. Mansour Javidan, Mary Teagarden and David Bowen, describes two executives on multinational assignments. Each had different skill sets — and, most importantly, a different mindset, set of experiences and outcomes — when it came to working with other cultures.

Alan was charged with leading his firm’s expansion in China. He needed to resolve the issue that marketing and sales were making promises that the operations and distribution groups could not meet. His colleague, Debra, was given a similar assignment in Brazil. Because Alan found that turf protection in China was stronger than anything he had ever experienced in the United States, his enthusiasm gave way to frustration. Over time, he withdrew and, ultimately, was called back to the United States. On the other hand, Debra quickly embraced her new staff, environment and task. She immediately engaged with employees at all levels, asked questions and gathered input on solutions. She met with

In Phase 3, the team examined the actual behaviors of CEOs and asked how they implemented strategic change in their organizations. They collected data from more than 800 CEOs in 20 countries and hypothesized two things: one, that the CEOs whose styles are consistent with the leadership profiles in their respective countries will be outstanding leaders; and two, that their companies’ financial results would be superior to the results of companies led by CEOs whose styles did not match the profiles. To date, Dr. Javidan has found that this is, in fact, true.

Based on this exhaustive research, the Najafi Global Mindset Institute has identified 35 specific leadership attributes that are universally desirable — no matter what country you are in. See Exhibit E.

The Thunderbird Institute also created the Global Mindset Inventory, an assessment tool

EXHIBIT E

| Conceptualizing and Measuring Global Mindset: Development of the Global Mindset Inventory |
| Table 2.1: Initial Attributes of Global Mindset — Identified Through Literature Review and Interviews with Executives and Scholars |

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<td>1.</td>
<td>Self-confidence</td>
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<td>2.</td>
<td>Optimism</td>
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<td>3.</td>
<td>Resiliency</td>
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<td>4.</td>
<td>Curiosity</td>
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<td>Adaptability</td>
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<td>6.</td>
<td>Flexibility</td>
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<td>7.</td>
<td>Fearlessness</td>
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<td>8.</td>
<td>Quest for adventure</td>
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<td>9.</td>
<td>Risk-taking</td>
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<td>10.</td>
<td>Collaborativeness</td>
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<td>11.</td>
<td>Desire to learn about other cultures and other parts of the world</td>
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<td>12.</td>
<td>Understanding of the global business and industry</td>
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<td>13.</td>
<td>Understanding of the political and economic systems in other parts of the world</td>
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<td>14.</td>
<td>Knowledge and understanding of how to build and manage global alliances</td>
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<td>15.</td>
<td>Understanding of partnerships and value networks</td>
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<td>16.</td>
<td>Ability to manage the tension between corporate requirements and local challenges</td>
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<td>17.</td>
<td>Knowledge of how to manage such tension successfully</td>
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<td>18.</td>
<td>Understanding other cultures and histories</td>
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<td>19.</td>
<td>Respecting cultural differences</td>
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<td>20.</td>
<td>Understanding cultural similarities</td>
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<td>21.</td>
<td>Knowing other languages</td>
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<td>22.</td>
<td>Willingness to work across time and distance</td>
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<td>23.</td>
<td>Ability to suspend judgment about those from other cultures</td>
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<td>24.</td>
<td>Passion for learning about and being in other cultures</td>
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<td>25.</td>
<td>Positive attitude towards those from other cultures and regions</td>
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<td>26.</td>
<td>Openness to cultural diversity</td>
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<td>27.</td>
<td>Understanding how a person who is closed to cultural diversity behaves</td>
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<td>28.</td>
<td>Willingness to accept good ideas no matter where they come from</td>
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<td>29.</td>
<td>Acknowledgment of the validity of different views</td>
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<td>30.</td>
<td>Willingness to adapt, learn, and cope with other cultures</td>
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<td>31.</td>
<td>Ability to connect with people from other parts of the world</td>
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<td>32.</td>
<td>Ability to adjust behavior in a different cultural setting</td>
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<td>33.</td>
<td>Ability to handle complex cross-cultural issues</td>
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<td>34.</td>
<td>Knowledge of how someone incapable of handling complexity behaves in an international setting</td>
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<tr>
<td>35.</td>
<td>Ability to generate positive energy in people from a different part of the world</td>
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</tbody>
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Javidan, Hough, & Bullough, 2010

EXHIBIT F

Najafi Global Mindset Institute (GMI) — Global Mindset InventoryThe Kozai Group, Inc., creators of both the Global Competencies Inventory (GCI) and the Intercultural Effectiveness Scale (IES) To succeed overseas, you need a global mindset. It is comprised of:

**Intellectual Capital**
- General knowledge and capacity to learn
- Global business savvy
- Cognitive complexity
- Cosmopolitan outlook

**Psychological Capital**
- Openness to differences and capacity for change
- Passion for diversity
- Thirst for adventure
- Self-assurance

**Social Capital**
- Ability to build trusting relationships with and among people who are different from you
- Intercultural empathy
- Interpersonal impact
- Diplomacy

Najafi Global Mindset® Institute, 2012
local experts inside and outside the company and treated every gathering, formal and social, as a chance to build personal relationships. Within 18 months, the group was back on track.

Debra’s point of view was obviously different from Alan’s. Debra thrived on cross-cultural complexity, whereas Alan did not. They used distinctly different approaches in how they worked with their multicultural teams. Alan’s stance was prescriptive — he told the team what they needed to do and waited for them to deliver. In contrast, Debra’s approach was participative. She engaged with her team at work and socially, away from the office. She took the time to build relationships and personally engaged others. It appears that Debra used the right mix of Psychological, Social and Intellectual Capital to accomplish her work objectives and personally thrived while doing so. See Exhibit G.

Sean Dineen, principal consultant at Right Management, based in Shanghai, is a certified GMI trainer. He has applied the Global Mindset Inventory in a couple of different contexts.

“In one case, we included the GMI as part of a high-potential development center for global general managers with a large, global medical devices company,” Dineen said. “The individuals came from multiple countries worldwide. This multinational company has a strong global footprint — they recognize that in order to be successful, they need leaders who possess a global mindset, understand how business is done in other parts of the world and can effectively communicate and interact with people from different cultures.”

Right asked client leaders to take the GMI survey and then shared their results as part of their three-day leadership assessment and development center. They also asked the executives to prepare by reading about global mindset in the Making It Overseas article. At the training, the clients focused on what they each needed to do individually to develop a global mindset and brainstormed specific strategies to enhance the broader organization’s stock of global mindset.

“The exciting thing about global mindset is that you can develop it,” Dineen said. “Even if it’s not in your DNA, everybody can work on it and successfully develop his or her own approach.”

Dineen likes the Thunderbird Institute GMI model because it breaks the process down into three major categories that help one easily understand which areas need to be developed. He believes that, when it comes to developing a global mindset, the most challenging to develop is Psychological Capital. Intellectual Capital can be learned, Social Capital can be practiced, but Psychological Capital is innate — it is one’s essence, which is oftentimes the most difficult to understand, untangle and re-shape.

As McGovern said, “The hardest one to change is psychological because that involves one’s willingness and motivation to do business in an international setting.”

Right also uses a tool called the Global Competencies Inventory, developed by the Kozai Group, Inc., who collaborates with the Intercultural Communication Institute. The GCI inventory complements and closely aligns with the Thunderbird Institute’s GMI.

The Global Competencies Inventory is designed to assess personal qualities associated with effectiveness in environments where there are cultural norms and behaviors different from your own. The information contained in the GCI feedback report can provide a basis for understanding both current competencies as well as point to opportunities for future development and

**EXHIBIT G: MICROSOFT CORP (MACLEOD & CLARKE, 2009)**

Microsoft understands the changing nature of the workplace and, therefore, uses a variety of different communication tools including: email newsletters, internal websites, blogs, webcasts, live meetings, sitewide email, physical notice boards and audiovisual presentations throughout its buildings. There is a strong emphasis on regular communication. Recognizing that this cannot always be face-to-face, everyone has a monthly one-to-one meeting with his or her manager. Microsoft uses the latest technology, such as RoundTable conferencing technology. They equip everyone with a laptop, headset and the relevant software, so people can connect easily and effectively wherever they are and save costs (as well as having a significant environmental impact).

Each year, Microsoft hosts a company meeting to kick off the year, review its most recent accomplishments and considers the opportunities and challenges ahead. To make this meeting convenient for all employees across the globe, the full length company meeting is also available via on-demand webcast. Other executives at Microsoft offer regular talks and updates such as Chris Liddell, chief financial officer, who gives a quarterly “street talk” on financial performance. Kevin Turner, chief operating officer, gives a quarterly “wireside chat” on the current performance of the business and the priorities and focus for the next quarter. These are recorded and can be viewed directly over the network via streaming or downloaded to laptops or mobile devices.

MSPoll, the annual employee attitude survey, is a critical checkpoint to validate how the culture is evolving. The actions that stem from the analysis of the survey results are focused to further shape Microsoft’s culture. Microsoft has been conducting employee surveys since 1994. Participation in the MSPoll survey is voluntary, and all employees are encouraged to respond honestly as a means to offer opinions and affect change. Microsoft has recently undertaken analysis that shows that a correlation does exist between higher customer satisfaction scores and higher employee engagement scores across its businesses.

“Organizations that embody a learning culture will be more aware of new trends developing and will know how best to address those trends and get products to market. They will be better equipped to address customer needs. These organizations will secure competitive advantage by fostering a learning culture and developing their people to their full potential.” — Shannon Wallace, Global Director, High Potential Leadership Development, Microsoft (Marcus Evans Press, 2011)

**EXHIBIT H**

The Kozai Group, Inc., creators of both the Global Competencies Inventory (GCI) and the Intercultural Effectiveness Scale (IES)

**Global Competencies Inventory**

**PERCEPTION MANAGEMENT**
- Nonjudgmentalness
- Inquisitiveness
- Tolerance of Ambiguity
- Cosmopolitanism
- Interest Flexibility

**RELATIONSHIP MANAGEMENT**
- Relationship Interest
- Interpersonal Engagement
- Emotional Sensitivity
- Self-Awareness
- Social Flexibility

**SELF MANAGEMENT**
- Optimism
- Self Confidence
- Self-Identity
- Emotional Resilience
- Non-Stress Tendency
- Stress Management

Mendenhall, Frierston, Burton, Stevens, Bird, Oddou & Osland 2011
growth. The sample report focuses on three main factors of intercultural adaptability. See Exhibit H.

New Approaches: Creating Leaders for Global Roles

The emergence of easily accessible social media networking platforms offers opportunities for both individuals and organizations to strengthen their ability to work effectively in the global environment. Connecting via Facebook, Twitter and other platforms with people in other cultures provides opportunities to understand and appreciate diverse viewpoints. Employees may be encouraged to do this on their own, or the organization may create a venue to encourage the practice.

Talent networks can help organizations drive long-term engagement with current and prospective employees. It is also helping companies survey and map the complex network of talent, explore brand perceptions, develop future generations of the workforce and establish pipelines of talent for mission critical roles. The key to developing a valuable talent community is designing one that provides genuine value for everyone involved. Sites like Facebook, Twitter and numerous other platforms can be utilized to stay connected for days, months and even years, before a position opens. By inviting visitors to your career site and followers of your social career pages to join your community, you will streamline the recruiting process by attracting the best candidates to your employment brand and engaging them in deeper conversation.

When it comes to talent management, recruitment and finding and/or developing culturally diverse leaders, it is clear that a global mindset and cultural intelligence complements EQ both play a role. An individual with high emotional intelligence understands what makes us human and what makes us different from one another. Individuals who are able to accurately interpret another person’s unfamiliar mannerisms and gestures in the same way as his or her native family and friends would are considered culturally intelligent (CQ) (Earley & Mosakowski, 2004).

One important element that CQ and EQ share is, in psychologist and author’s Daniel Goleman’s words, “a propensity to suspend judgment — to think before acting.”

When an executive with high CQ is assigned to a three-year project in Beijing, she or he will naturally notice a culture’s shared understandings.

A Scottish director at an international management consulting firm was working with a new client, a Chinese building and development company. Sherrie’s experience with executives in China’s construction industry was that they were flexible about deadlines and receptive to innovative advertising campaigns. She also had worked with executives from a German construction company. Sherrie found them to be very strict about meeting deadlines; they also wanted a conventional campaign that highlighted the company’s building credentials.

Sherrie was not sure about the best course of action. Would the Chinese construction company executives behave like the other Chinese company or the Germany construction company? She decided to watch her new clients closely and decide on the best next step. However, the client sent a new executive to every meeting. Each one was from a different practice and had grown up in different countries. Instead of linking the first executive’s behavior with her new client’s culture, Sherrie looked for other consistencies in the individuals’ behaviors. She ultimately determined that while they were all very deadline-oriented, none of them welcomed new advertising messages. Based on her innate CQ assessment, Sherrie sensed much about the style and character of her new client.

Make Cultural Diversity a Priority

Several concepts follow about engendering a global mindset at your organization:

• Share information with newcomers about the dos and don’ts of dealing with people from different parts of the world. Ensure that the entire staff knows this is an organizational priority.

• Multinational corporations should exploit the fact that they employ people from all around the world. Leverage your networks by arranging for new executives to spend time with people from different backgrounds whenever possible. Most companies have a large pool of people who can share ideas and experiences, and it costs very little to do this.

Invest in and share knowledge about cultural diversity and potential “hot buttons.” Example: If an employee is assigned to a new project in India, and you have access to a tool like GlobeSmart, advise her on GlobeSmart’s features and which screens to access, so that — assuming her colleagues have completed a GlobeSmart Assessment Profile (GAP) and given permission for it to be viewed by colleagues — she can see how her natural communication style compares to these individuals across five spectrums of behaviors related to culture. This tool provides insight into how one needs to stay flexible and build awareness of when and how to make adjustments to work well with colleagues and customers from other cultures.

• Know the cultural competencies and behaviors you want in the people you hire — ask questions that test prospective employees’ EQ and CQ.

“Companies are paying greater attention to cultural diversity,” said Tim Sosbe, editorial director of Training Industry Quarterly magazine. “If you put a picture of a man with his thumbs up in front of a U.S. executive, she or he will consider that as positive. However, not in Japan — they interpret it as a derogatory gesture. Another cultural difference applies with business cards. When American executives exchange business cards, you will often see people writing a few notes on the back about the date and event where they met. In Japan, that is taboo. The Japanese consider giving someone your business card a gift. If, after receiving a business card, you write on the back, it is considered an insult.”

• Embody country culture within corporate culture by establishing a knowledge base that is comprised of success stories, case studies, anecdotes and other tips on what works best with a particular client, in what office (city) and in what country. Track, measure and document effective leadership behaviors and outcomes.

• If a standard does not already exist, work to establish a core set of global mindset competencies for current and future leaders and your entire organization.

“The road is littered with leaders who tell you that the soft stuff does not matter,” Arneson said. “They are numbers oriented. However, when it comes to doing business globally, there are things as important as making the numbers. Look at Bob Eichinger’s 67 leader-
ship competencies — almost every one of them applies. However, there is a handful that I consider imperative: leadership skills, open mindedness, communication skills — not just clarity and success, but frequency — and the ability to influence, persuade and negotiate. The individual must be patient and willing to compromise.”

Arnenson added a note of caution for two other competencies included on many shortlists: assertiveness and conflict management. “Assertiveness needs to be toned down — this is often considered a not-so-welcome aspect of what many say is characteristic of most Americans. When it comes to conflict, don’t manage it. Simply do all that you can to avoid it.”

**Conclusion**

It is a well-known axiom, but multinational organizations need to, quite literally, “think global and act local.” This is the challenge.

Developing a global mindset is a dynamic and iterative process. The co-dependent business knowledge, experiential and behavioral levers — i.e., leadership assessment and development, cultural practices and mores, diversity, cross-cultural sensitivities, clear communication and expectation management, motivational triggers, rewards and empowerment — must be integrated and working in concert.

The goal is to strike the right balance between developing high potentials experientially by giving them opportunities to work on cross-cultural teams and also provide exposure and training on various approaches — e.g., GMI’s Global Mindset Inventory, the Kozai Group’s Global Competencies Inventory, Eichinger’s 67 Leadership Competencies, Hogan Assessments, Jack Welch’s 4 E’s of Leadership, Frederick Herzberg’s Motivational Theory and others.

Having a global mindset means understanding and applying your knowledge about the attitudes, feelings and perceptions of different cultures and leveraging awareness of various continuums to influence others — i.e., how does Swedish culture look at power and authority? How do they view hierarchy? Do they operate best in long- or short-term time frames? Are they individual thinkers or collective problem solvers? This also means making on-course project adjustments as needed.

Organizations need to invest to create global competitive advantage. This could mean launching an R&D operation in China to better understand local consumers, ensuring that ex-pats in Brazil are consummate experts on local culture, or having your in-country general manager investigate and confirm that you are meeting India’s international, regional and local regulatory requirements.

Effective talent programs offer real business challenges that stretch skills and experience to the limit. When high potentials are working on a project and are stretched well beyond their comfort zone, they learn the important attitudes and behaviors that prepare them for more senior roles. The most important learning opportunities are on-the-job challenges. It is crucial to be upfront and honest about the demands of a global, mobile career. Focus on high performers who are prepared to move to other countries, new projects and be successful despite being away from home.

The companies that believe individual leadership assessment and development drive overall organizational development are most successful at developing leaders who view opportunities and make decisions through a global mindset lens. Their international training and cross-cultural exposure and experiences will enable your high performers to create and operate a vibrant, culturally diverse and empowered workforce that delivers valuable outcomes and engender positive working relationships with their multi-cultural colleagues, clients and global business network.

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