PART **1**

The Global Manager

It has become cliché to say that today's managers, wherever they are, must be internationally-minded. We have been saying it since the first edition of this book in 1988, and it seems to be more imperative with each year. In the twenty-first century, being a global leader is no longer a nice-to-have capability, it is a must-have for those who want to create value for their organizations. Recently we asked a group of executives from several countries, "How important is it for you to be a global leader – a leader who has expertise working effectively across countries?" Here are some typical responses:

Christine, head of a key product division in an industrial product firm's largest country market, Germany: "My customers are all in Germany and so is my team, so you would think my job is all in Germany. But our company is headquartered in Scandinavia and our plants are in several different locations around Europe. When we have challenges serving our customers, the people I need to work with are mostly outside of Germany and those are the interactions that make the biggest difference in my business. Maybe even more important, my new ideas come from outside of Germany. The German market is mature, saturated, we and the customers all know what to expect. It's when I work with people in the international arena that I learn how to build my business better within Germany."

Ho Yin, corporate director of human resources of a Singapore-based conglomerate's utility businesses: "You might expect that a business involved in generating, distributing and retailing electrical power is fundamentally local. But as we extend our reach to Australia, India, Southeast Asia and China, we need to identify and adopt the best practices in the industry worldwide. Regulators expect us to provide reliable service at competitive prices. To do this we need managers beyond our solid base of technical experts; people who are experienced at dealing with ideas and people from many countries and cultures, and who can lead in demanding circumstances in

many different countries. Finding and developing such people is perhaps our biggest challenge."

Jesper, a Swedish social entrepreneur working in Kenya: "My not-for-profit provides solar-powered lamps to off-grid rural areas in Kenya to empower children to study.[1] My funders mostly come from the developed world, and I have close partnerships with colleagues in places like the US and Switzerland – individuals and companies – for this funding. The quality and price of the lamps is critical, so we ran an extensive global search and ended up with lamps sourced from China. The other part of my job is helping new investors come to Africa, both through investment funds I help to run, and providing advice for ethical business entry. My job is clearly global and I love that. The opportunities are enormous when you can bring the world together to address local challenges. It's clear to me that others are seeing those opportunities too."

Leading internationally is more complex today than it was a generation ago. At that time, "international managers" were a relatively small subset of managers, those who journeyed away from home as expatriates to do exciting things. They experienced hardship from (sometimes unexpected) foreign conditions, and rewards from generous expatriate compensation packages as well as fulfilling their need for growth and adventure.

With changes in arenas such as technology, finance, political systems, business models, air travel, and the media, most managers today work across national borders. Having a successful management career in any kind of business today requires effective international navigation. Moreover, international management today is rarely about just going from one culture to another. Typical international managers, like the executives quoted above, may travel to many different countries in any year, and frequently work with people from many different cultures at the same time. To be successful, they cannot simply learn about another culture and place, and adapt. The dynamics are much more complex.

In this chapter we discuss how the forces in the international environment are shaping the characteristics needed by global leaders. We explore what makes a leader's task more or less global, and we comment on the relationship between management and leadership. Then we review the characteristics, competences, knowledge, and skills that effective global managers need, highlighting the global mindset and competences. The last section of this chapter addresses how to become an effective global leader: how to develop the global mindset and competences, and some principles for navigating well in global complexity. We conclude by showing how the different sections of this book can help you on your personal development journey.

> *More and more, managers are dealing with different cultures. Companies are going global, and teams are spread across the globe. If you're head of engineering, you have to deal with divisions in Vietnam, India, China or Russia, and you have to work across cultures. You have to know how to motivate people who speak different languages, who have different cultural contexts, who have*

different sensitivities and habits. You have to get prepared to deal with teams who are multicultural, to work with people who do not all think the same way as you do.[2]

As we stand at the dawn of the 21st century, we must ask ourselves if we can truly manage ourselves cross-culturally. This is the principal question. A decade ago, culture was not a particular issue, but the more we advance, the more managing people of different cultures and beliefs becomes the benchmark of an efficient company.[3]

Carlos Ghosn, Chairman and CEO of Nissan Motor Company
and Chairman and CEO of Renault

GLOBALIZATION: THE SETTING FOR INTERNATIONAL MANAGEMENT BEHAVIOR

What is globalization? The Stanford Encyclopedia of Philosophy states that "the term 'globalization' has quickly become one of the most fashionable buzzwords of contemporary political and academic debate" and most often is nothing more than a synonym for the spread of classical liberal, "free market" economic policies; the spread and dominance of "Westernization," or even "Americanization" of political, economic, and cultural life; and the rise of new information technologies such as the Internet – all of which are bringing the world closer together.[4] And there is often an unarticulated assumption that globalization is good.

We should remember, however, that globalization is a process and not a destination. In *The Lexus and the Olive Tree*, Thomas Friedman pointed out that in addition to politics, economics, technology, and culture, globalization involves issues of the environment and national security. Terrorism and pollution also have "gone global" and there can be negative aspects of globalization as well as positive, the "good and bad globalization"; and globalization can spread evil as well as good.[5] On the negative side there are global criminal activities such as drugs and money laundering while on the positive there is the reduction of poverty and the increase of living standards. The Occupy movement focuses on the inequality associated with globalization, raising the voice of, in their words, "the other 99%" who are disenfranchised by globalization.[6] Therefore we must be specific when we discuss globalization – the "globalization of what?"[7]

There is also an implicit assumption that globalization and global organizations are new phenomena. By some accounts, globalization is as old as mankind and began when people started migrating out of Africa.[8] Globalization is an historical process: "Traveling short, then longer distances, migrants, merchants, and others have always taken their ideas, customs, and products into new lands. The melding, borrowing, and adaptation of outside influences can be found in many areas of human life."[9]

The basic feature of globalization is that people, countries, and organizations all around the world have become more interdependent. More activities affecting more people's lives have become more interdependent than ever before. In this book we focus primarily on the economic dimension of globalization and on companies that operate in many countries around the world and that attempt to integrate their global activities.

Recent Globalization: Transportation and Communications Connect Us

Modern globalization can be thought of as the erosion of national as well as company boundaries and the increase of economic interdependence. Trade liberalization has opened borders across which capital and products move easily. Airline travel and reliable, inexpensive communication have reduced distances and minimized the impact of physical boundaries so that corporations are able to manage far-flung operations. Alliances and networks blur the lines of organizational boundaries. The forces of deregulation, industry consolidation, and technology reshaped corporate and social landscapes. Both responding to and feeding the trend of boundary erosion, companies have been seeking to globalize.

In the early 1980s, Levitt, a pioneering observer of globalization, defined globalization as a "shift toward a more integrated and interdependent world economy . . . having two main components: the globalization of markets and the globalization of production."[10] Many academics and executives over-simplified the meaning of globalization and extrapolated it simply as "the production and distribution of products and services of a homogeneous type and quality on a worldwide basis."[11]

Most of the globalization descriptions refer to an increasing global reach but from narrow perspectives. These include the number of markets served; the global reach of the supply chain and sources of supplies; the locations in which parts of the company's value chain are located; and alliances or mergers and acquisitions to source intellectual capital (knowledge). However, such perspectives suggest that companies and executives are simply doing more of what they have always done, just in more places and with more technological sophistication. These perspectives are economic, market-oriented, and technology-oriented and although not incorrect, describe only a part of the reality of globalization.

The measures of globalization employed also tend to focus on measurable external factors such as a percentage of international sales to total sales. However, when we examine the processes of companies that globalize, the sterile statistics disappear and the people who create and manage the processes appear. The picture at the operational or "execution/make it happen" level is often much less rosy than the one provided by macro-level descriptions. The road to globalization has been littered with the debris of ill-considered mergers, acquisitions, and new market entry-attempts. Globalization is easy to talk about but difficult to do.

What exactly is a global company that operates in this new world of increased interdependence? Is it a company that has plants and subsidiaries in many countries? Or is it a company that sells its products and services around the world and derives more of its revenue from international sales than domestic sales, for example? There is no doubt that these are some of the characteristics.

However, just because a company operates in multiple locations around the world does not make it a global company. It simply means that it functions in a lot of countries. Global strategy is executed by, and global operations are managed by, people from

one culture interacting with people from another country and culture. These are the managers who interface with the suppliers, alliance partners, and government officials. These also are the people who manage the plants and workforces around the world.

You don't globalize companies unless you globalize people. Think of a German company, for example, operating in many countries but whose top managers all have German passports. This is a German company operating in many countries – but not necessarily a company that has been truly globalized. Yes, a global company operates in many locations, and it also has developed a cadre of managers who have global mind-sets and understand how to operate in this world of economic, political, and cultural interdependence.

Sam Palmisano, former CEO of IBM, characterized the modern global company as a globally integrated enterprise (GIE) that "fashions its strategy, its management, and its operations in pursuit of a new goal: the integration of production and value delivery worldwide. State borders define less and less the boundaries of corporate thinking or practice."[12]

These GIEs use new technology and business models that allow them to combine functions and operations in multiple ways in "increasingly complex intercompany production networks" requiring new forms of collaboration and "high-value skills" that Palmisano said would allow managers to handle the "fluid and collaborative nature of work today."

Over two decades ago, C. K. Prahalad characterized the world of global business:

> A world where variety, complex interaction patterns among various subunits, host governments, and customers, pressures for change and stability, and the need to re-assert individual identity in a complex web of organizational relationships are the norm. This world is one beset with ambiguity and stress. Facts, emotions, anxieties, power and dependence, competition and collaboration, individual and team efforts are all present . . . Managers have to deal with these often conflicting demands simultaneously.[13]

Prahalad saw the outline of globalization and described it accurately. Although he did not use the term "complexity," he described this characteristic of globalization well. Rather than think about globalization as the proportion of trade conducted across national borders, or by some other economic or social measure, we argue that, as we talk about it in business, globalization is a manifestation of complexity and requires new ways of thinking and managing. Executives today have to be able to manage internal and external networks in a very complex environment.

Managing Globalization = Managing Complexity[14]

The last edition of this book was written just as the global economic crisis was unfolding. We fully expected that by the time we wrote this edition, the crisis would have

been resolved and we would be describing the opportunities and lessons from recovery. Yet here we are in 2013 with a start-stop recession, a slow and uncertain (jobless?) US recovery, a Eurozone stuck in currency crises, and slowing growth in China. The final outcomes of the Arab Spring are not yet clear; sub-Saharan Africa's growth patterns are unsure; Latin America shows divergent patterns with different governments and challenges. Some observers, like Jean-François Rischard,[15] are pessimistic about our ability (and willingness) to resolve today's situation. Others, like Michael Spence,[16] are more optimistic that the converging rates of growth will create opportunities and can reduce inequalities. Few deny there is "new normal," and the term VUCA[17] - Volatile, Uncertain, Complex and Ambiguous, originally used by the US military to describe the post-cold war scene – has entered common usage.

Just over a decade ago we were trying to learn from managers what globalization meant to them. Economists tend to define globalization in terms of flow of goods or money or people across borders, compared to the flow within borders. But we sensed that managers experienced it a bit differently in their day-to-day operations. We spoke with managers who were working outside their home country or inside their home country, traveling a lot, or traveling little. When we asked them, "What is the effect of globalization on your management role?" the answer they shared was one that surprised us. They all responded: "It's exhausting."

When we probed further, we found that whatever level of cross-border transactions a single manager actually dealt with, the effect of a more globalized economy and society meant increased complexity in the management role. This increased complexity, in turn, meant that the traditional way of managing – often one learned in business school – was not adequate. Managers were working harder and harder to try and understand the complex forces, in order to plan and execute with any kind of predictability. The result was a feeling of being overwhelmed and yes, exhausted. Our experience with managers today suggests that this trend has continued unabated. This may be the "new normal," but most managers have not yet developed the habits or institutions to lead in it.

Interdependence: Increased Connections   How did this VUCA business environment arise? First, globalization of trade increased the *interdependence* between countries and people in those countries. We are all more connected to each other than we used to be. With the fall (or at least permeability) of barriers to cross-border flow of goods and money, events and decisions in one company or in one part of the world affect others who may be distant and seemingly unconnected with the initial event or decision. The recent financial crisis, for example, was triggered by the subprime mortgage crash in the United States and the derivatives based on it. It affected the ability of businesses as far away as South Africa to invest in improvements in manufacturing productivity. China's hunger for basic resources such as steel and wood affects the price of those commodities for all manufacturers, and affects environmental and social issues in South American countries with strong mining industries. With such high levels of interdependence, it is impossible for a manager to predict the impact of a specific action. This makes effective managerial decision-making extremely difficult.

Variety: Increased Variables and Options Executives also face more *variety* than ever before. In many countries, the domestic workforce is becoming more diverse. For example, in Toronto, Canada, 46% of the population identifies a language other than English, French or Canadian Aboriginal as their mother tongue.[18] But workforce diversity is just one aspect of the increased variety that managers face today. With modern media and technology, both businesses and consumers have become more discerning customers, and companies must define customer segments much more carefully. Competitors, too, come with more variety in products and services. In the voice communications industry, companies like Nokia have found it difficult to respond to challenges from computer and consumer electronics firms like Apple and Samsung, and internet providers and services such as Skype, as consumers become more familiar with different ways of communicating with each other. Companies that operate in many countries face many different legal and economic environments. Developing consistent compensation policies worldwide for a company like Royal Dutch Shell, for example, is almost impossible. Making decisions and taking action as a manager are much more complicated when there are so many variables to consider.

Ambiguity: Decreased Clarity Managers also face more *ambiguity*, or lack of clarity. First, interconnectedness and variety make it much more difficult to see cause-effect relations. What is cause and what is effect is not always clear. Why did the Euro lose a third of its value against the US dollar in the last decade?[19] Is it because of the debt crises in Greece and Portugal? The political crisis in Italy? The politicians in Germany and France not acting sooner to correct inequalities of productivity across the Eurozone? Did the falling Euro decrease consumer and investor confidence, decreasing the demand for Euros and exacerbating the problem? Or was it that the US economy just performed so much better (relatively) after the 2008 crisis? What is the effect of this relative change in positions? In theory, it should make Eurozone exports cheaper compared with their American competitors, but the factories are not seeing proportionately higher demand. Undoubtedly all of these factors are related, and there is plenty of blame to go around. However, simple cause and effect is difficult to establish.

Second, although we have more information available to us today than at any time in the past, the reliability of this information is not always clear, and we cannot always turn it into meaningful knowledge. Financial analysts give us ratings of particular companies – how do we know what information they've based those ratings on, and what should we do with the information? Customers complain to us through a website – how representative are they of all our customers? How much impact will their public complaints have on potential new customers? Again, decision-making and action are much more challenging when they are *ambiguous*, when we are not sure about the cause-effect relations or the clarity of our information.

The Multiplier Effect: Dynamic Complexity and Flux Multiplicity x Interdependence x Ambiguity = Dynamic Complexity.[20] Tightly linked, complex global organizations operating in a tightly coupled global environment potentially become more vulnerable as

FIGURE 1.1   The complexity of globalization
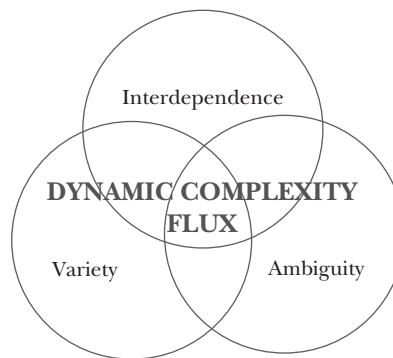
interdependence increases.[21] For example, a single email sent simultaneously to several locations in the world can not only be interpreted differently, but also forwarded to several other destinations, each generating varied interpretations and possibly actions. The increase in complexity leads to a decrease in buffers, slack resources, and autonomy of units. There also is less time to contemplate corrective action. Ambiguity makes problem diagnosis and action planning difficult. Problems appear and must be resolved. "Now" has become the primary unit of time in the world of global managers.

As if that weren't enough, the configuration of our complex environment is always shifting and changing. Even if you could take a snapshot today of the interdependence, variety, and information available and study it enough to understand and make clear decisions, tomorrow would be different. Decisions you made yesterday may not be ideal today or tomorrow. We refer to this as *flux* because it represents rapid unpredictable change in many directions, not predictable change in a few dimensions.

It is no wonder that managers feel overwhelmed by globalization, whether or not they are directly involved in cross-border transactions! This environmental complexity is depicted in Figure 1.1.

Managing Complexity: Hercules Meets Buddha

How do you manage this level of complexity in the environment? The way to manage the complexity of globalization is by using the capacity that is in people to manage it themselves. The most complex thing in any organization is people: human brains and the relationships among people. When managers simplify a few key control processes, such as the organizational structure, the company values, goals and strategy, and some key performance indicators, they can "let go" and empower people to manage complexity. We call the technique "Hercules meets Buddha."[22]

The Herculean mode in which the hero is pitted against external forces, originated in Greece, the cradle of Western rational thought. Hercules was given "stretch goals"; planned his forays; assembled resources; and used direct action, force and strength to overcome obstacles and accomplish his objectives. In modern terms it is similar to a control model of management that encourages the use of comparison, measurement, categorization, and analysis in understanding the world before taking action.[23] Such an analytic, strength-based, control mode of thinking and acting may not be sufficient to respond to globalization pressures since not everything is under our control.

Managers, especially those from the West, tend to have well-developed knowledge and skills about organization and control. The management of people in a complex setting like globalization presents much more of a challenge; however, as we have seen in our research on complexity, it is absolutely critical to the success of organizations today. The Eastern way of "seeing and understanding" as presented in Buddhism and Taoism seeks to achieve understanding of a world in which all things and events are interrelated and in which change is constant and natural. Understanding and using the natural processes that exist, a flow mode of operating, will make dealing with complexity more manageable. Global managers could benefit from understanding both Hercules and Buddha.

MANAGING PEOPLE ACROSS BORDERS: A JOB DESCRIPTION

In this section, we look at the role of a global (or international) manager (or leader): what makes it different from the job of someone doing the same things in a single country? We explore the context of globalization, the tasks an international manager is responsible for, and some basic definitions.

Not all Jobs are Equally Global

While it is clear that most managers' jobs have become more global, it is also true that some jobs are more global than others. The more global a job or mandate, the more it requires global leadership and the kinds of management competences and perspectives addressed in this book.

A leader's role is more global to the extent that it requires more:[24]

- Working with colleagues from other countries.
- Interacting with external clients from other countries.
- Interacting with internal clients from other countries.
- Speaking a language other than their mother tongue at work.
- Supervising employees who are of different nationalities.
- Developing a strategic business plan on a worldwide basis.

- Managing a budget on a worldwide basis.

- Negotiating in other countries or with people from other countries.

- Managing foreign suppliers or vendors.

- Managing risk on a worldwide basis.

Mendenhall and colleagues summarized these characteristics into three main dimensions, showing that a job and role is more global to the extent that it:

1 Takes place in a highly complex context. The more interdependence, variety, ambiguity, and flux a manager faces, the more global the position.

2 Includes a higher flow of boundary-spanning. The more a leader must interact with people across boundaries (especially cultural boundaries), with more types of information, and in more ways, the more global the position.

3 Requires spatio-temporal presence. The more a leader must be physically present in different cultural contexts, the more global the position.[25]

If we return to the managers who have appeared so far in this chapter, all of them are global leaders. That is, their role involves all three characteristics of a complex context, a high flow of boundary-spanning, and spatio-temporal presence across cultures, and they conduct many if not all of the list of global tasks. Carlos Ghosn, the Chairman and CEO of Renault and Nissan, has a highly global job. He conducts all ten of the global tasks regularly, and his job can be summarized as high on all three of the global dimensions. Jesper, the social entrepreneur living in Kenya, has a moderately high global job – his roles are high on all of the three global dimensions, and he conducts seven of the ten global tasks. Christine has a less global role – her role is moderately high on the first two dimensions above and lower on spatio-temporal presence, and she regularly engages in five of the ten global tasks. The global leadership competences and perspectives we will discuss are necessary for Carlos Ghosn and for Jesper; for Christine, they are less necessary, but they do create opportunities.

Glass Half Empty or Half Full?

While a great deal of research and writing about global business focuses on opportunities, most research and writing about global leadership focuses on challenges to overcome. Expanding strategy over borders provides opportunities for scale and scope that are not possible domestically, no matter how big your home market. Research on global strategy looks at which type of Foreign Direct Investment (FDI) is best for different situations, what is the optimum distribution of subsidiaries, managing supply chain and distributed operations to create the best value, and so on. The "why" of doing business internationally is easy, and global business strategy research attempts to answer questions about ideal configurations. But even the strategy literature admits that it is difficult to capture those opportunities. Implementing global strategies is easier said than done.

Leading across boundaries is more difficult than leading within boundaries, there is no question about that. Learning to overcome the challenges is the crux of global leadership. Most of the literature on global leadership addresses those challenges. But in addition to the opportunity to implement global strategies effectively and capture their benefits, there are many other positive sides of global leadership.[26] For example, not only are multicultural teams more creative than culturally homogeneous teams, but people are more satisfied working in multicultural teams than in culturally homogeneous teams.[27] People with a high need to learn and develop find the cross-cultural environment provides them with opportunities to question their assumptions and grow as individuals. Many managers find enormous joy in discovering that underneath the variety of cultural and institutional differences of people around the world, we share a basic humanity. These positive sides of international management are less tangible or rational than the challenges, but they are equally important.

Manager or Leader? International or Global?

In this book, we usually use these pairs of terms interchangeably.

The debate about management vs leadership is an important one conceptually, and when it was first raised by Zaleznik in 1977 it was helpful to identify the importance of taking responsibility, setting direction, and inspiring people (leadership) in addition to executing organizational mandates (management).[28] This debate generated an acknowledgement that those who lead businesses should include values, motivation, and other aspects of non-rational leadership in their agendas. Bennis and Nanus put it simply in 1985, "Managers do things right, leaders do the right things."[29] However, as Mintzberg pointed out 20 years later, we cannot lose sight of the fact that even leaders need to get things done, responsible leaders do it well, and this requires good management.[30] In reality, the *person* in the *role* of being responsible for mandates across borders must *both* lead and manage, more often than not at the same time. We therefore use the terms manager and leader interchangeably, and when it is important to specify which competences or perspectives are important for which aspects of the role, we do so carefully.

The distinction between global and international has also been the subject of much conceptual debate, both in the literature and in companies. In global strategy, it often differentiates an approach of having the same product or services everywhere (global) from one that is highly adapted to local conditions (multi-domestic or international).[31] This is often reflected in structures that are highly centralized or coordinated (global) versus ones that are more decentralized (international, multi-domestic).[32] And it is sometimes used as a way to raise awareness of potential opportunities in management discussions, like, "Yes, we operate in many countries, and that makes us international. But our managers don't yet see how they can learn from each other across those countries, and even serve clients who cross borders with new services that we develop from the synergies we see. That would make us truly global." For the purposes of our discussion, it is more important to define globalization as complexity, and identify different levels of "global" by the type of task and extent of global context, and it is less important

to distinguish global from international. From the perspective of the *person* in the *role* of being responsible for mandates across borders, all of these situations involve working with people and getting things done across boundaries, and the focus of this book is those interpersonal and organizational dynamics. We therefore tend to use global and international interchangeably, and specify the nature of the boundaries and context involved and identify differences in approach as appropriate.

SUPERHERO OR ORDINARY HUMAN? WHAT DOES IT TAKE TO LEAD ACROSS BORDERS?

Because of its importance to business, research on global leadership has skyrocketed in recent years, and many studies have been published identifying the skills that global leaders need.[33] In fact, the lists are so long (up to 250 competences!), it seems that only a superhero can be a global leader. However, there are ways of sorting out the most important criteria, and we will share a framework here that we think best captures the most important capabilities. The Pyramid Model of Global Leadership developed by Bird and Osland summarizes the most important skills and knowledge, and illustrates how they build on each other.[34] In their view, global managerial expertise is a constellation of traits, attitudes and skills or what they call "global competencies." Their model of global competencies is shown in Figure 1.2. Each level presumes and builds on the level below, and the more global a job is, the more it requires sophisticated competences in the higher levels of the pyramid.

The foundational level is *Global Business Knowledge.* This is deep knowledge about the business a manager is in, and how that business creates value. It also includes knowledge about the political, economic, social, and technical environment. This foundational knowledge is necessary before any of the next steps.

The next level identifies *Threshold Traits.* Knowledge will lie dormant without the personal predisposition to use it. Among the myriad of personality traits associated with effectiveness, four stand out as differentiating people who are effective in global settings from those who are less effective: integrity, humility, curiosity, and resilience. Integrity is having a firm set of values associated with honesty and transparency, and being true to those values. Humility is recognizing that knowledge and skills are widely distributed, and that others know and can do things that you, yourself, may not. Humility opens one to accept differences and different ways of doing things. Curiosity is active motivation to know things one does not already know. While humility creates openness, curiosity drives action to learn more, and to experiment with different ways of creating value. Finally, resilience is the ability to persevere in the face of challenges and difficulties. This resides partly in the manager's own personality, and partly in the extent to which the manager has a support network of family, friends, and/or colleagues.

The next level of the pyramid is an important set of *Attitudes and Orientations* – ways of seeing the world and the task of international management. The basic traits suggest potential within an individual; attitudes and orientations guide that potential so the

FIGURE 1.2   Global competencies model
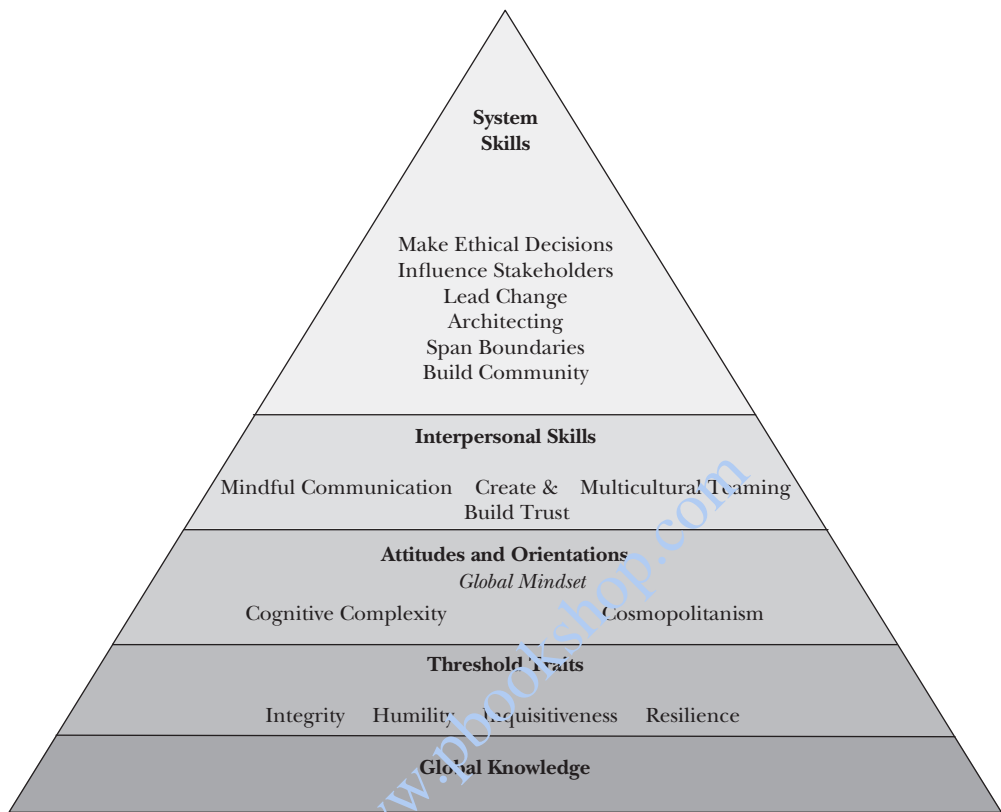
Source: Reproduced with permission of John Wiley & Sons

individual sees opportunities. The most important is a global mindset, or the tendency and ability to see and understand the world differently than one has been conditioned to see and understand it, in other words a view from outside of one's own borders. Two attitudes and orientations contribute to developing a global mindset. Cognitive complexity is the ability to see a situation from multiple perspectives, to see connections among the perspectives, and to build new connections with existing and new information. Cosmopolitanism is having a positive attitude towards people, things, and perspectives from other parts of the world. For example, people who are cosmopolitan are more likely to have close friends who are from countries other than their own. We address the global mindset in more detail later in the next section of this chapter.

Seeing opportunities in the business, the context, and other people only takes a leader so far. With skills, the leader can work with others to develop ideas further and implement them. The three most important *Interpersonal Skills* for global leaders are mindful communication, building trust, and multicultural teaming. Mindful communication is

paying attention to how you communicate with others, especially those who are different, and adapting your communication as necessary in order to ensure that meaning is transmitted the way people intend. This includes both sending messages (speaking, writing and non-verbal acts) and receiving them (listening, reading and observing the behavior of others). Building trust is creating a relationship where both (or all) parties believe that the other(s) will act with good intentions for the relationship, and can make decisions on each other's behalf. Multicultural teaming is working effectively with people from different cultures on joint deliverables. Many other interpersonal skills are of course important to global leadership effectiveness, such as negotiation and conflict resolution. However, if a manager is adept at mindful communication, building trust, and multicultural teaming, then generally these other skills will follow. The reverse is not necessarily true – one can negotiate solutions and resolve conflicts without increasing trust, for example. The next three chapters of this book focus on interpersonal skills.

Finally, a set of six *Systems Skills* are critical for global leaders: spanning boundaries, building community, leading change, architecting, influencing stakeholders, and ethical decision-making. Boundary-spanning is working effectively across countries, organizations, divisions within organizations, and so on. It involves using all of the skills and attitudes identified in lower parts of the model to create insights and synergies across different perspectives. Building community is creating a sense of identity and joint commitment among a group of people distributed across different countries and units. Leading change effectively is about helping an organization through different ways of doing things, while creating capabilities for adapting to further change. Architecting is designing and implementing organizational structures and systems that facilitate the organization. Influencing stakeholders is an important part of any leadership role, more complex in a global role, because there is more variety of stakeholders with different interests and different contexts. Ethical decision-making is about making and implementing decisions that take into account the long-term benefit of individuals and society.

We believe these systems skills are the most important part of global leadership, recognizing that they rest on the levels below. But international managers find much less guidance for these systems skills than for the levels below. We take a systems approach throughout this book, and the third and fourth sections address them specifically. Table 1.1 presents a summary of the global competences.

Global Managing Starts with a Global Mindset

In this book, we assume that the reader has a certain level of global business knowledge and is developing more knowledge and skill. We also assume that the basic traits are given. We focus on the upper levels of the pyramid, starting here with the global mindset.

As implied by the higher-level competences, international managers must learn how to function as effectively in other contexts as they do in their own country, and to build bridges across the world by leveraging both similarities and differences. In the broadest

TABLE 1.1   Global leadership competencies descriptions

Level	Competency	Description
Threshold Traits	Integrity	Adherence to moral and ethical principles; soundness of moral character; honesty
	Humility	A willingness to learn from others and not assume that one has all the answers
	Inquisitiveness	An interest in learning; questioning; curious about other people and cultures
	Resilience	Capable of surviving under unfavorable conditions; resistance to stress; emotionally resilient
Attitudes & Orientations: Global Mindset	Cognitive complexity	Ability to balance contradictions and ambiguities; ability to view a situation from many ways and with many connections
	Cosmopolitanism	External orientation; free from local, provincial, or national ideas or prejudices; at home everywhere
Interpersonal Skills	Mindful communication	Culturally appropriate and skillful communication
	Create and build trust	Ability to inspire confidence in the certainty of future actions
	Multicultural teaming	Ability to lead and work effectively in multicultural teams, including geographically distributed teams
System Skills	Build community	Ability to bring the members of heterogeneous groups together to act in concert
	Span boundaries	Creating and maintaining linkages that integrate and coordinate across organizational boundaries
	Architect	Build organizational structures and processes that facilitate effective global interactions
	Lead change	Lead individuals, teams and organizations to new ways of doing things, build capacity to learn and adapt.
	Influence stakeholders	Consider multiple, often conflicting stakeholder needs; make decisions taking them into account; influence them towards alignment
	Making ethical decisions	Adhere to accepted standards of behavior; Identify a clear and strong set of values and act according to them.

terms, this means reorganizing the way they think as a manager. As one executive put it, "to think globally really requires an alteration of our mind-set." Thinking globally means extending concepts and models from one-to-one relationships (we to them) to holding multiple realities and relationships in mind simultaneously, and then acting skillfully on this more complex reality.

At the heart of the global mindset is the ability to see and understand the world differently than one has been conditioned to see and understand it. It is a meta-capability that permits an individual to function successfully in new and unknown situations and to integrate this new understanding with other existing skills and knowledge bases.

A global mindset enables a person to adapt to the changing needs of global business. It is a way of organizing a set of attitudes and skills for developing and acting on knowledge in a dynamic world. A global mindset incorporates knowledge and openness about working across cultures, and about implementing business across strategic complexity.[35] We define a global mindset like this:

> A global mindset is the capacity to analyze situations and develop criteria for personal and business performance that are independent from the assumptions of a single country, culture or context; and to implement those criteria appropriately in different countries, cultures and contexts.

For example, one company was implementing self-managed teams throughout the organization for its new modular-based production facilities. In its dynamic and interdependent environment, the company believed it was important to have decision-making authority with the people who had the most immediate information to make the decisions, and who had to implement the decisions. The company developed a model of how self-managed teams should work; pilot-tested it in their home country; then rolled out the new structure around the world. However, it met with resistance. In many parts of the world, the idea of teams managing themselves, without a specific boss to lead them, is completely unheard of. Some plant managers pushed through the self-managed teams program to greater and greater dissatisfaction; others gave up and just kept the more rigid and hierarchical teams.

Some managers, however, did something a bit different. They looked at the two most important criteria for identifying who should make a decision in this new manufacturing context: the people who have the information, and the people who have to implement it. They also realized that manufacturing would not achieve its potential unless there was more interdependence among the various parts of the process. Then they questioned whether the only way to accomplish this was the self-managed team model that headquarters dictated. They met with their managers and teams, and developed a way to achieve the required working relationships and decision processes that fitted with the local teams' preferences and context. In some cases this had more hierarchy, in others it had fewer specific roles and more fluidity, and still others had more individual responsibility. In all cases, it achieved the performance goals.

These last managers were working with a global mindset. They were able to separate performance criteria, like "people with the information make the decisions," from culturally influenced contextual preferences, like "self-managed teams." Then they found a way to achieve the performance criteria in different contexts.

Components and Domains of a Global Mindset   The crux of developing a global mindset is achieving self-awareness and other-awareness, and awareness of the relationship between context and characteristics of the self and others. How much of my behavior is "me" and how much of it is influenced by my context? Or, more appropriately, *when* and *how* is my behavior more or less influenced by my context? When and how is this the case

TABLE 1.2 Domains of a global mindset

	Individual	*Organizational*
Self	**Type 1: Myself** Understand myself and how who I am is associated with the context I am in.	**Type 3: Own organizations** Understand my own organizations and how their characteristics and effectiveness are associated with the context we are in.
Other	**Type 2: Others** Understand how characteristics of people from other countries and cultures are associated with the contexts they are in.	**Type 4: Other organizations** Understand how characteristics and effectiveness of organizations from other countries and cultures are associated with the contexts they are in.

for others? In business, we need this understanding both about ourselves and others as individuals, and ourselves and others in social groups, especially organizations.

As identified above, two orientations that characterize a global mindset are cognitive complexity and cosmopolitanism.[36] These orientations help to develop four types of knowledge in the domains in which a global mindset operates, shown in Table 1.2.

Type 1: Knowledge about Self. A global mindset incorporates a concept of self, both as an individual and as part of an organization. We need to acknowledge and understand what it is about our mindset that has been shaped by our own context.

A critical part of context that influences self is culture, and a global mindset should include sophisticated knowledge about culture. Culture is an implicit agreement among a group of people concerning what people's actions mean. It is their list of shoulds and oughts for life or, as Hofstede described it, the collective programming of the mind that distinguishes one group from another.[37] As Brannen has pointed out, we should not use "nation as a cognate for culture."[38] Gender, age, religion, or region of a country, for example, can be considered cultures, and a person can be a member of many cultures simultaneously. Culture is often hidden from members of the culture: we rarely examine our own values or context in the normal course of doing things – it is there, taken for granted as the foundation. To paraphrase Edward T. Hall, culture is like air to us, all around and necessary for survival but usually not noticed. Hall observed:

> [Culture] is a mold in which we are all cast, and it controls our daily lives in many unsuspected ways . . . Culture hides much more than it reveals, and strangely enough what it hides, it hides most effectively from its own participants. Years of study have convinced me that the real job is not to understand foreign culture but to understand our own.[39]

Becoming aware of the influence of culture on one's self can be both uncomfortable and difficult. But the ability to "see" it and to examine it is critical to developing an effective global mindset.

Type 2: Knowledge about Others. Of course, different contexts create different assumptions and value systems. This is the more obvious part about cultural differences. It is easy to see people from different cultures perceive the same situation differently; interpret what they notice differently; evaluate the situation differently; and take different actions. A global mindset means going beyond these superficial observations and understanding the deeper nature and impact of these differences.

Type 3: Knowledge about Own Organization. Similarly, a global mindset requires understanding how the organizations of which we are a part (families, peer groups, institutions, companies) are influenced by their context. Most companies have a particular administrative heritage that has evolved within the culture of their home countries. This means that a potential cultural bias may exist in their strategy, systems and practices – "the way things are done in the headquarters' home country."

Hofstede reminded us that "theories reflect the cultural environment in which they were written."[40] Management concepts and practices are explained by theories regarding organization, motivation, and leadership. Therefore, theories of management systems and management practices may work well in the culture that developed them because they are based on local cultural assumptions and paradigms about the right way to manage.

Type 4: Knowledge about Other Organizations. Knowledge about other organizations and the relationship with their context allow a manager to adapt continually to business and contextual contingencies. This is what helps the manager identify criteria for performance that can be universally applied, and then adapt them to different contexts. For example, a human resource system that provides collective performance bonuses in Mexico and individual performance bonuses in the United States might fit with cultural preferences in those countries and encourage high performance today. However, a human resource system dedicated to "motivating all employees to perform well, whatever their background or preferences" will always be subject to adaptation and will encourage high performance into the future.[41]

Developing Global Mindsets in Theory and Practice A global mindset is not something innate, it can be learned. However, it cannot be developed by simply reading a book on an airplane or by being lectured about in a classroom. It has to be shaped or developed, which implies changes have to take place.

A global mindset is a specific type of mental framework, or cognitive schema, for organizing information, in other words, a worldview. Schemas influence what we notice and what meaning we attribute to perceptions and guide the actions in the world around us.[42] Schemas are simple at first and become more complex with greater experience.[43] This development of more complex schemas allows a person to process enormous amounts of information and to see patterns without getting lost in the detail. There is a difference in the way that expert and novice global managers think, as shown by Osland and Bird:

> When entering into a new situation [experts] notice more and different types of cues, they interpret those cues differently, they choose from a different, wider range of appropriate actions than do novices, and then they execute/implement their chosen course of action at higher levels than do novices. In the case of global managers, these differences between novices and experts are magnified . . .

> [As] they become more competent, they recognize complexity and a larger set of cues. They are able to discern which cues are the most important and are able to move beyond strict adherence to rules and to think in terms of trade-offs. On attaining the expert stage, they can read situations without rational thought – they diagnose the situation unconsciously and respond intuitively because over the years they have developed the holistic recognition or mental maps that allow for effortless framing and reframing of strategies and quick adaptation.[44]

Once a schema, or mindset, exists, it changes through one of two processes – assimilation or accommodation.[45] In assimilation, new information is seen to be consistent with the schema and is incorporated readily, perhaps refining the details of the schema. In accommodation, new information contradicts the schema to the extent that the schema itself is changed. In organizational learning, these processes have been referred to as single-loop and double-loop learning[46] and evolutionary and revolutionary change.[47] Good learning maximizes both processes.

Assimilation is the easier of these two processes. When perceptions are consistent with assumptions, people don't need to question assumptions, they can simply "bolt on" new knowledge. For example, Jack, a US manager in a consumer products firm, learned that people are motivated by individual monetary incentives such as bonus schemes and commissions. He implemented incentives to influence his salespeople's focus on specific products in the portfolio – one shampoo brand this season, a shower gel product next season. The results were immediate, sales in the right categories went up, and his knowledge was reinforced through assimilation.

Accommodation is a much more difficult and uncomfortable process. When people encounter something that contradicts existing assumptions, they experience "cognitive dissonance," a feeling of imbalance. People try to reduce the imbalance to achieve consistency again by either changing perceptions of the evidence to match the assumptions (call into question the other), or by changing assumptions to match the evidence (call into question ourselves). People are more inclined to invoke the first method than the second; it requires a great deal less energy, is reinforced by others who hold the same assumptions, and is less confusing. The other option, altering one's own assumptions, unfortunately is usually a less chosen alternative.

After several years of success, Jack moved to his company's Norwegian subsidiary. But when he implemented his trusted incentive schemes and bonuses, he did not see corresponding increases in sales of the desired products. Why not?

> At first I thought there was something wrong with the salespeople. I knew the incentive schemes and bonuses always work, so it must have been the local

salespeople that created the problem. I started to think about how to fix that – maybe I had the wrong staff? Then I started to wonder maybe, just maybe, they motivated salespeople differently here. I began asking my Norwegian colleagues how they influenced salespeople to change their focus in their portfolios. The sales managers told me that they just talk with them, ask them questions, and then sales change to the right things. This sounded crazy to me, but they were getting results, so I started sitting in on the discussions to see what was going on. I saw what I thought was a very complex process of managers discussing the market with each salesperson, and combining the salesperson's advice with the manager's own expertise, to kind of emerge to an agreement about what to sell. It seemed that the Norwegian salespeople – in our company at least – were more motivated to change by having their expertise valued, than by financial incentives. It took me a while, but I learned to work with my salespeople in this way, and then I began to wonder if this approach would also work back in the US. I'll sure try combining it with traditional methods when I go back.

Jack's response is an accommodation response – questioning your assumptions and adjusting the schema itself.

To learn through accommodation, the manager must be able to articulate her current schema accurately. She must realize that a current schema exists to shape information processing; only with this knowledge can she identify its limits and address them with a new structure. Feedback is critical for learning through accommodation. A learner best judges the appropriateness of his or her schema if the impact of the schema is clearly seen.[48] This is why experiential learning is generally so much more effective than passive knowledge acquisition: the experience usually provides immediate feedback.[49]

Developing your Own Global Mindset   First, it requires active learning. You have to engage problems where you must assess the situation, see options, make decisions, implement actions, and experience feedback. Second, it requires mindfulness, or paying close attention to your own reactions and to what is happening in the environment.

You will become aware of how your assumptions and frameworks shape perceptions, values and behavior only as you confront different sets of assumptions guiding the views and practices of others. If you are exposed to new experiences under the right circumstances, part of your response may include an examination of your own guiding values and theories of management – the beginning of developing a global mindset. You may find that your existing frameworks are incomplete or are disconfirmed because you did not see the whole picture or could only see it from a narrow point of view. The use of case studies, experiential exercises and the facilitation of personal experiences in group settings are useful tools and techniques. The educational experience is also richer and can have a greater impact if it also includes a diverse set of participants.

As you go through the material in this book, focus both on building awareness of yourself in your own context, as well as learning about others in their contexts. Question your assumptions and those of others, and test the application of your knowledge in

different contexts. Ask people you work with questions – questions you may not have thought of before. Pay attention to surprises, both as you read the book and as you ask questions and engage with others. Surprise is an indicator that you had hidden assumptions, it is an opportunity to identify them. These actions will help you build a global mindset. They will extend your repertoire of behaviors and enrich your personal experience of the world.

Opportunities for Global Managers

Poul, a Danish senior executive in charge of integrating a Chinese acquisition into his company, told us:

> Global leadership isn't just about overcoming the challenges. There are lots of those of course. More importantly it's about the opportunities. The global environment creates more opportunities than a domestic one – opportunities for growth, innovation, learning. My motivation for becoming a better global leader is to be able to find and take advantage of those opportunities.

Poul's company is facing a shortage of engineers in its European operations. He believes that the acquisition in China might open the door to a new source of talent – engineers from China coming to Europe. But he is not sure his organization is ready for that yet, and he is working on developing ways to increase his company's global leadership even in its home country.

In this chapter, we have acknowledged that today's business environment is highly complex, and the trends creating the complexity are accelerating. Global leadership is about leading across countries, and it is also about leading for opportunities related to globalization within a single country. Success in such an environment means leading people to achieve results. Global leaders must have a global mindset – a way of organizing knowledge to create openness to new ways of thinking and acting about personal and business effectiveness. Global leaders must also have a set of competencies, including interpersonal and systems skills. The remaining chapters of this book help to develop these global mindset and leadership skills.

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