

GLOBAL MINDSET DEFINED

Expatriate Success Strategy



**Research from the
Worldwide ERC® Foundation
for Workforce Mobility
and Thunderbird School of
Global Management**



Global Mindset Defined

Expatriate Success Strategy

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Global reporter and author John Pomfret once observed that “the difference... in an overseas assignment [is that] there is an emphasis on the facts, but there’s also a much greater emphasis on interpretation.”

It takes a special blend of characteristics—a special kind of “interpreter,” if you will—to add up to an outstanding expat who can be productive and accepted in an unfamiliar setting. This combination of characteristics—the global mindset—is more crucial than ever, and can provide insight to companies that wish to hone their selection and assessment processes.

In early 2005, a group of professors at Thunderbird School of Global Management (which consistently has been ranked number one in the United States and the world for its expertise in international business) embarked on a project: a rigorous and scientific study of the drivers of expat success. There were many aspects to this issue—for example, the role of the employer or the role of the family—however,

Based on research conducted by the Worldwide ERC® Foundation for Workforce Mobility and Thunderbird School of Global Management, Javidan offers a comprehensive analysis of the global mindset as an expatriate success strategy.

we quickly recognized the importance of focusing exclusively on the individual expat and the attributes that led to an individual either underperforming or succeeding.

In designing our research program, our research team first reviewed all the literature on the topic to develop a basic foundation, and then interviewed almost 50 Thunderbird professors from different disciplines to understand their views on this subject. Hundreds of hours of individual and focus group interviews gave the project further shape, and led to our next step: interviews with more than 200 Thunderbird alumni in international positions in the United States, Asia, and Europe. These individuals, who have significant experience and responsibility in various global corporations, also are nationals from many countries of the world. Their perspectives on the elements of a global mindset gave us additional insight for our study.

The next phase of our research involved organizing our findings into a framework to define and explain the drivers of expat success. An invitation-only “global mindset” conference at Thunderbird allowed us to bring together nearly four dozen of the most distinguished scholars in global business from all over the world. At this conference, we revealed our findings to our guests. We also recorded the outcome of discussions that focused on factors leading to success in global assignments; an exercise that was integral to the development of our understanding of the unique actions and thought processes of successful expats.



The partnership forged between Thunderbird and the Worldwide ERC® Foundation leveraged both organizations' strengths and focus.



In early 2006, we joined forces with the Worldwide ERC® Foundation for Workforce Mobility to expand our global mindset project to the workforce mobility industry. The partnership forged between Thunderbird and the Worldwide ERC® Foundation leveraged both organizations' strengths and focus. Thunderbird's work to develop global business leaders in the educational arena dovetails with the workforce mobility industry's need to educate and network global human capital professionals. And the Foundation's ability to connect us with senior international executives worldwide for in-depth interviews in such major cities as Hong Kong, China; Bangalore, India; Brussels, Belgium; and San Francisco, CA, broadened our research and extended our reach to individuals who actually manage international assignments. In some cases, these interviewees also participated in

the selection of candidates for overseas assignments.

International Assignments: Competition and Strategy

International assignments are hitting the mainstream as an integral part of a company's business strategy, and continue to represent a significant investment, as well. To make matters more complex, the assignment that brings the employee to work in another culture and country often brings family members, too... so when an assignment is unsuccessful, the scale of the “defaulted” assignment is much deeper and more costly than with a home-country assignment.

Selecting the right individuals for international assignments, those with a higher-than-average likelihood of outstanding performance,

will provide a competitive advantage for the company that builds the competency to identify “success potential” in their new hires and/or current employees. With an already evident shortage of skilled labor, the competition for talent will grow even tighter in coming years.

Indeed, recent Worldwide ERC® benchmarking reports cite expected increases in nearly all types of international assignments. And most companies anticipate some difficulty in finding the talent to fill those assignments. In addition, the increasing difficulty in recruiting global talent in labor-depleted regions drives an increasing need for workers to be mobile.

Worldwide ERC® statistics reveal that approximately 80 percent of companies said the available positions in their organizations require new hires to be more mobile now than three years ago. And with short-term international assignments on the rise in a number of companies and locations, the time frame for assimilating into a new culture is tighter and the demand for productivity in the host country more challenging.

The success of every expat is due, to a large extent, to the ability to influence individuals, groups, and organizations with a different cultural perspective in the host country to achieve the company’s goals. Whether communicating with his or her employees, colleagues, supply chain partners, or customers; or different types of organizations in the host country, such as government agencies, regulators, or client organizations; the successful expat has a primary responsibility: to influence key

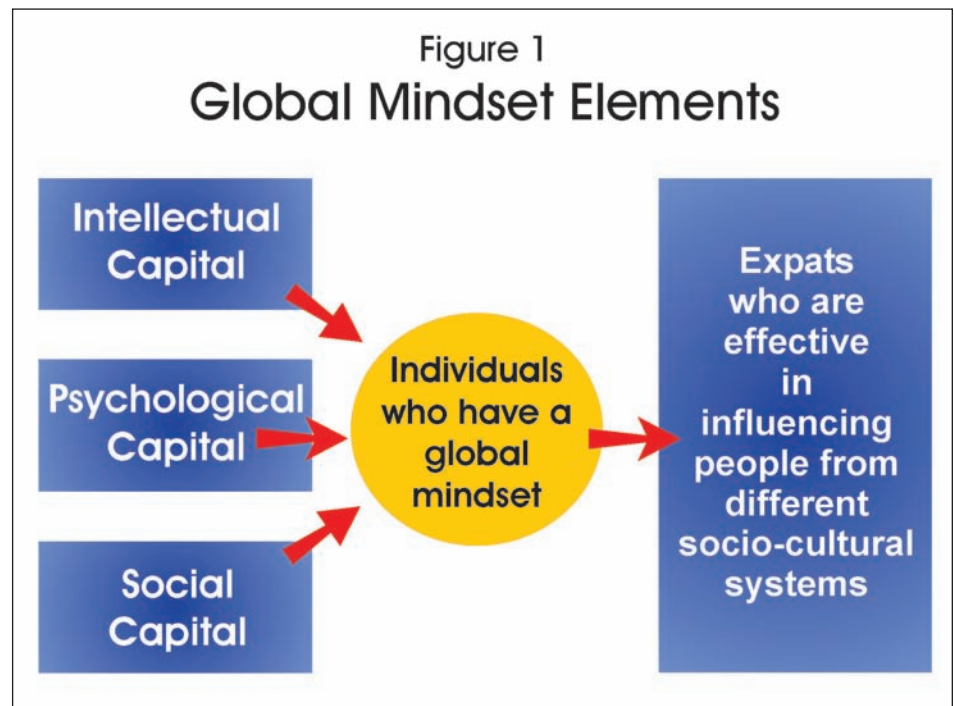
stakeholders in the host country to help achieve company goals.

Understanding Global Mindset

If we recognize that a global mindset is a mix of individual attributes that enable an expat to successfully influence those who are different from him/her, it is clear that without it, it is most

ences,” an expat with a global mindset ends up “enjoying them and seeking them out because [they] find them fascinating.”

Thunderbird professors, Thunderbird alumni, distinguished scholars, and the senior global executives we interviewed through our relationship with the Worldwide ERC® Foundation all



difficult, if not impossible, for an expat to succeed in the international assignment. Experts have described global mindset with a range of language. One global mobility expert said it means “the ability to avoid the simplicity of assuming all cultures are the same, and at the same time, not being paralyzed by the complexity of the differences.” Another noted that “someone with a global mindset enters a new and different situation, with many more questions rather than answers, assumptions, and presumptions.” Still another said that “rather than being frustrated and intimidated by the differ-

pointed out some commonalities, and as we distilled their views, we concluded that global mindset consists of three major components (Figure 1): intellectual capital, psychological capital, and social capital.

Intellectual Capital

Intellectual capital refers to knowledge, skills, understanding, and cognitive complexity. From our interviews, we know that there is an important body of knowledge—the employee’s subject matter expertise that expats must have to be successful in their tasks. We also learned that successful expats think differently

Table 1. Intellectual Capital

1.	Understanding of how to build and manage global alliances, partnerships, and value networks	6.15
2.	Ability to manage the tension between corporate requirements and local challenge	5.93
3.	Ability to handle complex cross-cultural issue	5.87
4.	Understanding of global business and industry	5.73
5.	Understanding cultural similarities	5.67
6.	Understanding other cultures and histories	5.60

than their less successful counterparts—they have a bigger capacity to take differing viewpoints into consideration to understand and address complex issues.

In our Worldwide ERC® Foundation interview group, we asked senior executives to rate the importance of a range of individual attributes that were identified during our earlier interviews. Table 1 shows their ratings on a seven-point scale for the items related to intellectual capital (A rating of 7 was “Extremely Important.”).

It is clear that successful expats have a high stock of intellectual capital; with a strong set of cognitive skills and a solid base of knowledge. Intellectual capital translates into understanding the global business and industry; knowing how competition works in the global industry and what it means to the expat’s company. As one executive put it: “Expats are chosen because they are supposed to bring knowledge and experience to the company that they don’t have locally... that provides a level of respect.”

Intellectual capital also involves the ability to build global networks, and being cognizant of the role that interdependencies play in global success. Today’s global corporations are highly integrated global networks of supply chain partners who are

working together to satisfy the needs of their global customers. Expats must understand the importance of such networks and how they work; what actions and processes create success or lead to malfunctions in global networks.

Every expat faces conflicting demands from their local stakeholders and from their corporate headquarters, so managing the natural tensions between corporate and local priorities and requirements is also a part of the intellectual capital. The corporate headquarters is, obviously, going to be most interested in economies of scale and scope, in maximizing efficiencies, and standardizing everything across the global enterprise. In contrast, regional responsiveness requires understanding and adapting to unique local needs and demands. The balancing act required in managing these two forces is a decisive success factor for expats. Finally, and perhaps most importantly, intellectual capital requires the ability to manage complex cultural issues and understand cultural histories and similarities. By the nature of their jobs, expats are very likely to face such issues as they try to influence others toward their company’s goals. It is essential that the individual creating the bridge between the corporate culture and the local host country culture is one who

can intuit the cultural underpinnings of his or her host society, learn about how things are done in different cultures and why, and manage the potential tension between his or her culture and the host culture in an effective and sustainable manner. As one executive put it: “We have to understand the culture and the way of the people in the country we are in. Sometimes, the Western way of doing things will not work at all.”

Psychological Capital

Having a solid base of knowledge and a good understanding of global issues is just one of the factors necessary for expat success. The second component of global mindset is psychological capital. Psychological capital is a set of psychological attributes that enable the expat to function successfully in the host country and leads to the expat having a strong willingness and motivation to have the experience in, and to succeed in, international settings.

In our Worldwide ERC® Foundation-sponsored interviews, we asked senior executives to rate the importance of several psychological attributes that we had uncovered in our earlier interviews. Two sets of attributes received very high ratings: cultural sensitivity and psychological fortitude. Table 2 shows the executives’

Table 2. Psychological Capital—Cultural Sensitivity

1. Respect for cultural differences	6.73
2. Willingness to adapt, learn, and cope with other cultures	6.43
3. Willingness to accept good ideas no matter where they come from	6.33
4. Acknowledgement of the validity of different views	6.29
5. Openness to cultural diversity	6.27
6. Ability to suspend judgment about those from other cultures	6.20
7. Positive attitude toward those from other cultures and regions	6.20
8. Ability to adjust behavior in a different cultural setting	6.13
9. Willingness to work across time and distance	5.87
10. Desire to learn about other cultures and other parts of the world	5.67

ratings of the significance of cultural sensitivity—nearly all items received a rating above six on a seven-point scale reflecting their extreme importance.

Respecting cultural differences received the highest score of all the items in the global mindset survey, at 6.73 out of 7—in fact, the interviewed executives were unanimous on the importance of this attribute. As one interviewee stated, “One thing that all successful global executives share is a genuine respect for other cultures... that is the beginning, the middle, and the end.”

Another executive noted “... the most successful people are those who put in their mind that they are actually the guests in the [host] country. They accept that people are different and have different values.”

Openness to cultural diversity—having a non-judgmental attitude toward those from other cultures—also was rated very highly, at 6.27 out of 7. This rating was confirmed when we asked the interviewees specifically about the ability to suspend judgment. As shown in the table, this was rated nearly as high in importance as our “openness” factor.

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Table 3. Psychological Capital—Psychological Fortitude

1. Adaptability	6.36
2. Self-confidence	6.14
3. Resiliency	5.86
4. Optimism	5.71

ation-sponsored interviews with senior executives also provided us with this information: setting openness to cultural diversity into action through the willingness to actually adapt and cope with differing cultures was of extreme importance, 6.43 out of 7. Said one executive: “A successful expat acts with humility, is an excellent listener, is patient, and is cognizant of how he is perceived.”

Another interviewee summed it up this way: “A successful expat is open, listens a lot, is interested in how people in different countries approach problems, and is prepared to learn.”

Yet another aspect of psychological capital is psychological fortitude—such qualities as adaptability and flexibility—summarized in Table 3.

According to one senior executive: “Expats who fail tend to be emotionally very tight. They can’t let go of the things they know

and don’t try to absorb the things they don’t know. They don’t have that flexibility and adaptability. They want everything to be like it was at home.”

Another executive pointed out: “Adaptability and willingness to change, and not being set in your own ways, is a critical requirement. If you’re very structured and expect things to go 1-2-3, you’re going to have a lot of difficulty in an overseas environment.”

Self-confidence is another important feature of psychological fortitude. One senior executive made this observation: “Self-confidence helps you walk the talk. It energizes other people.” Still another said: “Expats are expected to operate on their own and need to handle unknown circumstances. That is very hard to do without self-confidence.”

The other important elements of psychological fortitude are

Table 4. Social Capital

1. Ability to generate positive energy in people from a different part of the world	6.50
2. Ability to excite people from a different part of the world	6.30
3. Ability to connect with people from other parts of the world	6.13
4. Collaborativeness	6.00

optimism and resiliency. One of our senior executives expressed it this way: “You need a very positive attitude. [The expat gets] into situations that may look like they will never resolve. Without optimism and resiliency, you can’t survive. You need to look at every challenge as a learning opportunity.”



expats generate positive energy and excitement among their local stakeholders and connect with them on a personal level. Stated one executive: “It is about bringing the best out of everyone... the ability to draw out each individual and build on their strength to move the process forward.”

Social Capital

Social capital is the third and final piece of the global mindset, and refers to the expat’s ability to build trusting relationships with local stakeholders, whether they are his/her employees, supply chain partners, or customers.

In our various interviews, trust emerged as a significant issue. Many interviewees told us that building trusting relationships with those who are different from them is essential to the expat’s sustainable success. As shown in Table 4, the senior executives from the Worldwide ERC® Foundation-sponsored interviews rated this particular dimension very highly—the average score on each item is more than 6 on a 7-point scale.

Referring back to the need to effectively influence those around them, senior executives pointed out that the expat cannot influence unless he or she builds trusting relationships. Successful

Collaborativeness is also an important part of social capital—having the flexibility to address needs not only for yourself, but for other people. It was noted that the ability to be collaborative leads to a team environment in which trust flourishes.

Expats who generate positive energy, collaborate, and connect with other people are more likely to build sustainable trusting relationships.

Global Mindset as a Business Tool

A global mindset and its three crucial components—intellectual capital, psychological capital, and social capital—is critical information for both expats and their companies. The Worldwide ERC® Foundation-sponsored interviews with senior executives revealed that in the compressed “climate” of a short-term assignment, expats have less of a chance to learn as they go and need to be

prepared before they arrive. Therefore, it is essential to ensure that the screening process for expats includes an assessment of their global mindset. Traditionally, companies have relied on technical skills as the main criteria for choosing expat assignments, but we now know that assessing global mindset is at least as important.

Such an assessment will help to select and assign the right individuals to international assignments. Or, in the case of a company that must assign an employee with a low “global mindset stock,” there will be more awareness of the need to develop and prepare him or her for the assignment.

Cognizance of the significance of the elements of global mindset will continue to shape an organization’s leadership pipeline—from hiring profiles to incentive structures. As Worldwide ERC® Foundation Chairman Jill Silvas, SCRP, notes, “This research is a compelling and significant business tool for our global workforce industry as the world’s talent base continues to diminish. Companies that are armed with the tools to identify the best candidates for global positions will be most successful in an increasingly open workplace.” 

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The Global Mindset Project research, conducted jointly by the Worldwide ERC[®] Foundation for Workforce Mobility and Thunderbird School of Global Management, has appeared or is scheduled to appear in these publications and presentations.

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Worldwide ERC®

Founded in 1964, Worldwide ERC® is a membership association that networks and educates workforce mobility professionals and HR innovators. Worldwide ERC® addresses issues, trends, and best practices for the movement of employees within the United States and around the globe, and is the recognized authority for workforce mobility issues.



Worldwide ERC® Foundation for Workforce Mobility

The Foundation for Workforce Mobility was established in 2004 to study, educate, and report on issues of interest to business leaders who must maintain a mobile workforce to thrive in today's world markets. It widens the outreach from the relocation and workforce mobility industry to a broader business community, both in the United States and around the world. Through its research partnerships with institutions like Thunderbird School of Global Management, the Foundation develops information to help business leaders strategically and knowledgeably address global workforce mobility issues.



Thunderbird School of Global Management

Since its founding in 1946, Thunderbird School of Global Management has been synonymous with global leadership in business education, and was the first graduate management school focused exclusively on global business. Regarded as the world's leading institution in the education of global managers, Thunderbird offers a unique educational experience that teaches real-world skills for a dynamic global marketplace. Thunderbird produces graduates who are distinguished by a global mindset that allows them to work successfully with individuals from diverse cultures and to manage effectively in different social, economic, and political environments. Thunderbird is consistently named among the top MBA programs by newspapers and magazines around the world in their rankings of the best graduate programs, and not only is sought out by students worldwide, but also by companies seeking to gain the management skills they need to succeed in today's global economy.



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