

# Designing Organizations with a **global mindset**

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# Introduction

As part of the research effort undertaken on global leadership by Copenhagen Business School and Confederation of Danish Industry, this sub-project focuses on collecting and analyzing current international experiences, best practices and new knowledge on how to develop and sustain a global organization characterized by a global mindset. The purpose is to inspire and give Danish companies who participate in the Global Leadership Academy (GLA) access to knowledge about how a range of multinational companies (MNCs) are developing their organizations to become more successful and effective in a complex and global world economy.

## 1.1 THE IMPORTANCE OF DEVELOPING A GLOBAL MINDSET

While most global business leaders today are well aware that their playing ground is no longer only a national one, even the best and most experienced are still humbled by the challenges of creating the right kind of organization, i.e. acquiring, retaining, and motivating a global workforce, entering new markets, using global assets to foster innovation and not being held back by the added complexity of operating in different markets with their different cultures, laws and regulations. As global competition continues to intensify, a global mindset has emerged as a key source of competitive advantage in this global marketplace and of successful global leadership<sup>1</sup>. A growing number of academics and practitioners regard a global mindset as a critical success factor that affects a variety of organizational outcomes for MNCs operating in a dynamic, globalized world economy.

An ever-increasing number of countries, companies and individuals are communicating, interacting and competing on a global scale. Traditional boundaries have disappeared and competition springs from every corner of the world. This provides MNCs with unprecedented opportunities but also major challenges. Not the least because globalization is a manifestation of complexity<sup>2</sup>. MNCs have to create globally integrated systems to satisfy diverse customer needs in diverse and complex global markets. In such environments, predicting the future is impossible and rigid control counterproductive. The ability of MNCs to operate and compete effectively depends to a large extent on their success in getting employees, managers, and executives to understand and adapt to such a diverse, complex and globalised world<sup>3</sup>. Leaders who can bring a global mindset and experience to the table are in high demand and lack of such talent represent a major barrier for MNC's.

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However, having a pool of talented global leaders that possess a global mindset is not sufficient in itself if the organizational structures, processes and culture do not support the same principles. Particularly headquarter organizations are key in this regard. A global mindset at

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<sup>1</sup> Gupta & Govindarajan (2002)

<sup>2</sup> Lane, Maznevski, & Mendenhall (2004)

<sup>3</sup> Javidan et al. (2007)

# *The aim is to explore the learning points in the process of cultivating a collective, organizational global mindset.*

*Collective mindsets are embedded in routines, operational practices, learned expertise, social conventions, and perceived relationships, and this often makes them relatively difficult to change.*

the organizational level refers to the extent to which a global company has learned to think, behave, and operate in global terms<sup>4</sup>. This means that a global mindset has become collectively held and embedded in routines, operational practices, learned expertise, social conventions and relationships.

The central question in this report is: *How can a global mindset be cultivated at an organizational level?* Based on a series of interviews with expats and international professionals at middle and senior management level in headquarter functions, the aim is to explore the learning points in the process of cultivating a collective, organizational global mindset. The interviews were carried out in Denmark and in Amsterdam; a European hub for foreign-based, regional and divisional headquarter activities. Collectively, the interviews bring experiences from a whole range of companies operating on the global stage, both Danish and from around the world.

## **1.2 DEFINING THE ORGANIZATIONAL MINDSET**

In order to understand the meaning of the term global mindset, it is important to first achieve clarity regarding the underlying concept of mindset. In cognitive psychology and, more recently, in organization theory the concept of mindset has been widely used in studies focusing on how people and organizations make sense of the world with which they interact<sup>5</sup>. As human beings we are limited in our ability to absorb and process information and as such we are challenged by the complexity and ambiguity of the large quantities of information we are constantly presented with. In order to cope, we filter the information – we become selective in what we absorb and we become biased in how we interpret it. The term mindset refers to such cognitive filters. An organization is a collectivity of individuals, who, each with their own mindset, take part in forming and are shaped by the mindsets of other organizational members. Through such internal processes a joint collective mindset—at group or organizational level—is formed<sup>6</sup>. Collective mindsets are embedded in routines, operational practices, learned expertise, social conventions, and perceived relationships, and this often makes them relatively difficult to change.

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<sup>4</sup> Jeannet (2000)

<sup>5</sup> Walsh (1995)

<sup>6</sup> Gupta & Govindarajan (2002)

### 1.3 DEFINING THE GLOBAL MINDSET

The majority of existing theory on global mindset conceptualizes it in relation to two dimensions. Firstly the cultural dimension, which focuses on aspects of cultural diversity and cultural distance associated with worldwide operations and markets. And secondly the strategic dimension, which focuses on aspects of environmental complexity and strategic variety stemming from globalization<sup>7</sup>. Some global mindset literature incorporates both the cultural and strategic dimensions, as well as several additional characteristics. It is for instance argued that people with global mindsets tend to drive for the bigger, broader picture, accept life as a balance of contradictory forces, value diversity, are comfortable with surprises and ambiguity, and seek to be open to themselves and others<sup>8</sup>. For the purposes of this report we define a global mindset as *“one that combines an openness to and an awareness of diversity across cultures and markets with a propensity and ability to synthesize across this diversity”*<sup>9</sup>.

*We define a global mindset as “one that combines an openness to and an awareness of diversity across cultures and markets with a propensity and ability to synthesize across this diversity.”*

### 1.4 RESEARCH METHOD

In order to be able to explore the above question we have conducted a total of 42 qualitative interviews among international MNC managers during the spring of 2012. See the tables on page 7-8 for a list of the interviewees. For reasons of anonymity we have listed only the titles of the interviewees, what companies they work for, or have worked for, and their status in terms of international assignments or years of international experience. We have made sampling decisions at two levels – at an organizational level and an individual level. Our study is furthermore split into two parts.

The first part of the study was conducted by Marianne Storgaard in Denmark focusing on Danish MNCs, all headquartered from Denmark. Our aim with the sampling criteria was to explore factors elucidating challenges and possibilities in the process of developing from being a rather locally minded organization to becoming an organization characterized by a global mindset. At an individual level we looked for three types of informants. In the Danish MNCs we focused on in-pats and former expats, both having a partly external view on the organizational HQ and both having the experience of “leaving home”. Further we have interviewed a number of HR/administrative employees in the four Danish organizations in an attempt to know more about the organizational strategies and challenges in developing a global mindset. The interviewees were chosen primarily according to their status in terms of international assignments. They represent a variety of managerial positions within the organization. The interviewees in the Danish sample are typically in their 40’s and in terms of gender there is a distribution of 13 men and 8 women.

The second part of the study was conducted by Irene Skovgaard Smith in Amsterdam in The Netherlands focusing on MNCs originating anywhere in the world but with for instance European or divisional

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<sup>7</sup> Levy et al. (2007)

<sup>8</sup> Rhinesmith (1992, 1993, 1996)

<sup>9</sup> Gupta & Govindarajan (2002)

headquarters in Amsterdam. On the organizational level our aim was to explore how the dispersion of headquarter activities to metropolitan corporate hubs such as Amsterdam, influence the development of a global mindset within the organization. Particularly focusing on the high degrees of international diversity of these foreign-based headquarter organizations and how this diversity cultivates a global mindset in both the organization and international managers and employees who staff them. On the individual level, our sampling focused on such international professionals with experience working for different MNCs, in some cases both in Amsterdam and elsewhere. By doing so we wanted to focus on a growing group of international or transnational professionals who form a significant part of the labor force in corporate headquarter hubs and whose 'expatriation' is often mainly self-initiated. They are typically in their 30's and 40's and there is an almost equal distribution of men and women in our Amsterdam sample (11 men and 10 women). Although largely overlooked in classic literature on expatriation, these international professionals who move across both organizational and national boundaries, are increasingly important for MNCs because it internationalizes the labor pool and secures diversity without the need for costly international assignments<sup>10</sup>.

We used semi-structured interviews based on an interview guide. The main idea was to follow a 'story-telling' approach, that is, to let the interviewees describe their experiences and views on the issues in focus as openly as possible, allowing them to freely interpret the questions and pursue the themes that they regarded as central. In the report we 'let the data talk' as much as possible by providing plenty of quotes based on which we explore and discuss interesting trends and patterns in the rich interview material. The interviewees are anonymous and in the analysis we generally do not present quotes linked with specific companies. The following two tables provide an overview of the interviews.

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<sup>10</sup> Thomas et al. (2005)



**TABLE 1. INTERVIEW SAMPLE - PART ONE OF THE STUDY CONDUCTED IN DENMARK**

<b>Title of interviewee</b>	<b>Multinational Company (country of origin)</b>	<b>Country of origin of interviewee</b>	<b>International status</b>
Senior Director, Corporate HR,	ARLA (DK)	Denmark	Former expat
Vice President, Corporate quality, environment, health and safety	ARLA(DK)	Sweden	Inpat
Senior Vice President R&D	ARLA(DK)	France	Inpat
Senior Consultant Leading Diversity & Inclusion	ARLA(DK)	Denmark	Administrative
Innovation Manager	ARLA(DK)	Denmark	Former expat
Vice President Group HR	Rockwool(DK)	Denmark	Administrative Former expat
Group HR Consultant	Rockwool(DK)	Denmark	Administrative
Group IT competence Centre Manager	Rockwool(DK)	Russia	Inpat
Marketing Manager	Rockwool(DK)	Poland	Inpat
Project manager innovation	Rockwool(DK)	Denmark	Former expat
Group Service Vice President	Grundfos(DK)	Denmark	Former expat
Global Project Director	Grundfos(DK)	Denmark	Former Expats
HR Development Consultant	Grundfos(DK)	Denmark	Administrative
Development engineer	Grundfos(DK)	USA	Temporary inpat
Userfocused Concept Designer	Grundfos(DK)	China	Temporary inpat
Programme Manager	Grundfos(DK)	Denmark	Former expat
Concept designer	Lego(DK)	India	Inpat
Concept designer	Lego(DK)	UK	Inpat
Director, HR business partner	Lego(DK)	Denmark	Administrative
IT innovation director	Lego(DK)	Malta	Inpat
Director, R&D management	Lego(DK)	Denmark	Former expat

**TABLE 2. INTERVIEW SAMPLE – PART TWO OF THE STUDY CONDUCTED IN AMSTERDAM**

<b>Title of interviewee</b>	<b>Multinational Companies, current and previous (country of origin)</b>	<b>Country of origin of interviewee</b>	<b>International experience (years)</b>	<b>Locations (outside home country)</b>
Director E-commerce, Corporate Markets	Elsevier (NL) Accenture (US) Cisco Systems (US) WebEx (US)	Australia	8	Amsterdam, NL
Commercial Marketing manager	Hewlett-Packard (US) MindJet (DE) Cisco Systems (US) Oracle (US)	Netherlands	8	London, GB Sydney, AU Genève, CH Dublin, IE
Manager Investor Relations	TNT Express (NL) KPMG (CH)	France	12	Amsterdam, NL Luxembourg, LU
Product Life-cycle Manager, Europe	Keds (US) Nike (US) Converse (US)	Great Britain	6	Amsterdam, NL
Manager Credit and Collections, EMEA	NetApp Holding (US) ADM (US)	Italy	14	Amsterdam, NL London, GB
Senior manager, Client Services Europe	Cisco Systems (US) WebEx (US)	America	7	Amsterdam, NL
Supervisor CIG Central Operations, Europe	Canon (JP) Volkswagen (DE)	Mexico	4	Amsterdam, NL Rotterdam, NL
Executive assistant to VP	Danone (FR) Canon (JP) EF (SE)	Portugal	7	Amsterdam, NL London, GB Geneve, SE
Internal Auditor	Constellium (FR) Staples (US) Kerry Group (IE) KPMG (CH)	France	12	Amsterdam, NL Co. Kerry, IE Luxembourg, LU

Senior Manager Social Media Consumer Care	Phillips (NL) Canon (JP) Forrester Research (US)	France	13	Amsterdam, NL
Global Account Manager	Cisco Systems (US) BP (GB)	Azerbaijan	4	Amsterdam, NL
Global Business Development Manager	Cisco Systems (US)	Canada	16	Amsterdam, NL
Relationship Marketing Manager, Central & Eastern Europe	Microsoft (US)	Canada	4	Amsterdam, NL
Territory & partner account manager, South & sub-Saharan Africa	Juniper Networks (US) Cisco Systems (US) Computer Associates (US)	Germany	7	Amsterdam, NL London, GB
Demand planning team leader, Europe	Canon (JP) Epson (JP)	Denmark	10	Amsterdam, NL London, GB
Web collaboration manager, Commercial sales	Cisco Systems (US) WebEx (US)	Great Britain	10	Amsterdam, NL Rotterdam, NL
Technical account manager	Cisco Systems (US) WebEx (US) Iggesund Paperboard (SE)	Germany	9	Amsterdam, NL
Senior manager, EMEAR sales operations	Cisco Systems (US) WebEx (US)	America	8	Amsterdam, NL
Commercial Sales Manager, Nordic region	Cisco Systems (US)	America	5	Amsterdam, NL
Senior Marketing Intelligence consultant	EXACT Software (NL) Canon (JP)	France	23	Amsterdam, NL
Project Manager	Canon (JP) Air Products (US)	Finland	8	Amsterdam, NL

## 1.5 OVERVIEW OF REPORT

The report is organized in two main parts representing the two different contexts within which we have conducted our interviews as described in the previous section. In the first part, the context is main headquarters of Danish MNCs located in Denmark. In the second part, the context is dispersed, foreign-based regional and divisional headquarter activities of MNCs from around the world, located in Amsterdam.

In the first part of the report, we explore how MNCs globalize and cultivate global mindsets in different ways and at different rates based upon their business environment and strategic choices. Although it is tempting to try to identify a quick fix for such organizational challenges – a kind of "global mindset transfusion" that will transform an organization overnight – the reality for most organizations is that they must build such awareness and skills step by step. This process of cultivating a global mindset at an organizational level is discussed in four main themes – all of them contributing with each their part of the debate. The aim is to derive some interesting trends, best practices, and unusual reflections that we can mirror against current theory and use to create a debate. Firstly, we discuss how MNC's can be deliberately designed for a global mindset in terms of diversity and openness. Secondly, we inquire into the importance of being self-conscious about current mindsets, values and practices in the MNC as a whole and particularly within the main HQ. Thirdly, we discuss the value of being exposed to novelty and in actually being pushed out of your comfort zone, and lastly we discuss the challenges in trying to integrate various perspectives.

In the second part of the report, we focus on the dispersion of headquarter functions away from the corporate centre to for instance regional, divisional and business unit headquarters in order to increase diversity in the composition of people and cultural knowledge within MNCs. Here we explore firstly how the high levels of diversity, made possible in foreign-based headquarter organization located in central metropolitan hubs, can become a driver for cultivating an organizational culture characterized by a global mindset. Secondly, we discuss the specific ways of behaving, interacting and relating, which characterize such diverse and non-national organizational environments. Thirdly, the focus is on how national and cultural difference are navigated externally in relation to markets, customers and local subsidiaries. And finally we explore how the internationals who manage and staff these foreign-based headquarter organizations, develop both a global mindset and a form of non-national identity that makes them a perfectly suited pool of global managers for MNCs.

## Part One:

# The challenge of cultivating a global mindset

MARIANNE STORGAARD

## 1. Designing the organization for diversity and openness

According to theory, a global mindset is developed by presenting evidence repeatedly to undermine the current mindset, providing exposure to alternative mindsets, reversing ordinary assumptions, and trying to avoid cultural bias and determinism<sup>11</sup>. The very essence of cultivating a global mindset is to accept life as a balance of contradictory forces and to seek to be open minded. Organizations can cultivate a global mindset in two ways: By facilitating knowledge building at the level of individuals, or by building diversity in the composition of the people making up the organization. Working solely on the level of individuals is a slow and expensive process that can take years of learning through experiences in multiple settings. This, relying only on the development of individual mindsets would often be inadequate. A very central alternative way for the organization to cultivate a global mindset is to “buy it”, so to speak, by recruiting people with a global mindset to various central managerial positions in the organization. While the organization has some room for maneuvering by cultivating the mindset of individual employees, its largest degree of freedom and its fastest way to affect the global mindset is to change its demographic assets. Keeping in mind that this first part of the report focuses on national headquarters of Danish MNCs, this change process is a very central part of the organizational agenda as the point of departure in these organizations has been the local rootedness in their Danish contexts. But what is it the organizations are looking for in terms of a global mindset? Who do they want to hire, and what are the levers to pull in order to cultivate the organizational global mindset?

### 1.1 SEARCHING FOR GLOBALLY MINDED MANAGERS – INTERNATIONAL EXPERIENCE MIGHT NOT BE A MUST

Expatriate assignments are undoubtedly one of the most intensive mechanism through which employees can learn about being open towards cultural diversity on the individual level. Another mechanism could be to be part of the diverse foreign-based headquarters as we describe in part two. People who have multi-year international experience are – or maybe rather should be – highly valued when central positions are to be manned in the multinational corporation. Often MNC’s try to attract and build a global mindset by building

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<sup>11</sup> Kaiser (1986)

diversity in the composition of the people making up the company and almost intuitively the expats/former expats – people who have many years of experience from international assignments – are seen to be the true globally minded managers. As an automatic response they are the ones coming to mind when speaking about globally minded managers.

*“We have to recruit people from outside of Denmark and by recruiting more and more international people, we are starting to realize the value of it.”*

*“We have to recruit people from outside of Denmark and by recruiting more and more international people, we are starting to realize the value of it. And maybe I'm using myself as an example to say "Let's reach out to the French, the Germans, the Spanish, the Americans, the Koreans, to whoever, and let's try to get these people on board". And if we have to bend a little extra to get them, that's fine. That's the price. That's part of the game. We want to recruit the best for the job.”*

“We want to recruit the best for the job”, it is said in this quote. The aim is to find the best person for the job, regardless of where in the world he or she actually is. Judging from that, it seems that the organization is not just looking for particular technical or administrative skills. While that is part of it, an important part of the skills is also deriving just from the fact that you are foreign. That in itself is seen as a competence, as part of what the organization is looking for. This way of thinking is the classic standard answer when you ask the MNC's, how they envision the organization cultivating a global mindset. And there are plenty of good reasons to do so. But another perspective on this question appears in our data. Come to think of it, as shown in this next quote, the organization might not always need candidates with specific international experience in order to develop a global mindset.

*“I think that you can have various private and personal experiences that make you broaden your perspective. So, it is not necessarily the globetrotters we are looking for, but rather those who we think have a global mindset.”*

*“Sometimes we are actually trying to 'buy' the global mindset when we hire people. We are specifically searching for people who have international experience either from their studies or from their international careers. Or they can in other ways be qualified with some international experience. But ... it is not a criterion in itself that people have been stationed abroad. I actually know people who have been on international assignments who still have not gotten the learning we are looking for. We want to recruit people who have a global mindset. And by that we mean people who are able to see things from various perspectives and who may be wondering how things work when seen from a different angle. And that's what you learn by being on international assignments. But you can also learn it in other ways. I think that you can have various private and personal experiences that make you broaden your perspective. So, it is not necessarily the globetrotters we are looking for, but rather those who we think have a global mindset.”*

Based on the above it appears that international experience is an advantage but not necessarily a must when the organizations recruit for an organizational, global mindset. As argued, there are examples of people who have been on international assignments for years and years, who have been confronted with all sorts of diversity, but who still do not seem to show any openness towards this diversity or, as put in the very classic definition of global mindset, they don't show any “openness to and awareness of diversity across cultures”<sup>12</sup>. You need to be able to demonstrate an open mind and that can also be learned by staying in your local, national context. This same point of

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<sup>12</sup> Gupta & Govindarajan (2002)

view is put forward in the next quote. You might not need to move to another culture in order to cultivate an open mind. But you need to be moved. Maybe you just need to move to another job function, as long as you are moved out of your comfort zone – out of the zone where you know all rules of the game and where you have all the answers. From an organizational point of view the aim is to facilitate knowledge building at an individual level by building cognitive diversity within the mindsets of individuals. This is a slow process that can take years of learning either through experience in multiple cultures or, as it appears here, by being exposed to other kinds of “frame shifts” that moves the individual out of his or her comfort zone.

*"You cannot learn this in five modules of a course. You have to be thrown into the experience and feel how you react. It need not be a different culture. You might also just be thrown into other job functions. As long as you are forced to move out of your comfort zone, both professionally and managerially."*

Thus, in designing the organization for openness, international experience is not always a must. When recruiting new employees particularly one of the MNC's involved in this study is very aware of trying to sense whether the candidate has an open mind regardless of whether he or she has international experience. That way it appears that while on the one hand it is widely accepted that long term international experience is by far the most effective way to cultivate an individual global mindset it is, on the other hand, not the only path to take. There is awareness in the MNC's that there might be other ways to reach the goal.

*"I think it is reflected in the answers the candidates give when we interview them. For example, if your questions are based on a case and you ask how they will handle a certain situation, then I think that it sometimes reflects in the way they reply. Some might give an answer based on everything they know personally about the given topic, others might be more like: "First I want to explore what knowledge there might be around me...". That is just an example. I think that we can sense it already in the interviews."*

## **1.2 SHOW ME YOUR TOP MANAGEMENT TEAM AND I WILL TELL YOU HOW GLOBALLY MINDED YOUR ORGANIZATION IS**

The Top Management Team (TMT) of an organization is often perceived as a mirror of how globally minded the organization is. When looking down the managerial hallways of MNC's you will in many cases find a quite uniform group of managers. In the case of the four Danish MNC's involved in this study, there is a clear over representation of white males in their mid 40'es to mid 50'es – most of them with very Danish-sounding names like Jørgen, Carsten, and Søren. The way that the TMT is manned in terms of the lack of diversity within the group, is noted not only within the organization but also in its surroundings. The TMT is regarded as role models in terms of how “global” the organization actually is. As put by one interviewee:

*"I think that it will be a key step when we have the first international person in the executive management group – then it will be much clearer that we are international. It is role modeling. It's being the good example."*

There is a high symbolic value in the manning of the TMT and as argued by Gupta and Govindarajan: “Promoting people to senior executive levels who place high value on global experience and global

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mindsets sends strong signals regarding the importance of openness to diverse cultures and markets.”<sup>13</sup> But what is more, the TMT has the role of being “the grand designers” masterminding the organizational jigsaw puzzle. Theoretically, it has been debated whether TMTs with a limited cultural diversity has the requisite global span to be able to head the diverse and ambiguous operations of the MNC. The TMT is criticized for automatically and implicitly assuming that they can determine courses of action of the MNC, and that they can implement these effectively<sup>14</sup>. Furthermore, it is criticized that the TMT is typically uncritically regarded as the ones having the global overview to be able to define “the ‘best’ and ‘most rational’ ways to handle an organizational mission and the ‘right’ method in which this ‘best’ way may be identified”<sup>15</sup>. Thus, the TMT is met with demands of having to overcome “ingrained ethnocentrism”<sup>16</sup> and transcending nationally-entrenched perceptions<sup>17</sup> in order to instead strive for developing a global mindset.

*In fact, the lack of diversity on a group level doesn't by definition tell us much about the managers' individual global mindset.*

While it must be acknowledged that on a team level there is a significant lack of diversity in gender, nationality, and age within the TMTs studied here, it might be worth considering whether it is actually always fair and true to judge the TMT members individually on that. In fact, the lack of diversity on a group level doesn't by definition tell us much about the managers' individual global mindset.

*“We have people in the organization, in the top 50, who have had a lot of international experiences, either within this company or with other companies. I think we should not deny that. Even though they are Danish or Swedish they've got international experiences. They have been around the world. I suppose they have been selected to be in the top 50 because of that. Hopefully it is like that because we need international experience. Whether you are Danish or French or...that doesn't matter. You need international experience since the international experience is opening up your eyes. You have to have that international experience if you want to be in a top 50 in a company. It's a must.”*

*It is still worth debating how the MNC's choose to compose their TMT's.*

Here it is argued that international experience is of central importance, it doesn't matter much which nationality you have. While this might be contradicting the central argument in section 1.1 that international experience is not necessarily a must, it is stressed here that if you want to be part of the TMT, then international experience is actually a must. Referring to the idea of the TMT managing the organizational jigsaw puzzle, the important thing here is whether it is the right individuals who manage the puzzle or, whether they should be part of the game – opening the possibility of replacing or removing the “masters of the game”. As argued in the quote above the individual managers within the TMT might actually have a global mindset and they might be capable of showing openness towards diversity, but it does not change the fact that on a group level the TMTs represented in this study are quite uniform. Recognizing that diversity on a group

<sup>13</sup> Gupta & Govindarajan (2002)

<sup>14</sup> Edwards, Colling & Ferner (2007)

<sup>15</sup> Frenkel (2008)

<sup>16</sup> Maznevski & Lane (2003)

<sup>17</sup> e.g. Doz, Santos & Williamson (2001)



level will promote a collective global mindset it is still worth debating how the MNC's choose to compose their TMT's. As put by an interviewee in this study:

*“I think that the easiest way to handle cultural change is to change management, really, to change the people in management”.*

This maneuver was actually tried in practice in one of the organizations participating in this study. As part of a new international strategy they decided to hire in a whole new HR group. And in order to make sure that the group was diverse they were very aware of not letting headquarters take a leading role.

*“I’ve been very aware that I wasn’t going to make a Danish team. I’ve wanted to create a team, which to a high degree reflects that we are in fact an international organization – we vary in regards to nationality, experience, education, and age. Purposely, I haven’t let our headquarters take the leadership position on this...and I’ll say that some of the most conservative people have been the Danes, our Danish headquarters. I guess it’s because they feel that since they are our headquarters, they think that they...I don’t know...have the right to make things more complicated than they actually are”.*

This quote illustrates the importance in designing diverse management teams. It illustrates the danger of being stuck in the national and often quite ethnocentric practices of the main HQ. But maybe more importantly it illustrates how hard it often is to hire in a new and more diverse management team. Such a maneuver is met with resistance within the existing organization – resistance towards change and resistance towards diversity and new ways of doing things, which is unfamiliar to the Danish main HQ.

### 1.3 DON'T FIX THE MINORITIES

In designing the organization for diversity, the knee-jerk reaction is to relegate diversity to the realm of human resources, associated with fair hiring practices and good corporate citizenship. But clinging to such traditional notions of diversity comes with the risk of limiting the creative potential and ultimately losing the competitive edge. In a globalized world, diversity is much more than just a question of race or gender. It is a spectrum of attributes, including culture, generation, educational background, skills, and life experiences. And research shows that capitalizing on these differences is a powerful factor in encouraging innovation. In one case company this is taken very seriously – here they have turned the traditional “recruiting for diversity” practices upside down.

*“The most important thing in the matter is that there is really no one who needs to be fixed. That is, the women do not need to be fixed and neither do the international candidates. The key issue is to get the structures fixed and create a change of mindset in the entire organizational culture. We are now asking: “What should the new standards be? What must we work towards? And what should we start questioning?”*

Talking about diversity most organizations tend to focus on the one foreign manager in the TMT or maybe on the lack of women in management. But what is interesting in this concrete case is that they are now shifting focus away from the individuals – the minorities – and instead they focus on “the masses” in the organization. They question is then, how can the majority be moved and how can we affect the dominating logic in the organization?

*“I’ve been very aware that I wasn’t going to make a Danish team. I’ve wanted to create a team, which to a high degree reflects that we are in fact an international organization – we vary in regards to nationality, experience, education, and age.”*

*How can the majority be moved and how can we affect the dominating logic in the organization?*

*“We don’t focus on the minority. Instead we try to reverse the matter. Instead of setting goals like 10% more women in management or 15% more people with different ethnic background, or whatever you would like to set goals for, in terms of diversity and inclusion we have chosen to set a strategic goal for the composition of teams, which states that we will have a maximum of 70% of the same sex, nationality, educational and professional background, and generation in a team.”*

By not focusing on the minorities, the organization has started an interesting change of mindset which has found approval among the employees. They realize that by reducing the dominance of one particular perspective, they get better access to the various contributions from the entire group.

#### **1.4 WELCOME TO THE INCOMPLETE LEADER**

In the efforts to respond to new competitive conditions on the global scene many MNC's tend to move away from the familiar, hierarchical forms of organization in favor of still more decentralized forms of organization, in which central authority and control is gradually replaced by more local autonomy and empowerment of a larger group of managers in the organization. MNC's are increasingly characterized by a "multi-headed", decentralized organizational design, where an increasing number of employees are perceived to be jointly responsible for achieving the company's competitive advantages. This change has caused a need to redefine the managerial roles because they have been confronted with what has been called the "blurry boundaries of authority"<sup>18</sup>. The traditional hierarchical control and coordination structure is no longer always given, and it is no longer unambiguously clear that "Bosses issue orders and workers follow them"<sup>19</sup>. In many MNC's, however, this trend seems to represent a dilemma. Many traditional managers tend to be reluctant to delegate authority and to share it with a larger group of foreign managers and professionals.

*"Well, if you are a control freak, and Group Management is, then this is really hard. They are so into all the details....Currently, the fact is that the Group Management are participating as board members in all subsidiaries. This means that they travel a lot and still don't really have time to achieve anything. This is not exactly in line with our globalization processes."*

This quote illustrates how some managers are reluctant to delegate responsibilities even though they have a hard time coping with fulfilling all their managerial tasks in a still more global setting. While the whole organizational setting is changing around them – becoming still more complex and ambiguous – managers try to keep up the pace. But as argued by Ancona and partners this strategy is just a dead end: “It’s time to end the myth of the complete leader...In fact, the sooner leaders stop trying to be all things to all people, the better off their organizations will be”<sup>20</sup>. The basic argument is that no leader is

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18 Hirschhorn & Gilmore (1992)

19 Hirschhorn & Gilmore (1992)

20 Ancona, Malone, Orlikowski & Senge (2007)

perfect. Only when leaders come to see themselves as incomplete, having both strengths and weaknesses, will they be able to make up for their missing skills by relying on others. This is in line with the following quote in which it is argued that cultivating a global mindset requires letting go of an old stereotype of the complete leader who has all the answers.

*“I think that each individual manager has a huge responsibility in creating a global mindset within his team. And he, himself, needs to recognize that he is a role model and, hopefully, a representative of an including and open leadership style... I think that the very classic, slightly old-fashioned leadership style where you as a leader have to have the answers to just about everything - that stands in sharp contrast to a more global leadership style which is based on a global outlook and on inclusion and diversity.”*

The traditional idea of the complete leader makes many executives try to stay on top of everything, exhausting themselves and damaging the organization in the process. But probably it is easier said than done to lay off such an often ingrained management style. As expressed below it might not just be based on the leaders' own ideas and expectations, he most probably will also be bound by expectations from his surroundings. That is why, at an organizational level, HR in this particular organization is very conscious about articulating the need for a shift towards incomplete leadership and about making room for and specifically welcoming an incomplete, more open, listening, and sharing leadership style.

*“I think it depends very much on the individual manager, what you expect of yourself, but also what your employees and the society expects from you. On the one hand; I know technical leaders who are absolutely convinced that they themselves must have the answer for everything and, on the other hand I know leaders who to a much higher extent are ok with not having the answers, but who are relying on employees or others in their network who have them. And this latter leadership style – we really try to support and make room for that.”*

### **1.5 CAN YOU BECOME TOO GLOBAL?**

This question is meant to be a teaser for discussion: Can you become too global? – keeping in mind that the aim at this point is to frame how to cultivate an organizational, global mindset. Can you as an individual become so radically globally minded that you become a less attractive player for the MNC? The question arose in an interview focusing on what is needed in a global management team.

*“Sometimes when I meet these very holistic, global managers coming from many years of international assignments in multinational companies I'm thinking: “Can you become too global?” And I think, yes you can. To be too global is probably to embrace China, Russia, and India too much and to forget to listen to southern Jutland and what is needed there. If you are too global, you might lose the specific national perspective...which is still important.”*

Here, the considerations about being too global concern the market needs, stressing that within an organizational management team there is a need for different types of managers, some can very well be very globally minded, while others would need to supplement that with a more locally bound rationality. Thus, on a team level, the organization

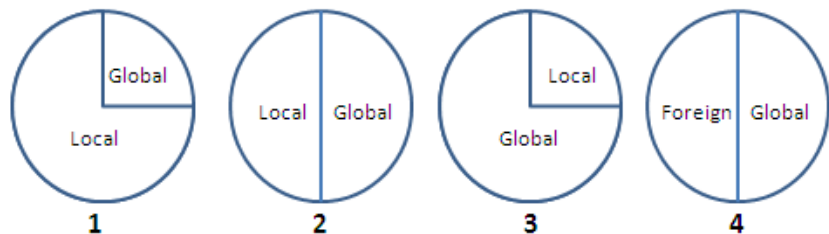
*“Only when leaders come to see themselves as incomplete, having both strengths and weaknesses, will they be able to make up for their missing skills by relying on others.”*

*“Can you become too global?”  
And I think, yes you can. To be too global is probably to embrace China, Russia, and India too much and to forget to listen to southern Jutland and what is needed there. If you are too global, you might lose the specific national perspective...which is still important.”*

will need various types of managers in terms of a “degree of global mindset”, so to speak.

*“I think we need the different national types and also the holistic global types in management. We need both. Top-top-level should be the holistic, global guys – elsewhere in the organization you should maybe be a bit more local. In a management team some of the managers should have an anchorage in the local culture. The global mindset has to come in combination with local understanding.”*

While at an organizational level this topic of having to combine local responsiveness with global integration is a very classic theoretical discussion, it is interesting to take this discussion to a team-level – and maybe even more so to the individual level. The interviewee draws three circles in order to describe her thoughts concerning various degrees of a global mindset (see figure below): 1. You can be very local, but have a slight understanding and openness towards global issues. 2. You can be split in your mindset – half global and half local, and 3. You can have a very global mindset with just a minimal referral to local perspectives. From here the question is raised: Can you become too global?



One attempt to answer this question is to argue that if you become too global, you might become some kind of stereotype, holistic species with no edges and often with American traits in your style. And in the quote below it is stressed that such management style should not be confused true global mindedness. It would be wrong to define a new kind of “global culture” – a new overarching management style that would work all over the place.

*“Talking about global mindset it is often understood that the global leadership style is some kind of typical, international, American style. But the global way is not the American way. Global is not just another national. It should really be inter-national. I think that real global-ness is to try to assimilate lots of different possibilities and mindsets.”*

Following this line of thought, one example of being too global would be to praise yourself as being very international and almost condemning everything and everybody holding on to local traits. This is in line with the central definition of global mindset used in this study in which it is stressed that having a global mindset is not only about showing openness and awareness of diversity, it is just as much about being able to “synthesize across this diversity”<sup>21</sup> accepting and embracing the various local traits.

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<sup>21</sup> Gupta & Govindarajan (2002)

The interviewee mentioned above who drew circles to define various degrees of global mindset, draws yet another circle to contribute to this debate (see circle no. 4). This time it is split half-half defining what she would argue would be a very valuable employee for the global organization – namely half global and half foreign. The argument is, that expats infiltrating a quite national organization are very valuable in that they contribute to diversity and opens up for new ways of thinking. So, while on the one hand you must cultivate an individual global mindset, it is on the other hand also important and valuable to keep your original, national colors and flavors when you go abroad – in other words it is important to stay foreign. Stick with your national basic traits because in that way you have some diversity to add. Thus, it is stressed that the true globalness lies in holding on to – but mixing – various cultural traits.

This issue seems to be one of the major challenges for expats when they return to their home base. They feel that they have acquired an awareness of diversity and that they have can contribute with a new global mindedness within their own organization. They try to bring in this awareness of diversity – they try to mix being “local” with being “foreign”. But as illustrated in this next quote is it very hard to hold on to this “foreignness”. You will very quickly be pushed back in traditional ideas of “this is what we are used to do”:

*“Just when I had returned to the headquarters I felt that I had a lot to give. But the longer I am here, the more I just become like all the others. You are influenced by the people around you. You are influences by colleagues saying: ‘We have to do things the way we are used to doing them. We have to follow the processes like we always do.’ You feel that you are under pressure. I have been home for eight months and I am already influenced by that....But it is important that you don ‘t return to your old habits and routines – that you do not fall back in the headquarter-style of management again.”*

In the second part of the report we discuss this issue of being too global at an organizational level: Are multinational organizations becoming “non-places”, places without relations, without history and identity? And here it would be interesting to ask the same question keeping with the individual level. Can we talk about holistic, globally minded managers as non-persons? By working in various non-places will you then become a non-person or a person without a home? Literature on expats describe how you lose your sense of “home” and how you, on a personal level, are at risk of becoming rootless.<sup>22</sup> In our study there are several examples of expats and former expats who are struggling with such challenges. The quote below illustrates an example of how cultivating a global mindset often comes with a price. Somehow you pass a point of no return and you almost wish that you could turn back time. In that sense you might have become too global – you lose your roots, you have no home. You are nearing a sense of being a non-person. However, this does not need to be the full story of the fate of the expat, as we shall see in the second part of the report.

“The moment I left Poland to go to my first expat assignment in Malaysia I didn’t know that this was a decision of no return. When you go somewhere and you experience living in different countries and seeing what benefits it brings in terms of expanding your horizon and meeting new people and cultures and having new challenges; it is very

*Stick with  
your national  
basic traits  
because in  
that way you  
have some  
diversity to  
add.*

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<sup>22</sup> Hazucha (2012)

hard to go back. You go back and see that people didn't move – they are where you left them. Now, when I go home to Poland I am very happy to be home for one week and then I get claustrophobic again and I feel like – yeah I need to move. The problem with being an expat for me is that I don't feel that I have a home now. Everything is temporary. I need to define what is my home? Definitely expatriation comes with a price that people often don't realize. From a personal perspective I think it would maybe be easier just to stay home and settle down.”

## 2. Self-consciousness about current mindsets, values and practices

In the section above, we have been focusing on how to deliberately design diversity into the organizational DNA. But there is more to the challenge of cultivating an organizational global mindset than that. As described earlier, we perceive a global mindset to be “one that combines an openness to and awareness of diversity across cultures and markets with a propensity and ability to synthesize across this diversity”<sup>23</sup>. At this point it is of relevance to focus not on the *openness* towards diversity but rather the bare *awareness* of the existence of diversity. This requires an awareness of the fact that we are limited by our own mindsets and that we are biased by our mindsets in our interpretation of information offered to us by our surroundings. A way to reduce the likelihood of entrapment in your own mindset is to cultivate a self-consciousness about your mindset. Doing so requires accepting the possibility that your own view of the world is just one of many interpretations of reality. Accepting this would significantly enhance the likelihood of new learning<sup>24</sup>. While we, as individuals, continue to evolve and become more conscious beings there is a concurrent need for organizations to follow suit. In his book “The global brain awakens”<sup>25</sup> Peter Russell points to the coming age of consciousness and he particularly points to the need of the conscious organization, which is one that continually examines itself, committed to becoming as conscious as it can.

### 2.1 LACK OF ORGANIZATIONAL SELF-CONSCIOUSNESS

How do we cultivate – or even just articulate – an organizational self-consciousness about the global mindset in an organization? First of all, we can simply ask managers or teams how they would describe the state of global mindset in the organization. By doing that, it often turns out that there are many very different takes on the organizational mindset within the organization. Often people are very good at articulating the mindsets that vary from their own and at defining how and in what direction the organizational mindset should change. Research shows that comparing the way different people or teams appear to interpret the same organizational reality is an effective approach to help a manager, a team, or the entire organization to uncover their often deeply buried current mindsets<sup>26</sup>. In the quote below an interviewee describes how the global mindset is perceived to be within the organization.

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<sup>23</sup> Gupta & Govindarajan (2002)

<sup>24</sup> Gupta & Govindarajan (2002)

<sup>25</sup> Russell (1995)

<sup>26</sup> Gupta & Govindarajan (2002)

*“It varies very much within the company. The state of global mindset really depends on where you have your customers. I think that there are some parts of a large company like ours that are very locally oriented, and then there are other parts that are very internationally oriented. If you go to my colleagues in the building just across the street, they have customers in all parts of the world. They are quite global minded. But here in this building, we are much more Danish. And that is despite the fact that we in this building are the headquarters for a very global company. I think that when a company thinks globally and acts globally, you acknowledge having customers in several countries that are different. You recognize having employees in different countries. And somehow you let go of your national embeddedness in what you do.”*

While this quote shows a clear consciousness about the variety of individual mindsets in the organization, research shows that there are typically also various perceptions of the organizational global mindset. The classic point of view which is to be found many MNC's is that “our company is way too local and ethnocentric. We need to develop a more global mindset”. This point of view also appears quite clearly in our data – actually from all four Danish MNC's involved. Here is just one example:

*“Our company is very Danish. In the operations of the company you can sense how people focus on local issues. Often they think about Denmark, which is fine, I mean, it's the history of it. We have to accept that. But how do we make sure that people start to think about the opportunities we have around the world. And I think that people here need to look at the broader perspective and not just think about Denmark.”*

The lack of organizational global mindset has often been addressed theoretically and most typically based on Perlmutter's four “states of minds”: Ethnocentrism, polycentrism, regiocentrism and geocentrism<sup>27 28</sup>. While ethnocentrism on the one hand is to be understood as a local and at times parochial mindset, geocentrism, on the other hand, is a concept that is very closely linked to what we now describe as a global mindset. As early as 1969 Perlmutter described how organizations struggled to cultivate a global mindset: “There is no international firm today whose executives will say that ethnocentrism is absent in their company.....one is more likely to hear, “We are still in a transitional stage from our ethnocentric era. The trances are still around! But we are making progress”<sup>29</sup>. However, more recent studies show that now more than forty years later most organizations are still struggling. Many organizations are still characterized by the lack of a global mindset. For example Begley and Boyd argue that: “The global mindset is a critical component of globalization... research shows that managers universally recognize the imperative, but only a few are close to implementing it”<sup>30</sup>.

According to Professor of Global Strategy Pankaj Ghemawat there is a general tendency that we all overestimate current levels of cross-

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27 Perlmutter (1969)

28 Perlmutter & Heenan (1971)

29 Perlmutter (1969)

30 Begley & Boyd (2003)

*For businesspeople, he argues, there is a big draw of unbounded profits in a borderless world, and that might be an explanation for why – often particularly the headquarters – tend to overestimate their own global mindset.*

border integration and understanding. Particularly business people are seen to vastly overestimate the organizational level of a global mindset. This is what Ghemawat calls “globaloney”<sup>31</sup> and he explains it by the fact that we tend to believe whatever we most desire or fear. For businesspeople, he argues, there is a big draw of unbounded profits in a borderless world, and that might be an explanation for why – often particularly the headquarters – tend to overestimate their own global mindset. Such lack of self-awareness about own organizational mindset is expressed several times in our data. As an example it is illustrated in this next quote.

*“In the headquarters they need to have a much more global outlook and global mindset. Often it is only teams of Danes located in close physical proximity that are steering the global operations without particular awareness of the diversity in the company. I find it hard to see that good intentions, is enough. There is, simply, a lack of skills and knowledge in the headquarters in order to be able to effectively embrace all the managerial challenges you encounter in a global company.”*

What seems to be the danger is that the managerial teams often aren’t aware that they are limited by their own parochial mindset. In other words, they don’t know what they don’t know. Instead they tend to convince each other that they are globally minded and they stop questioning their own ways of doing things. The next quote can be interpreted as an example of how the Danes in the headquarters remind each other how global they are – they remind each other to think from the outside in, despite the fact that most of them are Danes who have never been on any international assignments. By doing that, there is a danger of it becoming a cliché, which can blind the team from the self-consciousness about own lack of a global mindset.

*“We sometimes use the expression 'Remember to see things from the outside in; and not from the inside out'. This is kind of a generic term for how we think of our strategy. Sometimes we remind each other of that.”*

## **2.2 HIRING YOUR MIRROR IMAGE**

Referring to the challenge of designing the organization for diversity – as debated in section 2.1 – it is of relevance to discuss whether and how organizational self-consciousness – or maybe rather a lack of exactly that – affects the recruiting practices in the MNC’s. In the Danish main HQ of one of the MNC’s in our study there is a rising awareness about how the recruiting practices are limited by old taken for granted assumptions about these practices.

*“Our recruitment processes and policies state that everyone has equal opportunities and that we do not discriminate. But when you start analyzing the whole process and the steps you go through, you realize that in every single step of the process there are discriminating factors. They are just so embedded in our taken-for-granted practices that they are invisible to those who work with it on a daily basis. If we want to recruit the most qualified people, then we have to take a critical look at our recruitment base. We have to do*

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31 Ghemawat (2011)



*something different if we want to recruit the best employees from a market that is changing as radically as it is right now.”*

Here it is argued that the recruitment processes are bound in old practices in the main HQ and that due to that the organization is recruiting from a much too narrow pool of candidates. This is an example of how we stick to old practices without even being aware of it. The fact that this problem is “invisible to those who work with it on a daily basis” shows that there is a distinct lack of self-consciousness when it comes to the ethnocentrism in HR practices. And often it takes an outsider to even notice it. Below is an example of an expat working in a Danish headquarters addressing this problematic issue.

*“Today we recruit very many Danish managers. And I have argued: “You should revise that practice, because if you plan on these people being the top 50 of tomorrow, you shouldn’t recruit Danish people. The reason is that tomorrow our company will not be present only in Denmark. We will be everywhere. So somehow we need to make sure that our top 50 people are from India, China, or maybe the US.... We are preparing our company for the future and the biggest difficulty is to ask the organization to forget a little bit about the history – the way that things have always been done.”*

This illustrates that it is hard to ask the Danish headquarter people to let go of their current practices and mindset. Hamel and Breen have addressed this issue by saying that “managers tend to marry their cousins...They often surround themselves with people whose life experience mirrors their own”<sup>32</sup>. They argue that this is problematic since the diversity of any system determines its capacity to adapt. The greater diversity – of thought, skills, attitudes, and capabilities – the greater the range of adaptive capabilities in the organization. What we find in our study is that the self-containment and lack of self-consciousness in the Danish headquarters means that it precludes itself from the possibility of receiving inputs from outside and thereby from learning. One interviewee gave this very nice explanation as to why we fall for the convenience of hiring our own mirror image.

*“It is convenient to hire your own mirror image because you know how this person works, thinks, and handles things. And most people normally think that “my way is the right way”. And if you work together with another you, you get confirmation all the time that your way actually is the right way. It is much more uncomfortable to work in a diverse team because people say things and propose things that you don’t expect. The key issue is, however, to see that this is beneficial for the company.”*

By limiting the diversity in the organizational teams you, thus, risk ending up in a “convincing-each-other-that-we-are-right”-club, which is a textbook example of how you blind yourself of your own biases and preclude yourself from the opportunity of learning.

### **2.3 ACKNOWLEDGING AND CHALLENGING YOUR OWN DOWNLOADING**

In order to change towards an organizational global mindset, one of the first prerequisites is that the organization is able to be aware of – and let go of – current practices. MIT Professor C. Otto Scharmer has,

*“It is convenient to hire your own mirror image because you know how this person works, thinks, and handles things. And most people normally think that “my way is the right way”. And if you work together with another you, you get confirmation all the time that your way actually is the right way. It is much more uncomfortable to work in a diverse team because people say things and propose things that you don’t expect. The key issue is, however, to see that this is beneficial for the company.”*

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<sup>32</sup> Hamel & Breen (2007)

since he published his world-renowned “Theory U”<sup>33</sup>, been advocating the idea that we need to go on a mental journey of discovery every time we want to develop and become better managers. Way too often we are stuck in the past. We do the things we are used to do. We run on routines. And when we are faced with a problem, we turn to the solutions we already know. This is what Scharmer calls downloading mechanisms – we keep repeating our own thought and action patterns. In our study we have found one particularly interesting case from which the issue of downloading can be debated. The HR department in one of the MNC’s has become painfully aware of the downloading that goes on in their recruitment processes. They have become aware of the fact that they, already in the first round of selection, are biased when it comes to choosing, which candidates to invite for an interview.

*“We have to train managers and recruitment consultants in letting go of the prejudice that we all have and, which is part of the way our brain works. Our managers are intensively trained in not to be biased by name, age, education, and pictures in the applications, but...If we had e-recruiting then all first screenings would be completely anonymous, and we would get 50% more diversity just because the applications would be anonymous. But right now our recruitment process is completely manual. We have solid research that shows the benefits of anonymous screenings. When we show this research to our managers they are actually themselves asking for a new recruitment practice. They say: “Damn, can’t we do something to make them anonymous? It’s completely insane how much we are actually cheated by our own brains”.*

In this case, downloading in recruitment practice has been acknowledged, first by the HR managers and then by a wider group of recruiting managers. Now they have taken first steps to prevent this downloading from happening. Firstly, new policies have been implemented to prevent individual managers from hiring their own mirrors images as described in section 2.2.

*“We have decided that in the recruitment process we always work in recruitment committees. As a manager you can’t hire your own people anymore. That is part of our policy now, because when you recruit alone as the hiring manager you are biased by your own norms and your prejudice.”*

Albert Einstein has a well-known saying: “Problems cannot be solved by the same level of thinking that created them.” You have to turn to new ways of thinking in order to find solutions to your problems. You have to come up with a new mindset if you want to find solutions that are not just replicating the solutions from yesterday and the days before. And in this actual case it means finding new recruiting routines that will not “cheat the brains” of the managers and, which are not just downloaded from fifty years old recruitment routines. In order to create such new levels of thinking, the HR department has invented a set of “question-cards” that are meant to provoke the line of thought in the interview process.

*“We have developed a set of small laminated cards with questions that people in charge of the recruitment process can ask themselves, because often you are almost parochial when you start a new dialogue. As a hiring manager you are not new and you have the*

*“Problems cannot be solved by the same level of thinking that created them.”*

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33 Scharmer (2007)

*same role as always and you really just need an employee, fast. By having the cards, the managers are handed a number of questions that they probably wouldn't think of asking themselves. Typically people are so busy and without the cards they would just start questioning as they usually do and then go: "Yes, yes. That is fine." And then they go home. Actually they don't have time for the recruitment process. But now we have set a new frame and we explain to them that it will cost them in dollars and cents if they do not chose correctly."*

The above quotes serve as a very concrete example of how an organization becomes aware of its own downloading in every days practices and of how it slowly starts working its way out of that.

#### **2.4 STUCK IN A LOCATION PERSPECTIVE**

As discussed above there is a need to continuously challenge the downloading that occurs within an organization – not least within the national main HQ's – in order to develop new and more globally minded practices. While some of the practices are very concrete and can be addressed with relatively simple changes in the managerial routines – like the HR practices described above – others are more ingrained and, thus, become harder to change. In our data, one particularly organizational practice is mentioned time and time again as one that appears very hard to change. The physical proximity between colleagues in the working processes is a very ingrained part of most peoples every day practices, and for many this is very hard to change.

*"To some managers it means a lot that they are physically sitting almost in the same office, that they are able to just walk into each other's offices and talk about thing. I just think that we cannot hold on to that way of thinking – we need to put an end to it. Otherwise we will never be global... I personally believe that in five to ten years from now we are not nearly as many people here in headquarters. At that time we will be able to sit everywhere in the world ... Then it doesn't matter whether you live in Aarhus or Copenhagen or Beijing or in some large South American city, because then you can just tune in and become part of the community and be part of this organization and solve the organizational problems from a distance ... It is not going to be possible to attract all kinds of talented and competent people to Denmark, so we will have to let the work come to them and that will require for us to be able to engage in completely new forms of collaboration ."*

This quote presents the dilemma of downloading when it comes to our physical working environment or, more precisely, the way we are used to be in close physical proximity when we work together. In our study it becomes clear that there is a need to challenge this traditional way of working.

*"I don't think that it is important that all the central managers and all who have a corporate function in our company should physically be placed here in this house. That is not going to be possible. That would require us to believe that the people who either live or want to live in East Jutland is the world's most competent people. And I have a vague suspicion that it is not the case – without in any way wanting to offend the East Jutlanders. So if we want to have access to knowledge that is for example in Asia rather than in Europe, then we will need to come up with some other ways to collaborate."*

*"At that time we will be able to sit everywhere in the world ... Then it doesn't matter whether you live in Aarhus or Copenhagen or Beijing or in some large South American city, because then you can just tune in and become part of the community and be part of this organization and solve the organizational problems from a distance ... It is not going to be possible to attract all kinds of talented and competent people to Denmark, so we will have to let the work come to them and that will require for us to be able to engage in completely new forms of collaboration ."*

Global, virtual teams span time zones and geographical boundaries, and are frequently composed of diverse members representing different disciplines, functions, professions, business units, organizations, countries, and cultures. While numerous challenges and forces act against virtual team effectiveness, virtual teams can amplify the benefits of teamwork; the higher the degree of virtuality and differences, the higher the potential benefit<sup>34</sup>. Furthermore, when virtual teams are composed of members from different perspectives and knowledge bases as in global, virtual teams, innovation is more likely to occur. However, this means that people have to give up a traditional location perspective where all colleagues have to be in close physical proximity to each other.

*“In my former job I managed 150 people on the distance. And honestly, I didn't count, but out of a day of 8 hours I was maybe 6 hours on the phone, or video or you know. I had a laptop with a webcam and I was able to communicate with people... I changed the way I worked, because I had to..... And here in this company, it's the same. We have to do the same. But our people here are still very location based, we haven't changed anybody from a location perspective. We have changed the organisation on paper, but we haven't told them "Look now you are structured by expertise – not by location.”*

Research suggests that virtual teams possess several unique characteristics that distinguish them from conventional, face-to-face teams<sup>35</sup>. Two main characteristics classify teams as virtual – physically distributed members and communication through a number of communication media such as phone, audio and video conferencing, and e-mail. Geographic dispersion and lack of face-to-face communication create new challenges for members of virtual teams. Research shows that geographic dispersion among people generates negative outcomes such as a decline in communication, mutual knowledge problems, and work coordination difficulties<sup>36</sup>. There seems, however, to be a light at the end of the tunnel. Maybe there is a new generation of global workers being trained in the universities around the world. They are brought up in a world where virtual communication is part of their taken for granted practices and, as indicated in the last quote of this section, that might slowly solve the problems of being stuck in a location perspective.

*“I think that there is also a generation-issue in this. The way schools and universities are today - the young people are much more faced with a global mindset in their study environment: They travel a lot more than students did 30 years ago and they have all their social media, which are indeed global. So, I think that there is a new and much more globally minded generation entering the work force.”*

### **3. Exposure to novelty – the value in losing the grip**

Exposure to various kinds of novelty through international assignments, membership in cross-border project teams, or through

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<sup>34</sup> Cohen & Gibson (2003)

<sup>35</sup> Bell & Kozlowski (2002)

<sup>36</sup> Weisband (2008)

cross-cultural training are all strategies for developing a global mindset. Research has shown, however, that multi-year international transfers and assignments are the strongest mechanisms for developing a global mindset<sup>37</sup>. (In the second part of the report we add a further perspective by showing that being part of a diverse, international organizational environment in itself can facilitate the development of a global mindset). The reason is that such international experiences foster the development of integrative leadership skills, develop skills in handling cultural diversity, and develop “doing” and “being” skills such as championing global strategy, facing conflict, and handling complexity. In our study we find yet another valuable aspect of what is to be learned from international assignments, something that you can only learn from being thrown into the deep: The ability to tackle the unknown. This is about facing your own fears, losing control, being thrown in at the deep end, and realizing that you are able to cope anyway.

### 3.1 BEING THROWN IN AT THE DEEP END

Being on an international assignment puts you in a position where you have to act – often without being 100% certain about what would be the right thing to do. You might be very much in doubt about what to do and how to do it, but you will just have to try things out and hope for the best. Based on such experiences, expats grow accustomed to handle stress and often they realize that they thrive on being out of their own comfort zone.

*“Being on an international assignment puts you in a position where you have to act – often without being 100% certain about what would be the right thing to do.”*

*“Personally, I feel that I get a lot of strength when I realize that I can cope even when I am thrown in at the deep end. You don’t know the culture, you don’t know all the rules and regulations, you don’t know the people. But you have a lot of hard work to do and you realize that you can make things work and that you can make a difference. It gives a lot of energy and focus to be pulled away from your usual comfort zone. The fact that you are thrown in at the deep end puts you in a survival mode and that makes you extremely focused. You get an incredible energy and drive.”*

In the quote above it is reported that being expatriated often puts you in a survival mode. You have to cope, and you do, and you start taking more and more responsibility. You have to take some risks and you start realizing that you are able solve many more problems than you could even start to imagine. And as one former expat expresses it: “You learn that it is not dangerous that you don’t necessarily have everything under control”. And such experiences are valuable to bring along in your international career because you know how to handle challenges and you know yourself – how you react – when you are out of your comfort zone.

*“Slowly, you figure out how to behave in this new setting. But you are constantly thrown into some very new situations. Sometimes you succeed in what you do and sometimes you don’t. But you learn from it all and it gives you an invaluable experience that you bring along afterwards. So, today after six years of expatriation, when I am thrown into some new situations, I am actually quite comfortable with that. Because I have been around I have been faced with a lot of challenges, and I know that I can manage.”*

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<sup>37</sup> Evans, Pucik, & Barsoux (2002)

Part of the equation is that you are thrown in at the deep end, not only professionally but also privately. You can't just go home after a hard day of work and have dinner with old friends and neighbors. Everything is new – and your family is confronted with all new as well. This is what makes it a feeling of being “all in”. It is your whole existence that is thrown in at the deep end.

*“It also requires a lot of energy because while you are new at the job, you also have to get settled privately, you need to find solutions for taxes, banking relations, kindergarten, car, house - everything. The first three months is indeed a hell. And you look at your wife and ask “why the hell do we do this – again?”. But the energy balance is positive; you get more than you give.”*

This experience of being thrown in at the deep end is reported by several expats/former expats in the study as a very valuable experience. As far back as the 1920's, the German philosopher Martin Heidegger described the term “thrownness” as a state of “estrangement”, “expatriation”, or “homelessness”<sup>38</sup>. He described how homelessness and the feeling of being lost and deprived of human relationships is the metaphysical condition of contemporary humanity. The contemporary person is aware of not being “at home” and feels that things and people are unfamiliar. Very philosophically, Colonello follows the thoughts of Heidegger and argues that “a human being's only duty is to accept, without nostalgia, a personal solitude in homelessness as a formative element of personal being”<sup>39</sup>. This brings along the understanding that when you are expatriated, you are so very alone, and so very alienated in your own existence that you somehow have to reinvent yourself. You get to know yourself along some new dimensions. You muster some unknown strengths, you generate an enormous energy, and you find yourself able to handle things that you never imagined possible.

*“It is about being on the edge of what you can handle. It's about having a bit of a stomach ache before entering a meeting – not knowing exactly how to deal with the challenges you are faced with. It gives you a valuable experience. If you are never in deep, your work becomes a routine. I think it is important that you get pushed out of your comfort zone. That way you become a bigger asset for the company... There is obviously value in having experienced various cultures, but it is not necessarily a prerequisite for becoming a fantastic global manager. What makes the most important difference is when you are forced out of your comfort zone.....That prevents you from getting too comfortable and from becoming too clever.”*

*“You have to be moved out of your comfort zone. You mustn't become too comfortable and you mustn't become too clever. What characterizes an expat with a global mindset is that he thrives on ambiguity, he is able to balance contradictory forces, he constantly rethinks boundaries, and he has a particular capacity for managing uncertainty.”*

While many expats in this study by default would start telling about the insights in another culture when asked about the major learning points from being expatriated, this represents another take on what is important. You have to be moved out of your comfort zone. You mustn't become too comfortable and you mustn't become too clever. What characterizes an expat with a global mindset is that he thrives on ambiguity, he is able to balance contradictory forces, he constantly rethinks boundaries, and he has a particular capacity for managing uncertainty<sup>40</sup>. But the flip side seems to be that expats returning to

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38 Heidegger (1927)

39 Colonello (1999)

40 Kedia & Mukherji (1999)

their home base come to miss this ambiguity. They get bored when things get too organized and too easy – they are almost repelled by the feeling of being comfortable.

*“It is hard to come home after an expat assignment. You miss – well, you miss swimming in the deep water; you miss not knowing whether you can actually cope. Being back home, everything is well-known and lovely, and it is spring. But it doesn’t give you that energy boost. In fact, for me it was quite the opposite. I was like a balloon running out of air. Instead of being extremely focused and performing 100%, I got home and everything was too easy. There was no resistance. There was no deep water - it was a paddling pool. Everything was known and positive and “now we are going to have some more cake”. You are not pushed out on that edge. “*

## **4. The ability to integrate various perspectives**

An important aspect in cultivating an organizational global mindset is to ensure an ability to integrate diverse knowledge and mindset bases. A management team consisting of various nationalities will only add value if the diverse perspectives represented can be integrated into a coherent vision and a coherent set of decisions and actions. Even if the company was populated with ever so many globally minded managers, it would still be insufficient if the company as a whole – in its structures, values, and practices – did not espouse the same principles<sup>41</sup>. Thus, in order to make room for integration, organizations will need to create a closely integrated network of employees across their global organization who know and trust each other, who are experienced in "frame-shifting" due to their experiences in different settings, and who are working together to exchange useful knowledge and various insights. Expatriates and former expatriates are most likely to be the nodes in this network thanks to their broad perspective and relationships with colleagues in other locations. Here, we will focus on how globally minded individuals affect the organization and thus pull the organization in a global, open-minded direction.

### **4.1 COMPLICATE YOURSELF – AND BE HUMBLE**

Part of having a global mindset is to be able to cope constructively with competing priorities rather than advocating one dimension at the expense of others<sup>42</sup>. Consensus is not always desirable, healthy clashes of ideas boost a company's energy and creativity, yet if these clashes are to be effective, they need to be moderated by intercultural and inclusive management skills. This requires moderation by cognitively complex people, who search for more wide-ranging, new information, spend more time interpreting it, perceive a larger number of dimensions, and simultaneously hold and apply several competing and complementary interpretations. Such cognitive complexity has also been associated with the ability to redefine problems, the ability to balance contradictions, tolerance for ambiguity, and consideration for more alternative viewpoints<sup>43</sup>. The complexity of managerial cognition has long been recognized as a significant factor affecting

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<sup>41</sup> Jeannet (2000)

<sup>42</sup> Evans, Pucik, & Barsoux (2002)

<sup>43</sup> Levy, Beechler, Taylor & Boyacigiller (2007)

decision-making and strategic choice. Weick<sup>44</sup>, for example, has advised managers to “complicate yourself!”, arguing that in order to be effective they need to be able to see things from multiple perspectives and to interpret events and their effects in various ways. In our study we find numerous examples of expats and former expats who report about this ability to balance contradiction and to integrate various perspectives.

*“By understanding different mindsets, different ways of working, I think that you have a palette that you can choose from. I think that is very useful.”*

Not only do you have a wide range of different perspectives to choose from in the making of your own priorities, you will also be better at decoding and assessing what other people think and need in a given situation. You will be very conscious and humble about the fact that many perspectives are at stake and that your job is to try to integrate and make everybody happy.

*“It's funny because now my brain is shifting between the US, Czech Republic, Hungary, Denmark, and I can tell you that the advantage that I have now as opposed to having had only the Danish experience is that it brings a perspective to my job saying “when you do something make sure to double check that these guys are happy.”*

That you need to be humble in order to be able to moderate integration has been reported several times in our data. You need to let go of your own “taken for granted assumptions” and be very aware that people around you might have other preferences and perspectives than you do. In the following quote a French expat tells about an experience from his former job where he failed to recognize and integrate diversity in preferences.

*“Once we were in a development committee in Hungary and the general manager was French, the Marketing Director was French, the R&D Director, and myself, we were all French. But everybody around us were Hungarian. We were a few weeks before launch. They saw the product that my team made. The French guys said “Oh yeah, great product. Excellent. Let's launch”. But all the Hungarians said no. So the result was a no go: “Dear manager, do your job!” ....It helps having been abroad because you get that slap on the face saying: “Don't be here as a Frenchman. You're in another setting now”. And the more slaps you get, the more humble you get.”*

It is when you fail – when you forget about other perspectives than your own – that you become aware that you need to learn. This is when you learn to be humble. Cultural sensitivity is an important step in evolving as a leader, but it must be backed up by a commitment to develop and support a different organizational mindset and the capacity to learn from failure. Thus, the ability to moderate and synthesize between various perspectives is to a high degree learning by doing – and sometimes it is learning by failing. Harvard psychologist Mahzarin Banaji notes that this requires being very attuned to one's own behavior as a leader: “It is about signaling verbally and non-

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44 Weick (1979)



verbally that those who represent less dominant positions within the organization have a voice and will be heard."<sup>45</sup>

#### 4.2 HAVING THE ROLE AS A DRIVER FOR INTEGRATION

As noted above, internationally experienced managers are likely to be the nodes in the integrating networks of the organization. Due to their contacts and experiences in different settings they are the ones representing a global mindset and as such they often become drivers for the cultivation of an organizational, global mindset, and for the integration of various perspectives. They are typically the ones advocating joint planning and problem solving based on questions such as "How can we use the resources available to best serve our global customers?" or "Who among our global employee base has the knowledge and skills we need?". But our data shows that this role as a driver for integration is often very challenging and marked by resistance from colleagues who cling to ingrained ethnocentric values and practices. The quote below illustrates the frustration from one interviewee, an expat who continuously try to convince his employees of the importance in being open-minded towards suggestions from foreign colleagues. The challenge is that there is no recipe – there is no simple way of explaining and learning the competencies comprising a global mindset.

*"I don't think that it's an easy task because you can't just say "Hey, here is the book. Read it and come back tomorrow". It's much more implicit, more subtle. It's through their actions that people will realize that they can do it. It's by repeating. I have to repeat messages over and over and over again."*

Often, it is very basic issues the frontrunners of integration are struggling with. Below, a former expat reports how he tries to affect the rhetoric among his employees. He is addressing the issue of in-group and out-group and the question of who are "we" and who are "they"? He argues that it is important that people start acknowledging a global sense of community – a global "we" that defines global groups of employees all striving for the same goals.

*"The employees that I have taken over here at our headquarters are very focused on the Danish production. When they talk about "our" production, I expect that they talk about the global organization. But no. By "our production" they typically mean the facilities across the street – and that is only 10% of our production, the rest is located outside of Denmark. To me, the local production is not "our" production. When I say "we" or "our", I think of all of the production – the entire global production set-up. I read these signals immediately. When they say "our", I ask them "What does "our" mean to you?" Or when they say "we", I wonder who are "we"? So I try to influence them to have a global mindset."*

While the rhetoric among employees is one important issue, language is another central issue for debate, which is addressed numerous times in our data. The use of a local language instead of a corporate language appears to be a barrier in the global collaboration, but as expressed by one interviewee "Even if it is a minor detail, I think that corporate language is a key driver towards globalization." In all four Danish MNC's participating in this study, English is the corporate language, but in all of the companies it appears to be an issue that Danish is still

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<sup>45</sup> Cited by Turley (2010)

the main language used in meetings, in the hallways, and even in E-mail correspondence. This is an issue, which is particularly addressed by expats and former expats who find that it is inconvenient that particularly E-mail correspondence is still in Danish. That way, you will not be able to forward an E-mail to a non-Dane, and thus you confine the information to a very small group of employees defined only by their nationality. In our contact with the interviewees for this study, one former expat showed how to “walk the talk” by insisting on changing this taken-for-granted practices. We wrote to him in Danish asking for an interview, but he automatically replied in English.

----- Original Message -----

**From:** Marianne Storgaard [ms@dskd.dk]  
**Sent:** 11-04-2012 13:14 GMT  
**To:** Jimm Feldborg  
**Subject:** Interview

Kære Jimm

Jeg har talt med Hanne Hviid Christensen, som henviser til dig som tidligere expat i Grundfos. Jeg arbejder som...Jeg er meget interesseret i at høre om, hvordan I hos Grundfos arbejder med globalt lederskab, og jeg vil helt specifikt gerne..... Derfor vil jeg spørge dig, om du evt. kan finde en time til at deltage i et interview. ...

Vh. Marianne Storgaard

**Fra:** Jimm Feldborg [mailto:jfeldborg@grundfos.com]  
**Sendt:** 11. april 2012 19:37  
**Til:** Marianne Storgaard; Christiansen, Lene  
**Emne:** Re: Interview

Hi Marianne

I am willing. Please coordinate a date/time with Lene on cc.

April May are under planning travel wise so there might be changes later.

Kr...Jimm

During the interview that followed this mail correspondence we asked the interview person for a comment on his replying a Danish mail in English and he answered:

*“I always write my mails in English. That is the very first change that you need to insist on. But to some it is almost a provocation. Some Danes find it weird that I address them in English, but I have learned the hard way how frustrating it is to sit in China and receive mails in Danish. Implicitly there is an expectation that I will translate such mails in order to be able to forward them but that’s just not going to happen. Everybody has to speak and write in English. It is our company language. Danish should not be an option.”*

While there are numerous examples of expats and former expats who work as drivers for integration and who take small steps every day in order to try to affect the company in the direction of a more global mindset, it seems that these efforts are not really appreciated within the organization. Somehow, expatriates representing a global mindset do not seem to be valued for their global competencies. Typically, they have been sent on international assignments due to specific technical or administrative skills – and that is what they are acknowledged and respected for – not for the knowledge and competencies that they have gathered in terms of a global mindset and not for their work as drivers for integration.

*“We are 500 people in this house and close to 100 comes from other countries. We have at least 20 different nationalities here. But I don’t think that having all these nationalities here benefits the headquarters. The headquarters don’t really learn from all these foreign people. It could be much better. We could listen more to other people’s experiences and be much more humble. There are several issues to be learned. But the main thing would be to understand the different mindsets. We could do that in a much more organized way if we would want that. Why don’t we? Well, nobody has asked“.*

Interestingly, this lack of acknowledgement of the value of a global mindset seems to rub off on some of the individual expats and former expats as well. When asked about the major learning point from being expatriated, many of them seem to be shaped by a “simple understanding” of another, specific culture – something that they, reportedly, almost can’t benefit from, being back at their home base. Only when asked very specifically several of the interviewees come to think about how they in their daily life actually do appear as the good example for integration and global minded behavior.

*“Am I contributing to move the organization in a more international direction? No, I don’t think so. No, not really.... Well, I can help influencing and encouraging colleagues to be more receptive. You know: “Wait a minute before you overrule someone”. I can help counteracting this headquarters attitude. Here, maybe I can help to show and tell – let’s work for some mutual respect. In meetings, in my behavior, in my way of running my projects, I can show responsiveness. Culturally, I think I tend to step more cautiously than you do if you have only been in Denmark. Actually, I think that is important – that you are aware of how to behave with respect. You keep your ears to the ground a little bit more.”*

In our data it varies quite a lot how aware and articulated the expats/former expats are about what they bring home from their international assignments – and the value of it. A certain amount of them tend to refer to a traditional, cultural perspective by which you take departure in defining the cultural differences between an “us” and a “them”. It seems to be hard to notice anything else – this is what is articulated, and this is what they bring along as their self-understanding as internationals. But, when asked, they realize that their being internationals encompass so much more and that they represent so much more value for the company. So not only does the organization not acknowledge the value of having the internationals in the house – sometimes even the internationals themselves seem to suppress their capabilities.

*“In our data it varies quite a lot how aware and articulated the expats/former expats are about what they bring home from their international assignments – and the value of it.”*

Part two:

# Dispersion of headquarter activities and diversity

IRENE SKOVGAARD SMITH

## 1. Introduction

It is generally recognized that the geographical location and demographic make-up of MNCs can play a major role in facilitating or hindering a global mindset within the organization as also argued in part one of this report. Nationalized organizational cultures, locations and ways of operating restrict and create barriers. Since global products and brands need to be generic and flexible enough to cater for markets everywhere, the organization, its location and its people should reflect that. By dispersing headquarter functions away from the corporate centre to for instance regional, divisional and business unit headquarters in different locations around the world, MNCs can dramatically increase diversity in the composition of people and cultural knowledge within the organization, which is crucial in the process of fostering an organization characterized by a global mindset<sup>46</sup>. Diversity is one of the key avenues for cultivating a global mindset on the organizational level as argued in part one. In this second part of the report we explore how the high levels of diversity that can be achieved by dispersing headquarter functions to central metropolitan hubs, can foster a global mindset and what characterizes such diverse organizational environments and the international professionals who manage and staff them.

### 1.1 DISPERSION OF HEADQUARTER ACTIVITIES

Within international management it has become somewhat of an aspirational ideal that a truly global company should have no national home base<sup>47</sup>. MNCs should transcend their national administrative heritage and become 'placeless' and stateless transnationals by moving their main global headquarters to neutral and strategically relevant locations. Also termed internationalization in the third degree<sup>48</sup>. In reality however, there is little evidence that this is happening to any large extent. Many MNCs remain firmly rooted in their home countries<sup>49</sup> and the norm is still that the main corporate headquarter is located in the country of origin, as is also the case with the Danish MNCs represented in part one.

However, there are indications that many MNCs are moving in the direction of a growing dispersion of headquarter activities with the use

*“Within international management it has become somewhat of an aspirational ideal that a truly global company should have no national home base.”*

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<sup>46</sup> Gupta & Govindarajan (2002)

<sup>47</sup> Ghemawat (2011)

<sup>48</sup> Birkinshaw, Braunerhjelm, Holm & Terjesen (2006)

<sup>49</sup> Ghemawat (2011)

of foreign-based divisional and regional headquarters. Several studies<sup>50</sup> suggest that headquarter functions are being increasingly internationalized. The number of European Regional Headquarters for instance has increased by 76% over the past decade alone and a similar rise can be observed in the Asia-Pacific region<sup>51</sup>.

Such regional or divisional headquarters are organizational units with a formal mandate to manage a region or a division within the MNC's global structure. They are often located in central, technologically advanced, internationally-oriented, metropolitan hubs where other MNC headquarters are similarly located and where there is easy access to direct flights across the globe as well as an international work force. In the following, dispersed headquarter activities in the form of foreign-based divisional and regional headquarters are referred to simply as foreign-based headquarters.

## 1.2 AMSTERDAM AS EUROPEAN HEADQUARTER HUB

This part of our study takes its point of departure in one of these metropolitan hubs in a European context, namely Amsterdam in The Netherlands. As of 1<sup>st</sup> of January 2012, more than 2,200 international companies have established offices in the Amsterdam Area. Nearly a quarter of these premises are foreign-based headquarters. Within Europe, Amsterdam is second only to London when it comes to attracting corporate headquarters of MNCs<sup>52</sup>.

In a range of cases published by the foreign investment agency of the Amsterdam Area, executives of MNCs explain the location choices made with regards to their headquarter activities in Amsterdam. In addition to for instance the lure of low corporate tax, Amsterdam's status as transport hub, the presence of other MNCs within the same industry etc, a major factor mentioned in most cases is the presence of a large and diverse expat community in Amsterdam. This means immediate access to a pool of international, highly educated and talented professionals representing many different nationalities and languages. Here is an example of how the General Manager of Fonterra's European headquarter describes it:

*"I was quite worried we wouldn't be able to find enough talented people in such a short space of time. Still, we managed to pull it off. The New Zealand head office informed us that we're now the group's most diverse team and praised our high quality standards."*

The city is home to a productive workforce from 178 different countries and an ever-increasing inflow of workers from other EU countries<sup>53</sup>. Attracting the right people from diverse backgrounds is thus possible in Amsterdam both by way of the international professionals already living there and the city's attractiveness as a place to relocate to.

In this second part of the report we focus on the following four themes. Firstly we explore how high levels of diversity can be a driver

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<sup>50</sup> Barner-Rasmussen, Piekkari & Björkman (2007); Benito, Lunnan & Tomassen (2011); Birkinshaw et al. (2006); Forsgren, Holm & Johanson (1995)

<sup>51</sup> Nell et al. (2011)

<sup>52</sup> amsterdam inbusiness - the official foreign investment agency of the Amsterdam Area

<sup>53</sup> amsterdam inbusiness - the official foreign investment agency of the Amsterdam Area

for cultivating a cosmopolitan and globally minded headquarter organization. An organization that is ‘placeless’ and non-national. Secondly, we discuss in more detail the specific ways of behaving, interacting and relating, which characterize such diverse and non-national organizational environments. Thirdly, the focus is on how national and cultural difference are navigated externally in relation to markets, customers and local subsidiaries. And finally we explore how the internationals who manage and staff these diverse organizational environments, develop a form of non-national identity that makes them a perfectly suited pool of global managers for dispersed, foreign-based headquarter activities in metropolitan hubs.

## 2. Diversity and ‘placelessness’ as drivers for cultivating a global mindset

One of the main patterns evident across our interviews with international professionals in Amsterdam is the extent to which foreign-based headquarters typically represent highly diverse environments, both in terms of nationality and gender, although there is an element of regional bias. This is the experience of all the interviewees across the different MNCs they are currently working for and have previously worked for. It is often the case that headquarter activities in a foreign-based location such as Amsterdam represent one of the most diverse units in the MNCs in question, as similarly mentioned in the cases published by the foreign investment agency in Amsterdam.

### 2.1 HEADQUARTER ORGANIZATIONS AS NON-PLACES

Interestingly, foreign-based headquarter activities seem to be relatively immune to influence from the national context in which they are located, except on matters of regulation, labor law etc. This at least tends to be the case in Amsterdam. “*It’s like leaving the Netherlands when you go to work*” as one interviewee put it. These foreign-based headquarter organizations are in other words staying aloof from the local national context and in so doing becoming essentially ‘placeless’ as also suggested in the literature<sup>54</sup>.

The concept of non-places has been used by Anthropologist Marc Augé to describe spaces created by super-modernity, globalization and urbanization<sup>55</sup>. Spaces such as shopping malls, motorways, business hotels, airports etc., which are both everywhere and nowhere at the same time. You could argue that foreign-based headquarter organizations of global companies located in metropolitan hubs come to share similar features in order to be everyone’s and no one’s simultaneously. It is interesting to note that some of the foreign-based headquarters in Amsterdam are not only located in corporate office parks close to Schiphol Airport, they are literally located *at* the airport in office complexes there further emphasizing the extent to which they constitute non-places.

Another indication of the aloofness from the local national context can be found in the staffing. Dutch managers and staff employing headquarter functions are typically in the minority to varying degrees, unless the company is Dutch by origin or the role involves serving the Dutch market. The norm seems to be that the majority of staff is from

*It is interesting to note that some of the foreign-based headquarters in Amsterdam are not only located in corporate office parks close to Schiphol Airport, they are literally located at the airport in office complexes there further emphasizing the extent to which they constitute non-places.*

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54 Redding (2007)

55 Augé (2008)

a mixture of backgrounds, although often primarily European and US, Canadian, Australian etc. The few Dutch amongst them tend to be internationally orientated and often have international experience. A case in point is the only Dutch interviewee in my sample. In addition to working in Amsterdam, she has worked in London, Sydney, Geneva and Dublin. All for different MNCs, none of which are of Dutch origin.

Most of the interviewees working in Amsterdam have few Dutch colleagues and this makes the organizations they work in quite unusual as expressed here:

*“That would never happen in England. I mean you go to work and there is just not even one English person at your job. That would be the weirdest thing ever. Or you are in Denmark and you went to work and there is not one Danish person. That is just bizarre. Yet here in Amsterdam it’s normal.”*

The way this phenomenon is experienced as ‘bizarre’, even by someone for whom it is normal, illustrates the extent to which these foreign-based headquarters in metropolitan places like Amsterdam can become non-places populated by a diverse group of people with few national or cultural ties to the locality in which they live and work. This ‘placelessness’ and lack of ties to the national context is an important condition for making diversity work as a driver for cultivating a global mindset in the organization. In an ideal sense, non-places should constitute neutral ground where no local nationality, culture or language takes precedence. As we saw in part one, local language use for instance can create significant barriers to developing a global mindset in the organization. In ‘placeless’, foreign-based headquarters it is a given that international business English is the organizational language – the closest a language can come to achieving neutrality.

*In an ideal sense, non-places should constitute neutral ground where no local nationality, culture or language takes precedence.*

## 2.2 THE POSITIVE EFFECTS OF DIVERSITY

The highly diverse make-up of management and staff creates a particular environment, which is greatly cherished and praised by all the interviewees. Here is how an Australian interviewee describe the experience of working for a MNC European headquarter in Amsterdam for the first time:

*“It was fantastic, I mean walking down a corridor you would hear French and German and Spanish and Italian. It was really nice. You worked really long hours, worked hard, played hard, but you got a really lovely community of people out of it because everyone was away from home. It was an eye-opener for me. It was something I was in awe of, I thought it was just fantastic.”*

It is clear here that a diverse organizational environment is experienced in extremely positive terms. High levels of diversity combined with the shared experience of being ‘away from home’ create a form of community. At the same time it acts as an eye-opener. Simply working in this diverse environment, and being part of the community it fosters, creates openness to diversity, which is one aspect of what it means to have a global mindset. A German interviewee describe the experience of diversity like this:

*“I’ve been lucky enough to be working for international companies the last few years and basically with people from various places and I insist on having this sort of multicultural vibe around me. Otherwise I just get bored. I got an Arab sitting next to me in the*

*It is clear here that a diverse organizational environment is experienced in extremely positive terms. High levels of diversity combined with the shared experience of being ‘away from home’ create a form of community.*

*office and we joke in Arabic – I know a few words due to my mum’s Arabic background. And then we got a Slovenian, Russian, Polish and Slovakian. Germans behind me. Brits. Three meters in front of me we’ve got the south European team, the Latins, basically the French, Italians, Spanish etc. You know we just joke around, with languages and whatever and it’s very very relaxed. People coming from various places they are a lot more flexible. You know they have this frame of mind that they can deal with different cultures, different ways, different mentalities.”*

*“Flexible, globally minded, cosmopolitan internationals constitute the resulting in-group characterized by both openness and a certain degree of exclusivity and elitism at the same time.”*

In this quote we see again how a sense of community is present in these organizational environments and how the people who make up this community are experienced as globally minded, i.e. flexible and able to deal with difference in a variety of ways. The insistence on being in a diverse organizational environment indicates quite strong identification with ‘us’, meaning people from various places, as opposed to ‘them’, meaning people all from the same place. Rather than an ‘us’ based on shared national or cultural background, it is an ‘us’ based on shared detachment and displacement from both. It’s a melting pot you might argue, where cultural distinctiveness is both celebrated and transcended at the same time. Flexible, globally minded, cosmopolitan internationals constitute the resulting in-group characterized by both openness and a certain degree of exclusivity and elitism at the same time.

Interestingly, problems with diversity or working with people of other cultures within these organizational environments were not mentioned by any of the interviewees. Instead they experience cultural differences as positive because of the learning derived from having to be open:

*“The differences are positive. Of course there are prejudices and stereotypes, the Spanish are like this etc. and sometimes there is some truth to it. But it doesn’t matter because everybody is kind of on the same page. You have to be open and we actually learn from each other and learn to work together. Without really thinking about it, I think.”*

*“No one is in enough of a majority to be able to expect that others should adjust to their ways or taken for granted assumptions.”*

A seamless process of learning and adjusting to difference takes place in highly diverse environments as expressed here. This is possible because everyone is on the same page, meaning in the same situation. Everyone is different and therefore forced to be open to each other and learn. No one is in enough of a majority to be able to expect that others should adjust to their ways or taken for granted assumptions.

As it has often been pointed out in the literature, simply adding a few token foreigners to top management teams for instance will not make a company globally minded<sup>56</sup>. True diversity on the other hand is seen as a major driver for cultivating a globally minded organization. However diversity is also commonly viewed as difficult to manage, potentially creating more problems than it solves, because people are assumed to first and foremost trust and sympathize with people of their own nationality or culture, i.e. people tend to be nationalistic and suspicious of outsiders<sup>57</sup>. The fields of cross-cultural management and diversity management for instance are fundamentally based on the

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56 Ghemawat (2011)

57 Ghemawat (2011)



assumption that cultural difference and diversity is difficult to manage. However this is often not the actual experience of international managers as some of this literature itself reports. Here is an example:

*“Few managers believe that culture significantly affects the day-to-day operations of organizations. Global managers often see themselves as beyond passport, and their organizations as beyond nationality.”*<sup>58</sup>

The interviews with international managers in Amsterdam represent very similar experiences. In such highly diverse environments no one seem to perceive cultural differences as a problem. When asked directly about problems with managing people from different cultures, managers had very little to say. They don't seem to experience any such problems. One senior manager for instance looked rather puzzled by the question and after a bit of thinking said:

*“I don't know how to answer that. It doesn't really play a role (pause – thinking again). I know for instance that German's generally are very formal in lots of ways, but because they work here in this environment and deal with so many people internationally they just become desensitized to it I'm sure.”*

This experience of global managers themselves is rarely taken seriously in the literature. Instead managers are said to suffer from 'cultural blindness' making it difficult for them to acknowledge both advantages and disadvantages of diversity<sup>59</sup>. Although it is perfectly plausible that some managers might suffer from such cultural blindness, it is equally problematic to assume that cultural diversity necessarily creates problems. It is based on the assumption that culture is static, fixed and unchangeable. People are in other words assumed to be 'prisoners' of their national culture. What tends to be overlooked in the literature is what actually happens to people and their cultures in highly diverse environments. Namely that both change in the process.

### 2.3 MULTICULTURAL CONVERGENCE AND SYNTHESIS

When people from different nationalities and cultures work together and interact with each other in organizational non-places they change and collectively they set in motion processes of culture change. What develops in highly diverse organizational environments is some form of multicultural convergence. This means a “simultaneous reorientation of otherwise separate traditions upon a new point of cross-cultural agreement”<sup>60</sup> as defined in theory. Convergence refers to processes of culture change that point in the same direction, i.e. to points of concurrence where synergies can be created and something new can emerge. Convergence means that encounters between people of different cultures change both parties, but it does not mean that they become the same. Both parties change, but in different ways. A space for productive and innovative encounters is created, while differences are maintained to some extent.

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<sup>58</sup> Adler (2002: 93)

<sup>59</sup> Adler (2002)

<sup>60</sup> Baumann (1999)

*“Few managers believe that culture significantly affects the day-to-day operations of organizations. Global managers often see themselves as beyond passport, and their organizations as beyond nationality.”*

*People are in other words assumed to be 'prisoners' of their national culture.*

Thus in these intensely diverse organizational non-places, some form of common internationalized culture and way of behaving and interacting can be formed were national and cultural differences are transcended and productively synthesized. An essential aspect of what constitutes a global mindset on the organizational level. Differences appear to fade into the background and are no longer recognized as such. Except maybe as a curiosum to celebrate and have fun with socially, i.e. the spice that makes working life more interesting as we saw it described in earlier quotes. Here is how one interviewee describes the neutralization of national differentiations:

*“When you put all these nationalities together they just become one nationality almost. I have never had any issues with cultural differences and no one even... people almost try and take away their standout cultural features. They always try and neutralize themselves. There doesn’t seem to be any nationality at all. Nothing stands out. You don’t think for a second about nationalities, you don’t even notice them actually”.*

Here we get a real sense of the level of convergence going on in highly diverse organizational environments and how national and cultural differences are transcended and synthesized to the point that they are no longer readily noticeable. This potentially fosters a globally minded organizational culture where people from diverse backgrounds can work together seamlessly and effectively while the organization can at the same time reap the benefits of their broad range of cultural knowledge and language skills in relation to customers and subsidiaries in different markets.

*It is however clear from the experiences reflected in the interviews, that diversity is a very delicate balancing act which seems to depend largely on ‘equal measures’ of people from different backgrounds combined with ‘placelessness’.*

It is however clear from the experiences reflected in the interviews, that diversity is a very delicate balancing act which seems to depend largely on ‘equal measures’ of people from different backgrounds combined with ‘placelessness’. Differences are most easily transcended and synthesized in situations where everyone is different and on neutral ground and thereby equal. The potential for convergence is in other words dependent on ‘equal diversity’ you might call it, with no significant majority or other group formations or identifications based on culture, nationality or location. The potential lies in balanced and extensive mixing in a neutral space.

## **2.4 NATIONAL BIAS AND DOMINANCE**

However, even in such organizational non-places nationality sometimes ‘bites back’ in the form of country-of-origin bias and dominance challenging the potential benefits of diversity. As soon as the balance tips significantly, placing a particular national group in the majority or in a position of dominance, different problems and barriers to a global mindset arise as we also saw in part one. An example is the experience of one of the interviewees who was hired by a German MNC as Director of Marketing for EMEA based in London and left after 7 months. Although the company had officially moved their global headquarters to the US and also relocated some European activities to London, the office in Frankfurt still seemed to function in effect as both main and European headquarters. There was always a discussion that she should rather be in Frankfurt and they made her travel to Frankfurt frequently.

*“They were excited that I spoke German – they wanted to speak German, they wanted to keep it German. I left because it was too German focused. I felt less comfortable, because they were so locally... although they were supposed to be European, they weren’t.*

*They had the intention to change that, but I think they had the wrong people to do that. Because there was a lot of people that just wanted to stick to what they knew. They acknowledged that they needed to change by moving headquarter to America and hiring non-German employees and putting managers of other nationalities in place.”*

The consequence of having the wrong people, in this case a majority of Germans based in Frankfurt who were used to doing things the German way, comes across quite clearly here. The organization remained too local and too German. The majority problem clearly triumphs both headquarter dispersion and attempts at hiring in new people and managers from diverse backgrounds. This manager represented one of those new hires based in London, but at least at this stage they were too few and too much in the minority. The German dominance was too strong and the Frankfurt organization remained too central and too big essentially marginalizing both the new headquarter in the US and the partly dispersed European headquarter activities in London.

The make-up of the senior management team is also crucially important for the potential of diversity as expressed in the following quote:

*“If the management team is just made up of one or two nationalities then they can’t enhance the working environment even if they employ many different below them. Then they have no idea how to bring that together and make it work. So I think you have to have a wide spread.”*

Lack of diversity in the management team is particularly a problem if it also represents the national origin of the company and especially if the managers in question are sent out on assignment from headquarters. This was for instance the case in a US company in the early stages of internationalization, where 29 different nationalities worked in their European headquarters. Mainly Europeans, but also Australians, Canadians, New Zealanders and of course Americans. The management group however, was at the time predominantly made up of Americans posted in Amsterdam on international assignment from headquarters. Several interviewees with experience from this company talked about how American-centric the company was at the time and that *“head office didn’t really understand what was needed in Europe”* as one interviewee put it. In the words of another:

*“It was unfortunately one of those side products of America being insular. If you don’t know much about the world and you are working in a company that is trying to go global, yeah there can be some disastrous consequences”*

The management team was described as a clique and the staff felt they represented the American-centric approach of headquarters. Over time however, the European headquarters with its diverse make-up started to influence the ways of the company. The practice of sending American managers over from headquarters ceased. Some of the American managers originally on assignment ended up staying and existing employees of other nationalities got promoted. This changed the dynamic. As an integrated and mixed group of European-based managers emerged, the organizational environment changed and the benefits of diversity in the form of convergence and synthesis started to become felt. In the process conflicts between main headquarters and European headquarters also lessened as a more integrated approach developed.

Most of the US MNCs in our Amsterdam sample have significantly scaled down or completely ceased the practice of ‘placing’ American managers from home country headquarters in foreign-based headquarters. Especially the largest and most extensively globalised:

*“In Cisco you don’t even hear an American voice. There aren’t many of them at all.”*

Nevertheless, there are still American managers in the foreign-based headquarters of US MNCs represented in our sample, but they are typically not on assignment in a classic sense or placed from headquarters. They are on local permanent contracts and form an equal part of the diverse make-up of the organization. The comment here thus reflects the extent to which they are perceived, not as American representatives of home country headquarters, but simply as international managers. Nationality has to some extent been removed from the equation. This becomes possible in non-places when there is a high enough level of diversity in the management team, and in the foreign-based headquarter organization as such, and when there is no significant sense of a dominating home country nationality and bias in the organization.

In the Japanese MNCs represented in our sample on the other hand, the practice of sending Japanese managers on assignment from main headquarters is quite resistant. This makes the Japanese in foreign-based headquarters very visible and contributes to the sense of working for a Japanese-centric company. It’s typical that all the Japanese working in foreign-based headquarters are on assignment for a set amount of years and will return to headquarters or will be sent to other locations. Interviewees with experience in Japanese companies consistently complained about this practice:

*“The Japanese hold strange positions. They are always sort of regarded as higher management even though they don’t really take on the management responsibilities. I remember from Epson we used to say – oh he is just a Japanese spy. So he doesn’t really do anything, he is just sort of looking how things are going here and he reports back to the mother ship, you know. It’s not quite the same in Canon, but there are some people where you think – what are they doing. There is no managing of anything so you wonder why is this person sitting here as the manager of this department.”*

However, even in Japanese MNCs, the winds of change can be felt in foreign-based headquarters. Apart from the practice of sending out Japanese managers from headquarters in Japan, interviewees with current or previous experience in Japanese MNCs describe the organizational environment as just as diverse and international as other MNCs. There are also managers of all kinds of other nationalities at different levels creating at least some degree of mix between Japanese and others. A clear example of change can be seen in Canon for instance where a recently appointed CEO for Europe is Dutch - to the great surprise and astonishment of all managers and staff in Amsterdam. As one interview put it:

*“It’s a shock and very important news, because it’s always been someone Japanese. The company culture is changing. Some of the Japanese are also more open, more western, open to change etc. Age matters a lot. The younger Japanese are different and have a more open mindset. Generally the company has become more international. They now look for people with a global approach.”*

As we see it here the younger, more globally minded Japanese stand out less and mix better with other internationals in foreign-based headquarters and thus become less symbolically charged as a manifestation of Japanese dominance and bias. Although still representatives of headquarters and Japanese dominance, they are more able to potentially become at least somewhat equal participants in the processes of convergence and synthesis which are made possible in diverse foreign-based headquarter organizations.

### 3. The characteristics of non-national organizational environments

To summarize the argument made so far, a cosmopolitan and globally minded organization can potentially be developed by way of high levels of diversity in an equal sense. An organization characterized as 'placeless', non-local and non-national while at the same time, and partly by way of these characteristics, able to navigate and compete in global markets where customers and consumers are still very much local, national and culturally conditioned. Essentially this is what the ideal of a truly global organization characterized by a global mindset looks like.

Nevertheless, it does raise the question, as also brought up by one of our interviewees in Denmark, whether there is a risk of becoming too global in the sense of too neutralized, too desensitized and too 'placeless'. Or in other words, are such a corporate non-places and their people too generic to be of any significance and thus devoid of identity, culture and history? It is at the very least important to consider the implications and potential consequences regardless of whether they are viewed as positive or negative. In order to do so, we need to explore in more detail what characterizes these diverse and non-national organizational environments. In the interviews this is often described in contrast to the experience of working environments that are much less diverse and where for instance a particular national group dominates, as we shall see in this section.

As experienced by the interviewees in Amsterdam there clearly seem to be specific ways of behaving, interacting and relating that are characteristic of highly diverse and international organizational environments seen in contrast to other less diverse environments.

#### 3.1 CULTURAL AWARENESS AND CAREFULNESS

Firstly, they generally describe diverse environments as pleasant and characterized by respect, politeness and professional consideration. Here is an example of how it is experienced:

*"In an international organization you are culturally aware in a way that you are aware that some things might be offensive or hurtful to your colleagues. You know they are from a different culture so they have different values and you are, I think, much more careful with that than when being in a mono-cultural environment. There is a lot of respect for each other, because you have to work together. You know that you are different and it's actually a lot of fun that you are different. But you also have to take it on so as to make it work. It means that you have to accept differences."*

As it is described a diverse organizational environment clearly fosters openness to, awareness of and acceptance of difference, simply

*A cosmopolitan and globally minded organization can potentially be developed by way of high levels of diversity in an equal sense.*

*"Firstly, they generally describe diverse environments as pleasant and characterized by respect, politeness and professional consideration."*

*“In mono-cultural environments people often experience the organizational culture as much less pleasant and sometimes even offensive in different ways.”*

because it is necessary to make it work. As also argued in the previous section this is part of how diversity can become a driver for cultivating a global mindset. But there is more to it than that. As it is experienced, diversity also seems to foster respect and carefulness in relations with others. In mono-cultural environments people often experience the organizational culture as much less pleasant and sometimes even offensive in different ways.

Interviewees who had experienced going from working in very international and diverse environments with lots of different nationalities, to working in a more mono-cultural environment, reacted quite negatively to it and in some cases decided to leave within a few months. Thus, if an organization is experienced as too German, too Dutch, too Japanese, too American etc., international professionals don't feel comfortable and the organization is often experienced as less respectful. Even “closed and rude” as one interviewee described it:

*“For instance, I went to a meeting where I met people that I had emailed with, for the first time. Not one came and introduced themselves or anything. It's really strange. For me, I call it professional. I'm not asking if you want to meet me, maybe you are busy, but the point is we work together so you introduce yourself. As a professional person”.*

Such a ‘closed and rude’ organizational culture is experienced in contrast to previous experience in diverse environments characterized by openness and professional courtesy. This clearly is not seen as a cozy, cuddly organizational environment, but a matter of professionalism. Another example is the experience of an interviewee who worked for a brief period in a subsidiary function of a US company:

*“It was a bit of shock to the system because they were decentralized to a whole other level. It was insanely Dutch. I came from a business unit of over a 100 people and there were literally only 3 or 4 Dutch people there. [...] I was used to managers being so correct and proper. I went from this very proper environment to one where I felt very uncomfortable. [...] There was really bad bullying going on directed at some of the people in my team and lots of communication issues. I was even told by my manager that I had deep-seated emotional issues. I was so shocked.”*

*Being careful what you say and do and behaving correctly, properly and respectfully towards everyone, is high on the agenda in diverse and international environments. It is as if the constant presence and awareness of difference creates a culture of treading extremely carefully.*

Being careful what you say and do and behaving correctly, properly and respectfully towards everyone, is high on the agenda in diverse and international environments. It is as if the constant presence and awareness of difference creates a culture of treading extremely carefully. Not the least on the part of management as we saw it here in this quote where an experience of the opposite is used to illustrate. This is part of the neutralizing effect of non-places and it does not seem farfetched to argue that it risks creating a culture characterized by extensive political correctness. A culture that seems to share characteristics with American style management, as it is commonly perceived.

There might thus be a risk, as mentioned by one of our interviewees in Denmark, that global leadership simply comes to mean Americanized management and corresponding organizational environments. Whether this aspect of carefulness, and what seem to border on political correctness, is the result of American influence on international management or whether it is related to the neutralizing

effects of a hyper awareness of difference, is difficult to dissect. Most likely it's a combination. Essentially what is important is an awareness of the potential risks associated with too extensive levels of political correctness and a stifled organizational culture where everyone, including management, is tiptoeing around in fear of being offensive.

### 3.2 UNITED IN DIFFERENCE

In section 2, we saw how diverse organizational environments not only foster a global mindset, but also a sense of community amongst people with different backgrounds who interact and work together in these organizational non-places. An in-group based on shared difference and detachment and displacement from national origin. To some extent there is, as we saw, a sense of exclusivity and superiority present in the way people describe their love of being part of diverse environments, which resembles the way urbanites sometimes view themselves as superior to provincials for instance.

These foreign-based headquarter organizations are indeed intensely urban, as is characteristic of non-places, in addition to being highly diverse. The organizational cultures that result reflect this. To be able to be part of, fit in and succeed in these diverse organizational environments you need to be open, curious and flexible. Those are the markers of the insiders – the globally minded urbanites – and as with all insider identifications it will potentially imply an exclusion of those who are deemed to be outsiders.

However in this case the criteria for inclusion are extraordinarily open, because the very foundation of community is difference in the first place. All kinds of difference can potentially be accepted and assimilated as long as the person in question is able to become flexible and changeable. Thus, it seems that people are given a lot of leeway in these diverse organizational environments even if they don't fit in immediately.

*“There is a certain amount of curiosity even if someone comes across as a bit weird or something. In a work situation there is lot more leeway than normally in social situations. Even after chance no. 27 you still give him another chance. It might be uncomfortable, but we would try, give them a shot. We are still so flexible that we would try. He will become more flexible in time maybe”.*

The inclusiveness and openness expressed here indicates that anyone, no matter how different, is at least a potential insider. There is an awareness that becoming flexible takes time. The criteria for fitting in is based on difference from the outset combined with going through a process of learning and change to become flexible.

Some interviewees also mentioned the issue of trust, described in contrasting terms by referring to those you would not trust. If one single national group of people dominated too much, internationals feel they wouldn't be able to trust anyone. They are in other words more inclined to trust fellow internationals. Precisely as argued in the literature<sup>61</sup>, trust is related to in-group identification, but here it is not along the lines of nationality or culture as generally assumed. What characterizes the in-group in diverse and international environments is something quite different. Namely that 'we' are all different from each other and equally so. There is a sense of being united in

*To be able to be part of, fit in and succeed in these diverse organizational environments you need to be open, curious and flexible.*

*“What characterizes the in-group in diverse and international environments is something quite different. Namely that 'we' are all different from each other and equally so.”*

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61 Ghemawat (2011)

difference and in an identity as expats, internationals, non-locals and non-nationals. The issue of identity will be explored in more detail in section 5.

### 3.3 PROFESSIONALISM AND STRIPPING TO THE CORE

Professionalism, as another important aspect of what characterizes diverse and international environments, is described in a variety of ways which all seem to be at least partly related to the neutralizing and desensitizing effects of diverse and non-national organizational environments. As one interviewee describe it:

*“It’s less emotional. I don’t mean that everybody is like cold or anything, but I mean... I think when you come to that level of multinational culture, what counts in the end is basically that your communication is very clear and basically the results. You have to be very clear with the team because you are all from different cultures. You get straight to the content, no fuss, no long speeches, no nonsense. In order to talk to a team where everybody is from different cultures you probably have to strip to the core of things and there is not so much rhetoric”*

*“Many interviewees talked about this necessity of clear, straightforward and simple communication in diverse and international organizational environments.”*

We see here how the ways of communicating become generic and seemingly stripped of signifiers such as rhetorical devices. Many interviewees talked about this necessity of clear, straightforward and simple communication in diverse and international organizational environments, which in turn becomes part of how things are done in these organizations:

*“I have to communicate really clearly about expectations and how we achieve results. And plan meetings meticulously. You have to be really clear and simple.”*

In a similar vein to respect and carefulness in interaction, it seems to come about through the awareness of having to communicate with people of different backgrounds and languages. You cannot assume implicit understanding and you cannot assume ability to read between the lines and so forth.

Another aspect of the perceived professionalism of these diverse organizational environments is related to less gossip, bickering and waist of time. Here as described by an interviewee, who used her experience of working for a brief period in an organization dominated by people of her own nationality as a contrast:

*“The environment at work was also very different. People spend 50% of their time speaking about their bosses and about colleagues and being really nagging, negative and fatalistic. And not to the point. So there is a lot of waist of time. I never experienced that in international companies. There is no time for bickering and nagging. People are more straight to the point”*

*“The neutral, no-nonsense, ‘stripped down’ and non-nationalized kind of organizational environments created by way of diversity also makes for very professionalized organizations as experienced by the interviewees.”*

Again it’s about stripping to the core and focus on the tasks and the results. One would expect that this is equally true of any highly professionalized organizational environment, but the generic and neutral characteristics of diverse and international environments seems to further increase the effect. The fact that this pattern can be observed across many different foreign-based headquarters of MNCs is telling. The neutral, no-nonsense, ‘stripped down’ and non-nationalized kind of organizational environments created by way of diversity also makes for very professionalized organizations as



experienced by the interviewees. Whether this also means less organizational politics as such is doubtful however. Clearly there are power games and politics in these organizations just like in any other. But it is mainly perceived to be about legitimate things related to tasks, content, budgets, head counts, results and advancement.

### 3.4 AMBITION, DRIVE AND TALENT

This is further linked with another aspect of what characterizes these diverse and international environments. Namely a culture of ambition, talent, individualism, hard work and drive. This is closely related to the characteristics of the internationals or non-locals who make up the majority of management and staff in these foreign-based headquarters:

*“What I found in an international company like that, is that people have been pulled from all over the world because they are suppose to be good at something. And the kind of people, that are working in that environment, sometimes are very much out for themselves. Because they have made the choice to move for a career, they have made a choice to do something for themselves and to develop themselves. And so sometimes I think they can be very individualistic, not really representing their national culture.”*

Another interviewee describes something similar:

*“They drive a lot of change as well. Because normally people who are expats they are here for a reason, they are good at what they do, you know. They try to drive and change their environments a lot”*

Locals or non-expats are often seen not to possess these characteristics or fit in this kind of high-performance environment.

*“You are pretty much chained to your desk, you work insane hours and there is this work-hard, play-hard mentality. And to be perfectly honest – and I’m not being anti-Dutch here – but I don’t think the average Dutch person would want to be part of that. So from that point of view the recruitment probably sways away from the Dutch crowd.”*

However, the bias against locals or non-expats is about more than just how hard they are willing to work or how driven and ambitious they are. It is about international experience, expertise and skills. Here is how another interviewee, who has just recently been recruited to a position in the European Headquarters of an American MNC, describe how the new managing director for Europe is working on changing what was previously a small and local office and “*incredibly Dutch*”:

*“Our MD hates that because he comes from Nike. So what he wants to do is... yeah his role is to bring in more international talent to start making the company more international. He wants to get rid of a lot of the local mentality. In his opinion it’s people who have been hired to do a job rather than people that have skills and expertise. Oh yeah they can do the role, but they don’t have pan-European experience, they haven’t worked in an international company. He wants people who have been working in the industry with international exposure doing multiple roles in the same sort of field.”*

Here it becomes clear again that the idealized picture of a foreign-based headquarter organization is a highly professionalized environment populated by highly specialized talents with

*“When it comes to recruitment and promotion, nationality, location, age, ethnicity and gender should be removed from the equation and be driven by pure meritocracy as also commonly argued in the literature.”*

international experience. When it comes to recruitment and promotion, nationality, location, age, ethnicity and gender should be removed from the equation and be driven by pure meritocracy as also commonly argued in the literature<sup>62</sup>. Thus ideally the best people from anywhere should manage and staff these corporate non-places that are essentially everywhere and nowhere at the same time. In this sense diversity is not just a driver for cultivating a globally minded organization; it is also the result of non-nationalized and un-biased recruitment practices. The two go hand-in-hand mutually supporting each other and contributing to creating an organization characterized by a global mindset. As we also saw in part one of this report, when recruitment is biased or discriminating, lack of diversity is the result. At the same time it also means that the organization potentially misses out on the best candidates when they are mainly recruiting locally or based on nationality.

## **4. Navigating national and cultural differences externally**

While diversity has the power to cultivate a globally minded organizational culture where difference can be transcended and synthesized through processes of convergence, it does not mean the people who manage and staff foreign-based headquarter organizations are not confronted on a daily basis with national and cultural differences that are clearly visible and matter significantly. Externally, in relation to different markets, consumer groups, customers and local subsidiaries, difference cannot be transcended or neutralized. It has to be navigated, managed and worked across, so to speak. Thus a globally minded organization is characterized by the ability to transcend and synthesize difference internally, while externally difference is navigated seamlessly and efficiently to create both global integration and local responsiveness. The ability to do both depends to a large extent on the diverse make-up of globally minded management and staff.

Marketing campaigns have to be tailored to different national audiences, products have to be adapted to local markets and local subsidiaries in different countries have to be managed in different ways. Here is for instance how one interviewee describes the challenging experience of dealing with a Russian subsidiary in particular:

*“You can’t tell them what to do, or even suggest it. You have to work with them very delicately to basically have them feel that it’s either in their best interest or it’s something they have strategized themselves. Or they are going to get personal recognition for it. Because spending any amount of time on something that isn’t recognized by their immediate superiors or environment is considered a waist of time.”*

Clearly particular kinds of competence and experience are needed to be able to deal with and navigate national and cultural differences in order to perform the majority of headquarter functions as will be explored in this section.

### **4.1 STEREOTYPING**

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62 Gupta & Govindarajan (2002)

Experienced international professionals are good at stereotyping and generally find it useful as a way of dealing with the different local markets and subsidiaries they work with. Knowledge of different cultures thus often seems to come mainly in a reduced, simplified and generalized form. Here is for instance how a project manager describes what is needed of him in his role where he works with subsidiaries in 28 different countries:

*“You have to understand the different cultures within Europe. There are very different attitudes in different countries. For instance how people relate to the future, i.e. whether it exists at all. There are also differences in whether people follow orders and deadlines etc. from headquarters. Scandinavians for instance always delivers on time. In other countries you have to chase them. In southern Europe they are very welcoming and will spend more time with you.”*

Such short hand ways of dealing with customers and subsidiaries are typical and it does not seem far-fetched to argue that this is again related to the generic and neutralizing effects and thus possibly constituting one aspect of what the risk of becoming ‘too global’ might imply. National and cultural differences are in a sense assumed to be rather superficial and are therefore also not taken very seriously. As we also saw in part one, this potentially means that specific national perspectives risks being ignored.

In fact, some of the interviewees in Amsterdam do worry about their own propensity to stereotype. One interviewee for instance explicitly brought up the tendency to do so as a negative side effect of international experience:

*“I tend to generalize and stereotype a lot, particularly about nationalities. I tend to do that more than I guess other people do. But in the job I’ve had to... it’s always been very high pressure and there has been so much to do and if I’m meeting someone new – they are on an online meeting or face-to-face and it’s say someone from Rome. Then I’m going to make a quick assumption about the way I’m gonna work with him, from an efficiency point of view. He is going to be a bit chaotic so I will just check him out and adjust my behavior in order to make sure that I’m working in a more friendly Italian style than if I was to go and sit with a German where I would probably be a lot more formal.”*

The very nature of their roles means that international professionals are forced to learn to stereotype quickly and in broad strokes in order to manage and do their job. In this sense it is probably not justified to talk about stereotyping as a negative side effect of international experience as such, because it is a necessary competence in order to survive in these global or pan-European headquarter roles.

*“The very nature of their roles means that international professionals are forced to learn to stereotype quickly and in broad strokes in order to manage and do their job.”*

Stereotyping is a form of categorization and as such an essential part of generic social competence in any situation. Without it we could not navigate in or know our social worlds as humans<sup>63</sup>. The complexity would be unmanageable even in situations where social interactions mainly involve people of similar culture and background. Confronted with the kind of complexity involved in having to navigate across large numbers of multiple cultures and national contexts makes stereotyping a crucial competence. It is a necessary tool for being able to navigate and manage in these types of international roles.

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63 Jenkins (2000)

Nevertheless, the practice does potentially create negative effects as well. Stereotypes are always biased to some extent and the labeling can never do sufficient justice to the other in an encounter. It thus works against listening with an open mind. The broad strokes hides nuances and makes it difficult to judge to what an extent the assumptions implied in stereotypes are valid or not. In this sense you could argue that stereotyping, although a necessary international competence, works against cultivating a global mindset. Stereotyping is rigid, closed, generalizing and un-reflexive. That is why it works, but also why it risks creating negative consequences in the form of bias, discrimination, stigmatization and lack of understanding of differences that matter such as local perspectives and needs.

The culture training some international professionals receive in their organizations further justifies this kind of simplified, stereotypical way of dealing with differences, which does not help in fostering a global mindset. The typical ways of talking about cultural difference in terms of 'culture clash', 'cultural distance' etc. within the fields of international management and cross-cultural management, often inspired by Hofstede's model, constitute sophisticated stereotyping. Such culture training can thus be more counterproductive than anything else in terms of cultivating a global mindset, because it reinforces what all humans are inclined to do anyway. Namely to find the shortest and quickest way to reduce complexity in order to be able to manage and navigate.

Here are two examples of how the interviewees experience such culture training:

*"I mean they were pretty extreme examples, I think it was just e-learning. It was sort of playing into national stereotypes a bit, but stereotypes are often there for a reason so just to allow people to stop and think about how to approach a certain nationality in a certain way. I mean it was preaching to the converted. From that point of view it was really standard, nothing really surprised me. It was relatively well done, but I have never seen one really well done. They are doing a descent job, I understand where they are coming from. I will tick the box and pass the course"*

*"You have cultural awareness training but it wasn't very important, it didn't give you much new information. It was sort of half a day, playing some role-plays or something. I guess it was handy, but not too much that I didn't know already"*

Clearly, cultural training in this sense is not experienced as very useful except in confirming what these international professionals already know. Its limited and simplified messages constitute precisely the kind of stereotyping they have already become quite good at through their experience of having to navigate and work across many different culture.

#### **4.2 CULTURAL SENSITIVITY AND PERSONAL REFLEXIVITY**

However, there is much more to the skill of navigating across different cultures than stereotyping and in the process of having to do this on a daily basis international professionals learn and acquire another much more productive competence which is part of what it means to have a global mindset. This is what could be termed cultural awareness or

sensitivity broadly speaking. As also argued in the literature<sup>64</sup>, it is no longer realistic to simply talk about the need to learn about and adapt to another culture in the singular. International managers have to be able to navigate and succeed simultaneously in many different cultures and since stereotyping is a limited, and partly problematic tool, something else is needed. Rather than explicit knowledge about different cultures as such, it is about the ability to deal with difference in whatever form it might take and adjust your own behavior accordingly. Here as described by a manager in a global role based in Amsterdam but working, mainly virtually, with people based all over the world:

*“It’s just about having the awareness that maybe they are not going to react to what I’m telling them in the same manner as I think they are going to. I should consider that or just be aware of it – and adjust my approach”*

Being culturally aware in this sense closely resembles the way diversity is dealt with internally in these organizational environments. It is all about not assuming anything and being extremely sensitive to how other people react to what you do and say and adjust your own actions and communication accordingly. As another interviewee describe it:

*“As a Canadian, I thought I was fairly culturally aware and that experience taught me to be even more sensitive to that for sure. Less assumptions and yeah change your own ways, especially when it comes to convincing people. I changed my perspective there.”*

Personal change, development and learning are key here. Learning to navigate across cultures is not just a matter of understanding and knowing about the other, it is also about a change in yourself. The nature of this change is related to being able to notice and reflect critically on your own assumptions and beliefs. As another interviewee describe what he thinks international experience has done to him:

*“You are more open-minded. You will be careful with what you say to not offend people. You understand and are more sensitive to cultural differences. What I think is not necessarily true. There are other ways of thinking, other ways of seeing things. People have different views, they see different things so it makes you more kind of critical of yourself. Reflective. It makes you more open minded – about the others, but about yourself as well.”*

Here we are at the core of an important aspect of what a global mindset is at the individual level. Namely the ability to reflect on the assumptions and behavior of both yourself and others and the flexibility and openness to see neither as a manifestation of the right way or the truth. This is the completely opposite mindset to ethnocentrism and as such it is extremely important and useful.

There is an element of cultural relativism here, which in its positive effects can disrupt common sense and make it possible to reexamine taken-for-granted assumptions. This in turn facilitates the ability to navigate across cultural and national differences. But there is also a risk that all perspectives are treated as equal and, however different, are perceived as equally valid. If no standpoint can achieve the status as more valid than another, it becomes impossible to act. Clearly a

*Personal change, development and learning are key here. Learning to navigate across cultures is not just a matter of understanding and knowing about the other, it is also about a change in yourself.*

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64 Nardon & Steers (2007)

*“Globally minded people and organizations also have to be able to sometimes push the limits of other cultures, take a stand and challenge others, even if it implies the risk of offending.”*

balance is needed. Globally minded people and organizations also have to be able to sometimes push the limits of other cultures, take a stand and challenge others, even if it implies the risk of offending.

There is very little, if any, such critical reflection in the interviews. The idea that one could be a risk of becoming ‘too global’ in this sense does not seem to enter the minds of internationals who identify themselves as global thinkers and view it in purely positive terms. Naturally so, one might argue, since it is a major achievement to go through such learning and change within yourself and learn to embrace difference and challenge your own assumptions. As also discussed in part one of the report, it is a process of ‘thrownness’ that implies losing your footing and being forced to find ways of regaining it. The learning and development involved is personal, challenging and alters who you are. It changes your identity and your values quite fundamentally as we shall see in the following and last section.

## **5. A non-national identity**

How people identify is just as important as the way they think and it is therefore important to consider the identity of international professionals and how it influences their mindset and values. In line with what we have seen so far in the analysis, there are clear indications that a global mindset also implies less identification with nationality and national culture and more identification with for instance profession, function, role, expertise, organization etc. And perhaps even identification with a global ‘tribe’ of transnationals or cosmocrats as suggested in the literature<sup>65</sup>.

### **5.1 THE INTERNATIONALS**

All the interviewees in Amsterdam do in some way or another see themselves as members of a group of professionals whom they call internationals or expats. Also referred to as the expat community. This is despite the fact that few of them are traditional expats on international assignment. They often see themselves as different from the ‘super-expats’, as the classic expats on fat packages sent from headquarters are sometimes referred to. Although there does not seem to be many of these left, they do still exist. And the myth of fat expat packages and big corporate-sponsored apartments on the central, historic canals of Amsterdam lives on.

By expats or internationals they mainly mean people like themselves – international professionals whose relocation and international career is often self-initiated and who are on local permanent contracts. Although many of them had their relocation paid for by the company who recruited them when they first moved to Amsterdam, they were typically not relocated internally from main headquarters or elsewhere within the MNC. Only a few came on assignment originally and ended up staying on local contracts. Others moved to Amsterdam without having a job, some as students and others with a partner. However, the way they have ended up in Amsterdam or how they have managed to carve out an international career for themselves matters little for how they identify themselves and each other.

What they share is the experience of having left their own country, a career in international companies and a significant detachment from the national context where they happen to live. Most of them do not

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65 Redding (2007)

speak Dutch, even after many years of living in Amsterdam, and it is rare to have Dutch friends. Apart from the few Dutch people who have become part of the expat community by way of working in the same environments, having lived in other places or being partners with internationals. In this sense the internationals stay as aloof from the local national context as the ‘placeless’ foreign-based headquarter organizations in which they work.

It is interesting to note that it is possible to be Dutch and be considered an expat without having ever worked or lived anywhere else than in Amsterdam. This can be achieved by working in these diverse and international environments of foreign-based headquarters in Amsterdam. The community is open enough to potentially embrace anyone as also argued earlier. Here is an example of how one interviewee describes such a Dutch person who is regarded as part of the expat community:

*“He has transformed into that non-nationality. I mean you spend half your life in these environments. So a Dutch person in that environment spends half their life in a non-Dutch environment”*

The quote illustrates how powerful the socializing effect of these ‘placeless’ organizations can be and how they contribute to fostering new non-national forms of identity in the people that spend their working lives in these spaces. The interviewee quoted here is English and in another part of the interview he describes his own identity like this:

*“I always denounce my nationality, or I’m European. If someone asks where I’m from, I say [name of the street in Amsterdam where he lives]. I’m not interested in the conversation. Yeah England and that kind of bull shit. Instead let’s talk about something funny. I guess it’s because I don’t really identify with English people. But I’m also not Dutch at all. Absolutely not. I just don’t feel English either and when I speak to people that live there... well I’m a world away from that type of person.”*

He is neither English where he comes from, nor Dutch where he lives, nor anything else – at the most European. Essentially he is non-national and as ‘placesless’ as the organization where he works. Location only matters on the most local of levels – the street on which he lives. This raises the question, as also discussed in part one of the report, whether internationals become non-persons defined as a person who lacks, loses or denies social status, identity and connection with society. Based on the interviews with the internationals in Amsterdam the answer would have to be that the non-aspect is only part of the story. As we also saw earlier in this second part of the report, there is a clear sense of community and identity, which takes shape as people from everywhere and anywhere interact, work and socialize together. Rather than just a non-identity it is to some extent a new form of identity. One interviewee for instance describe it as a new nationality called globalism:

*“If I go home to France, the only people I can relate to are people who have also lived in other places, who have been abroad. There is this new nationality, which is globalism, you know. It can be that you are Danish and have lived in China and I’m French and have lived in Holland. We will have more in common than with a Danish or a French person who never left. I have a French passport, but I don’t feel French. I have lived in Holland for 15 years, but I don’t feel Dutch*

*“Rather than just a non-identity it is to some extent a new form of identity. One interviewee for instance describe it as a new nationality called globalism”*

*either. I feel the person who lives in different places – that’s who I am.”*

The identity of someone with this new nationality, here called globalism, is ‘a person who lives in different places’. Another interviewee describe the sense of non-identification with nationality like this:

*“I do identity myself as more of a global person rather than Australian. Because I don’t identify with the Australian sort of insular mindset anymore, I guess.”*

As we see it here, the national is seen as an insular mindset as opposed to a global mindset and this has direct consequences for your identity. Furthermore, a sense of not just ‘placeslessness’, but also homelessness comes through in these quotes, but this is not how the internationals experience it. At least not primarily so, although a few of them do mention a sense of not really belonging anywhere as we also saw in part one of the report. Here is how the same interviewee in Amsterdam describe it:

*“I mean here [Amsterdam] is sort of home and second home being Australia and if I moved to say Singapore, that could be another home as well. I think not having that completely solidified base and not really fitting into either could be a massive... I will never be accepted as Dutch even if I lived here for the rest of my life. And if I go back to Australia I will never fit in there anymore either. So that is a big down side. But you can’t go back. You almost get bored just thinking about the small-mindedness. People are very happy with their lives but you just want to rip open their blinds and say see it’s all out there, why don’t you come out and enjoy it too.”*

Here we see how being an international implies a sacrifice of the kind of belonging to a place that the vast majority of people around the world still have. But at the same time there are also no regrets. On the contrary. Once home has become potentially anywhere, you can’t go back as it’s expressed. In fact, what being an international has given in return for the sacrifice is so cherished that it creates a strong inclination to want to share it with those that have not yet experienced it.

*“Once home has become potentially anywhere, you can’t go back as it’s expressed.”*

## **5.2 ADDICTED TO CHANGE AND MOBILITY**

Rather than mourning the loss of stability and belonging to a place, internationals talk about being addicted to ‘placelessness’ – addicted to change, mobility, new experiences, new challenges, new people, new places. As one interviewee describe it:

*“You know there is not really any borders, lets say, anymore for me – everything is more fluid. And I think from a mentality perspective that is what happens, or that is how I feel anyway. I don’t feel English, I just feel like Katherine (synonym). You become a lot more nomadic. I feel more like home is where you are happy, rather than home is back in the UK. I wouldn’t consider going back. But I also don’t plan to stay. I want to try different things. I think it makes you more open. It makes you less afraid of change. It makes you more independent. More individual.”*

This sense of fluidness and nomadic mentality is characteristic of many of the interviewees. There is a distinct transience to the expat community and the friendships within it, because people are always



leaving, going to other places. But it does not seem to bother the internationals. They stay in touch and see it as an advantage to have friends all over the world, because they like to travel and visit each other. The expat community and the friendships formed are not dependent on a shared location on a regular basis. Essentially it's not a local community. It's global and 'placeless', but it does nevertheless seem to be able to provide its members with some sense of belonging. The friendships for instance are described as close:

*“There is a distinct transience to the expat community and the friendships within it, because people are always leaving, going to other places.”*

*“Our friends are from all over the world, I mean we have a solid group of probably 25 close people that we are in contact with on a regular basis, you know from Russia, Spain, France, Germany, South Africa, America – just from all over. And seeing how all these likeminded individuals interact together and get along so well because we all have that sort of same mindset to see the world and live the same type of lifestyle. Travel and learn and great flexibility. [...] I'm probably closer to the friends I have made over here in a shorter amount of time because I think there is a similar thirst for knowledge, there is a wanting to know more about the world, be it from food or experiences or geography or politics or whatever.”*

There is, as we see it here, a sense of sharing something that goes beyond merely being a 'placeless' non-national person who lives in different places. It is about being flexible and constantly wanting to learn more and experience more. Clearly characteristics of a global mindset in other words. Some of the interviewees talked explicitly about distinct values characterizing international people:

*“I value international friendships much more. I like the diversity of people. I really like to be around people that see one thing black and the other sees it as red, because it's just the way people are brought up so you have different perspectives on things. I like the 'lightness of being', lets put it that way, of international people. They are not so attached to things. They are more into travelling and to know other people and to know other cultures. There is not so much materialism involved. Their values are different. People who have lived in different countries develop other common values that are different from those who have always lived just in one place where they were born”*

What these common values are more precisely was very difficult to decipher, but it is partly about what the experience of living in different places does to you and difference or diversity as a value in and of itself. When asked for more description, it typically became quite clear that the internationals themselves do not really know or at least have difficulty describing it. What can be said is that it has a lot to with openness, flexibility, thirst for knowing about the world, addictiveness to change and experiencing new things, detachment and 'lightness of being' or fluidness.

Mobility itself is however sometimes more an idea, a mental state of mind, rather than actual, constant and never-ending physical mobility. Quite a few of the internationals interviewed have lived in Amsterdam for a significant number of years, bought apartments or houses and settled with a partner and eventually also children. As internationals 'come of age' so to speak, it becomes clear that they are not in effect homeless non-persons forever floating freely around the globe with no sense of place, identity or localized belonging. Many of them are regionally confined and create roots in and identify with the city where they live and work. For young, ambitious, international professionals, metropolitan headquarter hubs provide career

*“Mobility itself is however sometimes more an idea, a mental state of mind, rather than actual, constant and never-ending physical mobility.”*

opportunities that cannot be found anywhere else and they often stick around to build their careers by moving across organizational boundaries as they progress working for different MNCs located in a specific city. One interviewee in her early 30's, now in a global director role, described for instance how she would have never been able to build such a career across different MNCs, had she not been located in a city like Amsterdam, London, New York or Singapore.

This relative settling down does not, however, seem to influence the identities of internationals significantly or change the way they relate to the context within which they live. They still identify themselves as expats and live quite separately from the locals, in this case the Dutch. Their partners and friends are typically other internationals and their kids attend international nurseries and schools. In international and metropolitan places like Amsterdam they can put down some form of roots while maintaining international and non-national working and private lives. In these cities, internationals can remain 'placeless' without becoming so detached that it can be said to be a case of homelessness and non-belonging. They are in other words creating new ways of being local while remaining mentally nomadic and non-national.

As such they constitute a perfectly suited work force and pool of global leaders for MNCs who are looking to disperse their headquarter activities and increase diversity by setting up foreign-based headquarters in metropolitan locations like Amsterdam. It's a relationship that is highly symbiotic. Globally minded internationals, both people and organizations, need each other and each other's accessibility in the same locations. Although much can be, and is being, done virtually, both humans and organizations are material beings and entities in need of physical locations. Urban, international, cosmopolitan hubs in different parts of the world can provide the physical localities needed in order to make this organizational, cultural and personal 'placelessness' and globalism possible.

*“To conclude this second part of the report, we have seen how a globally minded organizational culture can potentially be cultivated by way of a highly diverse and international group of managers and staff brought together on neutral ground in corporate non-places.”*

To conclude this second part of the report, we have seen how a globally minded organizational culture can potentially be cultivated by way of a highly diverse and international group of managers and staff brought together on neutral ground in corporate non-places. This is based on the organization transcending, converging and synthesizing differences and becoming neutralized, generic, professionalized and devoid of nationalized identities on the one hand while at the same time characterized by a diverse and international knowledge base where differences can be used as a resource. National and cultural differences are both transcended as a non-national organizational culture develops, while remaining important externally in dealing with different markets and other part of the global organization. In the process these organizational environments are both shaping and being shaped by a 'tribe' of globally minded international professionals who are carving out new ways of being global and local at the same time.

# Conclusion

In this report we have brought together and discussed a broad range of experiences of international managers and professionals in MNCs situated in two different types of headquarter contexts. In the first part, the context was main headquarters of Danish MNCs located in Denmark. From this perspective we focused on exploring the process of trying to develop more diverse organizational cultures characterized by a global mindset and the challenges and learning points along the way. In the second part, the context was dispersed, foreign-based regional and divisional headquarter activities of MNCs from around the world, located in Amsterdam. From that perspective we focused on exploring how high levels of equal diversity and ‘placelessness’ can function as drivers for cultivating organizational cultures characterized by a global mindset.

Each part of the study yielded a whole range of interesting insights into the organizational values, practices and cultures of MNCs in these two different types of headquarter contexts. Rather than reiterating in detail the different insights of each part here in the conclusion, we will focus instead on discussing a number of key learning points, which came to the fore in both contexts from different perspectives. Particularly with respect to the central question of how a global mindset can be cultivated at an organizational level.

As described in the introduction we defined a global mindset at the organizational level as a collective mindset characterized by openness to and awareness of diversity combined with an ability to synthesize across this diversity. A collective mindset is one, which is embedded in routines, practices, values, social conventions etc. of the organization.

## 1.1 INTEGRATED DIVERSITY

Such a global mindset can potentially be facilitated by a shift in the demographic make-up of the organization. Building diversity into the organizational DNA, so to speak, can create an organization characterized by openness to and awareness of diversity. This means that both management and staff should be diverse in terms of nationality and cultural background first and foremost, but also in terms of gender, age, educational background and experience – for instance experience in different functions, departments, industries etc. These additional forms of diversity was particularly stressed in the context of main headquarter organizations as we saw in part one.

The more variety in the perspectives represented in the organization, the more it forces everyone to become open, flexible and aware of difference. By default nothing can be taken for granted in such an environment since no one set of assumptions are automatically and implicitly the natural and dominant order of things as we saw in part two. Diversity needs to be ever present on a daily basis and an integrated part of the immediate organizational environment, rather than just a distant and abstract matter relevant only in relation to markets and subsidiaries for instance. This makes it a potentially powerful driver of change in both people and organizations simultaneously. Not only openness and awareness becomes a necessity in order to function, but a need is created for profound change through the process of collectively creating convergence and synthesis across these differences. Common ground needs to be created in other words. Otherwise it becomes impossible to interact and work together efficiently as we saw in part two.

*“The more variety in the perspectives represented in the organization, the more it forces everyone to become open, flexible and aware of difference.”*

There are however significant challenges associated with reaping the benefits of organizational diversity. The main ones being the challenge of achieving a high enough level of diversity in the first place and the challenge of making it work productively to create the desired effects in the organization to cultivate a global mindset. If there is not a high enough level of diversity and a balanced, equal distribution of different types of people from different backgrounds, a majority problem very easily develops. This means that one particular group, often based on nationality, dominates by way of numbers and/or symbolic power and privilege. This problematic effect becomes even more pronounced when there is a lack of diversity in the management team as we saw in both parts of the report.

In such situations, the minorities risk simply becoming marginalized or assimilated and the potential benefits of diversity is lost or significantly reduced. As we saw in part one it can be very difficult and challenging for both expats and former expats who are in the minority to become drivers of a global mindset in the organization. They try to be the frontrunners and challenge their colleagues to think differently, but often they don't feel appreciated or valued for it. Very similar experiences were represented in the second part of the report where internationals often left quite quickly when ending up in less diverse and more nationalized organizational environments.

*“Diversity needs to be viewed as attractive and legitimate in the organization as a whole and it needs to be maintained and synthesized.”*

Thus it is clear that individuals alone cannot drive the cultivation of a global mindset in an organization. Diversity needs to be viewed as attractive and legitimate in the organization as a whole and it needs to be maintained and synthesized. It needs to be the norm, not the exception. Diversity has to form an integrated part of the organizational environment and any dominance of a particular perspective has to be reduced.

## **1.2 THE MAJORITY PROBLEM AND NATIONAL DOMINANCE**

As we saw in part one of the report, main national headquarter organizations are often characterized by barriers to diversity in the form of national bias in recruitment, promotion and local language use for instance. Much of this is conditioned by the history of the organizations and is inevitable to some extent, or will at the very least take a long time to change. Many of these national headquarter organizations have been around for a long time and they tend to have a significant majority of managers and staff who have also been in the organization for a long time representing the administrative heritage of the company. Both the organizations and the individual employees have a history and they tend to lack self-consciousness about mindsets, values and practices because these are taken for granted and constitute traditions, which have rarely been challenged.

By contrast there tends to be hardly any historical or national heritage in dispersed, foreign-based headquarter organizations as we saw in part two of the report. These tend to be relatively newly formed organizational units without this kind of history and national embeddedness of both organization and people. It is thus possible to start from scratch to some extent and build diversity into the demographic make-up of the organization from the outset, which creates opportunities that are difficult to replicate in country of origin headquarter organizations. If dispersed, foreign-based headquarters are powerful enough within the global structure of the company, they can also potentially influence the entire MNC in the direction of a more global mindset. This potential is particularly present when headquarter functions are dispersed beyond a regional focus and

where for instance entire business units are managed solely from a foreign-based headquarter.

It's interesting to note however that most of the MNCs represented in the Amsterdam sample still have at least some form of main national headquarters in their country of origin and here they are often struggling with the same kind of barriers and challenges as the Danish MNCs represented in part one. In part two, we saw for instance a case of how not even the official relocation of main headquarters, and a limited dispersion of regional headquarter activities, removed these barriers. National bias and dominance was retained, because the original headquarter organization remained, along with most of its original people, and thus continued to exert dominance and a powerful influence in practice. In this case, where the main headquarters had officially been moved elsewhere, it was clearly counter productive and created significant structural confusion. Furthermore, diversity did not stand much of a chance of becoming a driver for cultivating a global mindset.

Dispersion of power and influence within increasingly diverse management teams is crucial. As we saw in part one of the report, top managers in main headquarters need to let go of power and delegate more responsibilities to other parts of the organization in other locations in order to open up for new ways of thinking. And the organization needs to work consciously and strategically on reducing dominance of particular perspectives. When headquarter activities are dispersed MNCs need to reduce or stop the practice of sending out managers from main headquarters to oversee operations in foreign-based headquarters as we saw in part two.

*“As we saw in part one of the report, top managers in main headquarters need to let go of power and delegate more responsibilities to other parts of the organization in other locations in order to open up for new ways of thinking.”*

### **1.3 LOCATION, LOCATION, LOCATION**

Another important condition for the potential of diversity in fostering a global mindset is geographical location. Particularly the national and historical association with location, or lack thereof. While the value of holding on to central aspects of national uniqueness is recognized, a strong national location perspective in headquarters can hinder the cultivation of a global mindset whereas a non-national, 'placeless' perspective can help facilitate it. As we saw in part two of the report, organizational non-places located in metropolitan hubs have the benefit of being able to be everyone's and no-one's at the same time and thus function as a neutral space for diversity. In doing so they are not only significantly reducing or removing any national association, they are also breaking with other local and historical links to the original home location of the company.

Thus, the lack of national, local and historical embeddedness in locality in itself reduces the risk of national and other bias in the organization. In dispersing foreign-based headquarter activities, MNCs have an opportunity to pick neutral locations, which are less nationally and historically impregnated and where they also have easy access to a pool of talented, globally oriented professionals who are equally non-national. It means that they can realistically recruit for both diversity, international experience and talent at the same time.

Main national headquarter organizations that are located in the country of origin of the company, and sometimes maybe even in the town where it all started, have a much harder time breaking with a national and historical biased location perspective as we saw in part one of the report. Location in this sense can form a significant barrier firstly because it is difficult to attract the best international professionals from around the world to locations that are distinctly

national and local such as for instance East Jutland in Denmark. And secondly, because it increases the national bias and dominance in the organization when the majority of managers and staff are locals who share both nationality, language and maybe also close attachment to the local area. Even when international people are recruited they are always in the minority and easily marginalized as already mentioned.

*“This does not mean that it is necessarily a good idea to relocate main headquarters elsewhere away from the country of origin. Retaining the national identity and historic roots of the company is an equally important consideration.”*

*“It’s crucial to attract a younger generation of managers and staff who are both more globally oriented, but also virtually savvy because virtual communication is a natural part of their lives.”*

This does not mean that it is necessarily a good idea to relocate main headquarters elsewhere away from the country of origin. Retaining the national identity and historic roots of the company is an equally important consideration. It is however relevant to consider a higher level of dispersion of headquarter activities away from the corporate centre to increase diversity and reduce national dominance and bias. For main headquarter organizations there is great potential in working virtually with managers and staff located elsewhere in order to transcend the nationalized and localized location perspective they tend to be stuck in to varying degrees. As we saw in part one, it is clearly acknowledged that activities in main headquarter needs to be reduced over time while more activities need to be dispersed to other locations across the globe. And correspondingly, much more needs to be done virtually and at a distance. Facilitating that comes back, once again, to changing the demographic make-up of the organization, particularly in terms of age. It’s crucial to attract a younger generation of managers and staff who are both more globally oriented, but also virtually savvy because virtual communication is a natural part of their lives. This pattern is clearly visible in dispersed, foreign-based headquarter organizations where both managers and staff tend to be relatively young and where it is natural to work virtually as part of global teams with colleagues in other headquarter locations and subsidiaries.

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