

Does Hiring a Global Manager Need to be Complex?

A Qualitative Study of Cognitive Complexity

Michael Pobát, Ed.D

Adjunct Faculty of Human and Organizational Learning at The George Washington University
email: michael.pobat@gmail.com

Abstract

Scholarly literature provides various global mindset definitions and characterizations, with little qualitative or quantitative analysis to establish the significance or importance of each. The goal of this research was to determine, through the use of cognitive mapping techniques as described by Eden (1992), if cognitive complexity was a determining factor in better describing the characteristics of a global mindset. Researching global mindset and its significance in cognitive terms, may help global organizations make more informed HR decisions about hiring and developing global managers to reduce the high expatriate failure rate and improve the long-term competitive advantage of globalized organizations.

Introduction

The objective of this paper is to present an approach to selecting global managers that may improve global organizational performance. The study associated with this paper used qualitative methods to examine the cognitive complexity of domestic and global managers to determine the significance of cognitive complexity as a component of the global mindset. The global mindset allows managers to make decisions in ways that increase their organizations' ability to compete internationally (Maznevski & Lane, 2004) and to have more successful long-term global performance (Bartlett & Ghoshal 1989, 1990). Having a global mindset also raises an organization's competitive advantage by having exposure to innovation that can result in new global products, services, markets, or business processes (Beechler & Javidan, 2008). The successful global manager has the cognitive complexity to process significantly more business variables than a domestic counterpart and determine those that are critical to success.

The importance of understanding a global mindset in terms of cognitive complexity, from a practical business perspective, is that the literature speaks to the significance of global organizations trying to find managers who can view business activities with a truly global mindset and who are flexible and adaptable enough to deal with complexity and uncertainty (Beechler & Baltzey, 2009). These global organizations have realized, based on a 20-50% expatriate failure rate, (Dumaine, 1995; Lane et al., 2009; Levy et al., 2007), that there are substantial differences between global and domestic managers (Osland, 2004). Without a clearer understanding of the characteristics of a global mindset, effective candidate selection criterion is very difficult. Determining if there is a strong relationship between cognitive complexity and

global mindset may enable organizations to test managers on their cognitive abilities thereby potentially improving their overseas assignment success rate.

Research Overview

Since the popularization of the term “globalization” in the 1970s, the scholarly and popular discourse of globalization has burgeoned. However, there appears to be little consensus on what globalization does or should encompass, or even how it is defined (Fiss & Hirsch, 2005). The literature is also polarized between proponent and opponent views of globalization, with only one common denominator—i.e., globalization is a manifestation of complexity and requires new ways of thinking and managing (Lane et al., 2009). Lane, Maznevski, and Mendenhall (2004) provide a succinct and comprehensive description of globalization in terms of complexity by suggesting three distinct characteristics, to include multiplicity, ambiguity and interdependence. The complexity associated with the combination and interplay of these characteristics has contributed to the argument that global management differs significantly from traditional management (Mendenhall, 2001, 2008; Osland, Bird, Mendenhall, & Osland, 2006).

This research was designed to determine whether or not cognitive complexity differences existed between domestic and global management consultants. Researchers in this field are responding to implications of this difference by measuring up to 250 traits or characteristics to identify candidates with a global mindset for overseas management roles. Determining if the global mindset can be better understood by focusing on cognitive complexity may result in the identification of a more effective means of selecting candidates for overseas assignments and provide a narrower focus to future global mindset research.

Literature Review Summary

The literature for this research was organized into four major categories: globalization, global mindset, complexity/cognition, and cognitive mapping. The literature revealed several consistent themes. Globalization is modifying business as usual and demonstrating the need for a new management paradigm. Support for or against globalization is not the focus of this research. Instead, the literature points out the complexity associated with globalization in all aspects of a manager’s business activities. The complexity associated with globalization directly impacts management’s ability to succeed and survive in the global market.

Global mindset views were organized into cultural, strategic, and multidimensional perspectives. It was clear that global mindset, the definition and construct, vary depending on the lens. There also appear to be inconsistencies within and across these perspectives and a contextual opacity across the field of study in general. The literature supports the need for a global mindset as organizations respond to global complexities. The literature focused on the global mindset as an individual-level construct that represents distinct multidimensional cognition. The literature also pointed out a link between environmental complexity brought about by globalization and managers’ cognitive capabilities to respond to global business complexities. Research on cognitive complexity routinely finds that cognitively complex individuals have more advanced information-processing capabilities.

Finally, the literature on cognitive mapping indicated that this process has been successfully used to measure the level of complexity of individuals, teams, and organizations. Pros and cons of cognitive mapping were reviewed, with the overall consensus being that

cognitive mapping is a useful tool for researching complexity, one that is dependent on both the information received from the interviews and the skills of the mapper.

The Challenge

Over the past decade, global mindset has been presented as a major long-term business advantage for managers seeking to compete in the global arena (Levy et al., 2007). The global business environment provides managers with unprecedented opportunities for learning and growth but also formidable challenges resulting from an increase in complexity (Lane et al., 2004). To perform in a dynamic global environment, global managers need to cope with far greater levels of ambiguity and diversity. They need to have or develop knowledge about diverse socio-cultural and institutional systems and the intellectual capacity to absorb (but not be paralyzed by) high levels of global complexity (Hitt, Javidan, & Steers, 2007). In essence, they need a set of individual attributes that, combined, enable the global manager to succeed in influencing those from different parts of the world to work together to achieve organizational goals and objectives. Hitt, Javidan, and Steers (2007) suggest that for the global manager, it is “a global mindset that has become increasingly important for managers to manage and compete effectively in global markets” (p. 2). This distinction suggests that managers with a global mindset differ from domestic managers in their ability to develop and interpret complex criteria for business performance that are not dependent on the assumptions of a single country, culture, or context (Begley & Boyd, 2003). The global mindset also allows managers to make decisions in ways that increase their organizations’ ability to compete internationally (Maznevski & Lane, 2004) and to have more successful long-term global performance (Bartlett & Ghoshal 1989, 1990). The successful global manager has the cognitive complexity to process significantly more business variables than a domestic counterpart and determine those that are critical to success.

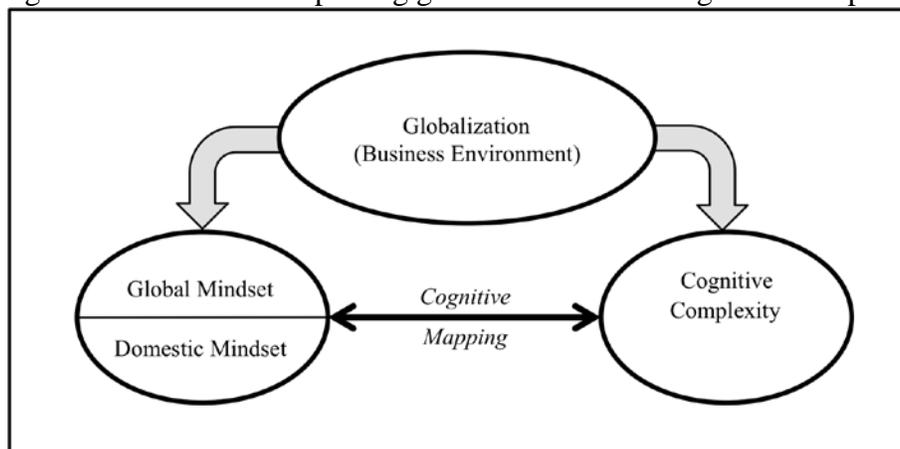
Beechler and Baltzey (2009) suggest that domestic managers use the same information-processing mechanisms as global managers. However, the number of data choices and the complexity of the processing task for domestic managers remain small compared to those used by global managers. As the authors note, “global managers need a broad way of thinking, often referred to as a global mindset, which influences how they perceive situations, analyze them, and understand what is happening” (p. 421).

Characterizing the elements of a global mindset has presented a challenge in the scholarly literature. Global mindset studies have reported inconsistent and conflicting findings (Levy et al., 2007). Researchers continue to argue that there is “still no generally accepted definition of the global mindset construct” (Osland, 2004, p. 58), or what McCall and Hollenbeck (2002) suggest is the “elusive quality called ‘a global mindset’” (p. 9). Lane et al. (2009) state simply that a global mindset enables individuals to manage the complexity of globalization. They suggest that in human information processing terms, development of requisite variety (Ashby, 1956) means that when there are complex, ambiguous inputs coming from the environment, managers must have the cognitive complexity to notice, decode, and process these inputs. In essence, global organizations need to employ global-minded managers with a cognitive complexity to recognize, understand, and correctly interpret events and information from the global marketplace. Beechler and Javidan (2008) further the argument by suggesting individual cognitive complexity has increased as a result of an increase in the environmental complexity of business operations and the market.

Tackling the Challenge

The conceptual framework shown in Figure 1 was developed to reflect the complexity of the global business environment and the influence the environment is having on business complexity and individual mindsets. The literature suggests that, as globalization continues to impact business activities, managers will need to make decisions and take actions that facilitate the development of a complex network of internal and external connections among individuals, teams, and organizations from many different political, social, and cultural systems. Managers will no longer rely on traditional hierarchical approaches that impede fluid and collaborative work relations and reduce trust and speed of decision-making in the global business enterprise. The global business environment provides organizations with unprecedented opportunities for growth but also formidable challenges because of the inherent complexities involved in globalization (Lane, Maznevski, & Mendenhall, 2004).

Figure 1. The global environment impacting global mindset and cognitive complexity.



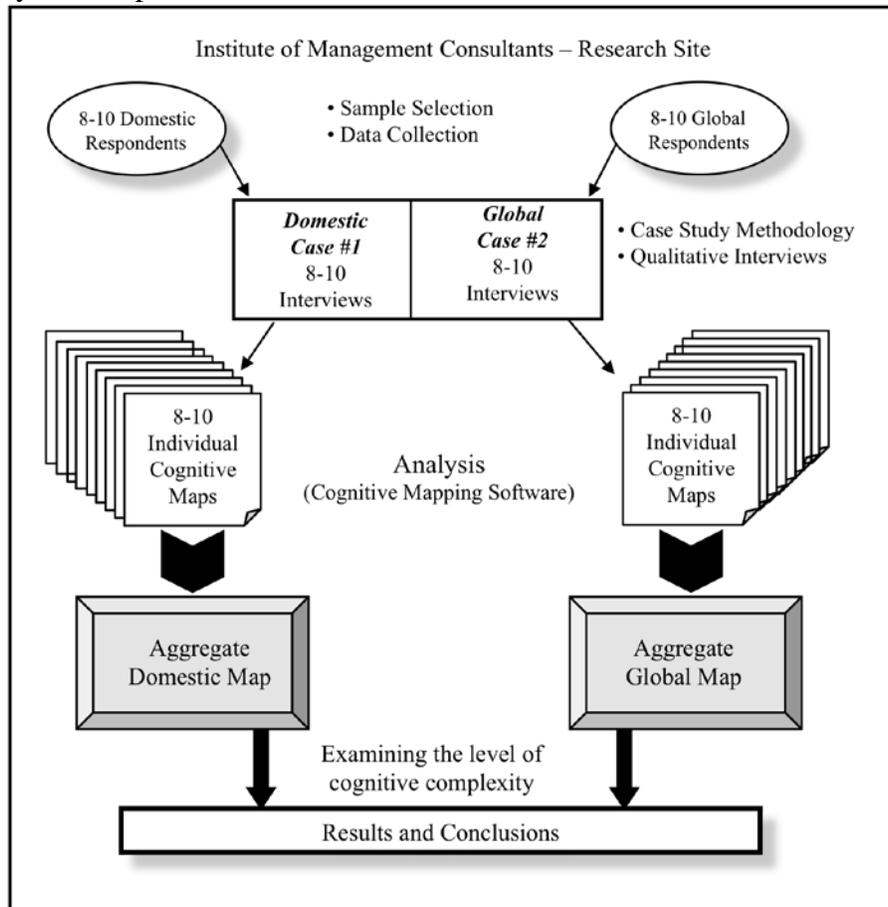
This framework illustrates a relationship between globalization, cognitive complexity, and the individual mindset. This research addressed the conceptual framework by focusing on a manager's cognitive ability, which is a manifestation or an expression of that manager's cognitive complexity. This conceptual framework offered the ability to analyze an individual's cognitive structures and assist in exploring, from a cognitive complexity perspective, how a domestic manager's mindset differs from a global manager's mindset. Osland (2008) suggests that the complexity generated by globalization will impact global managers more than domestic managers creating a definite difference between the two types of managers. She indicates that global managers need to have far greater cognitive complexity capabilities than their domestic counterparts to be able to factor in more business variables such as different cultures, politics, currencies, and bureaucratic policies.

Maznevski and Lane (2004), Levy et al. (2007), and Osland (2008) also articulate a connection between cognitive complexity and the characteristics of a global mindset. However, the analysis of a global mindset from a qualitative, comparative case study approach has not been performed in the current literature using this research design. Figure 2 provides a roadmap and overview of the methodology used for this research study.

The research design began with the establishment of two cases that were used for comparison. The respondents were selected from a review of the Institute for Management Consultants (IMC) website detailing the qualifications of all its members and management

consultants. The focus was on those candidates who were Certified Management Consultants (CMC) qualified and had the appropriate domestic or global experience. It is important to note that the samples in Case 1 were composed of eight respondents with domestic management consulting experience. Case 2 contained eight respondents with global management consulting experience. Each of the management consultants were individuals who were connected through the IMC umbrella organization. They each owned their own company and all 16 provide management consulting services to domestic and global managers.

Figure 2. Study roadmap, from data collection to results and conclusions.



Data Collection

The primary method of data collection for this research was to interview domestic and global management consultants. Interview data were collected and captured using Eden's (1992) unique technique of cognitive mapping, which is based on Kelly's (1955) personal construct theory. Cognitive mapping is a useful technique for addressing situations where thinking as an individual or group is important. It is a word-and-arrow or node-and-link diagram (Huff, 1990) in which ideas and actions are linked with one another (Bryson et al., 2004). The *Decision Explorer*TM software developed by Eden (1992) was used to visually display respondent responses to interview questions and organize the cognitive structures in such a fashion as to enable a comparative analysis. Individual cognitive maps were aggregated to establish two overall collective maps for each of the case studies. The two collective maps were then used to compare cognitive structures (complexity levels) associated with domestic and global managers.

Thinking about Cognition

Global mindset refers to the application of complex cognitive abilities of individual managers. Hence, this research explored cognition at the individual level of analysis and through a social psychology lens. In the field of social psychology, research focuses on the individual and suggests that individuals make sense of their surroundings through cognition. People with a higher level of cognitive complexity tend to have a higher tolerance for ambiguity, often assume leadership positions (Streufert, Streufert, & Castore, 1968), and typically are more capable of accepting the perspective of others (Triandis, 1977) and of resolving conflicts cooperatively (Eiseman, 1978). Beechler and Javidan (2008) suggest that globalization is continuing to place additional cognitive demands on individual managers to integrate geographically distant and strategically diverse operations that require a more complex approach to business operations. Beechler and Baltzley (2009) add that to respond to this demanding environment, organizations need to identify managers who can view business from a truly global mindset that includes the flexibility and adaptability to deal with complexity and uncertainty. They also suggest that complexity, associated with globalization, has created the need for a research approach focused on better understanding and defining the global mindset in terms of cognitive capabilities.

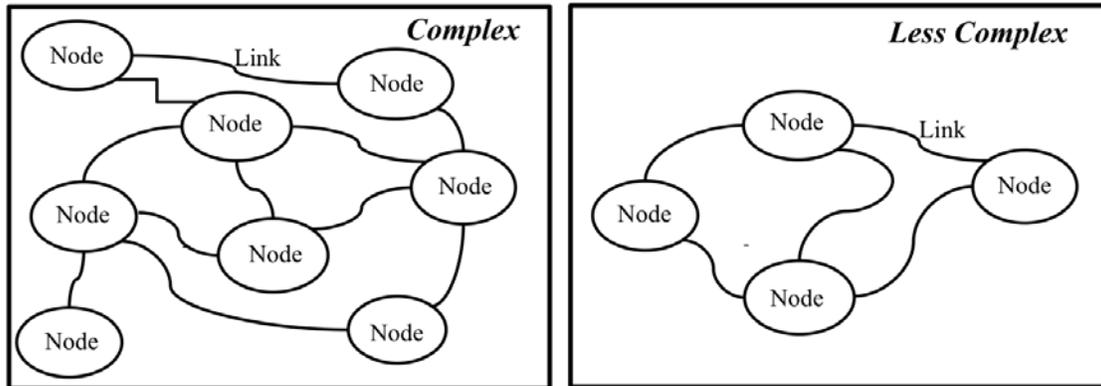
Osland (2008) defines global mindset as the attitudes and orientations influencing the way global managers perceive and interpret the world. She explicates this definition and meaning by developing a global competencies pyramid to reflect the assumption that global managers have certain threshold knowledge and traits that serve as a base for higher-level competencies. The competencies pyramid shows global mindset, which includes cognitive complexity and cosmopolitanism as a higher-level ability and in doing so, agrees with Javidan's (2008) view in positing a relation between global mindset and cognitive complexity. Elsewhere, Osland (2004) refers to cognitive complexity as a cognitive structure composed of differentiation (the number of dimensions or constructs an individual uses to describe a particular domain, such as globalization) and integration (the links or relationships the individual sees among differentiated constructs) (Bartunek, Gordon, & Weathersby, 1983). The more cognitively complex managers become, the more dimensions and relationships they are able to perceive (Beechler & Baltzley, 2009; Osland, 2004). Levy et al. (2007) also describe the global mindset as a type of cognitive structure that, as such, cannot be easily seen or touched.

Cognitive Mapping

Cognitive mapping was used to visually represent the cognitive structures associated with the complexity level of the respondents from the two cases. The analysis phase of this research involved comparing the complexity of the individual maps associated with both the domestic and global cases and then the aggregate maps of each case. Bryson et al. (2004) suggest the analysis aspect of a cognitive map is based on the premise that the more nodes (or statements) in a map, the more complex is the map and, concomitantly, the issue. They caution that, for interviews, the number of statements is affected significantly by the structure of the interview itself. For example, if the interview structure is characterized by poor interviewer skills, or the interviewer has a tight agenda of structured questions, the interview will provide little opportunity for depth and richness. A typical cognitive map shows nodes and arrows indicating relationships as described by Huff (1990). The cognitive structures (links/arrows and nodes) and the level of complexity of these relationships were used during the analysis phase of this research to determine the differences and similarities between domestic and global participants.

Figure 3 shows a notional example of the types of maps that may result from interviews. The analysis of the cognitive structures showing the number of nodes and the number of tails or relationships between nodes as shown in the maps is an indication of the level of complexity as described by Bryson et al. (2004). Scholars suggest the higher ratio of nodes to tails indicates a densely connected map and a higher level of complexity. For the cognitive mapping phase of this research, Ackermann, Eden, and Cropper (1992) suggest that cognitive mapping is like any other skill, it takes time to learn, and first attempts are often time consuming, messy, and discouraging.

Figure 3. A complex versus a less-complex cognitive map example (Huff, 1990).



Study Results

The respondent data did not fully support the claim that the more cognitively complex managers are, the more dimensions and relationships they perceive (Beechler & Baltzley, 2009; Osland, 2008). Lane et al. (2009) appear to be correct in stating that managers today need to recognize changes in the environment and respond accordingly. However, their definition states that global organizations need to employ global-minded managers. The respondent data suggested that U.S. companies would greatly benefit from having global-minded managers who can equally interpret and recognize changes in the domestic environment that may derive from global pressures. In essence, in today's business environment, perhaps there is only one mindset—the global mindset. As stated by Marquardt and Berger (2000), the processes and procedures that worked well in the industrial era are no longer applicable. The same concept appears to apply to the distinction between domestic and the global mindset.

Prior to the start of this research, the literature and initial expectations pointed to global management consultants needing a much greater cognitive capability to process the global variables and dynamic economic forces associated with international business. Anecdotal information suggests that cognitive complexity plays a significant role in expatriate success or failure and should be an important factor when selecting managers for an overseas assignment. The respondent data suggest an equally complex environment for domestic managers as well as global managers. Decades ago, it would have been reasonable to expect global management to require much more sophisticated and complex cognitive processing to successfully manage in an overseas environment. Today, technology is simplifying the many variables, thereby reducing the complexity associated with global management. In addition, pressures from global economic forces are increasing the complexity requirements associated with domestic management thereby equalizing the cognitive complexity requirements for both domestic and global managers. Thus, as a result of technology, improved air travel, communications capabilities, and a more

homogenized workforce, domestic and global managers share the same level of cognitive complexity requirements to succeed in today's business environment.

This research established no major differences between cognitive complexity and the global mindset. As such, relying heavily on cognitive complexity to select candidates for overseas assignment would not be effective. Swain (2007) emphasizes that organizations need a much more sophisticated approach to choosing managers or management teams to lead their global operations—the stakes are too high to place the wrong person in the wrong place. Various global mindset literatures provide a list of traits and characteristics that corporations should measure to select candidates for overseas assignments. For example, Chase Manhattan measures 250 different personal attribute elements prior to selecting managers for an overseas assignment.

At the start of this research, the original supposition was to determine if cognitive complexity was a major contributor to the global mindset. If there was a significant indication of the role of cognitive complexity, then organizations such as Chase Manhattan and others might have been able to reduce their testing processes and possibly develop cognitive complexity surveys and examination procedures to help streamline the selection process and possibly increase expatriate success rate. However, as a result of the weak relationship between cognitive complexity and the global mindset, organizations may want to consider reducing the emphasis on testing cognitive complexity or possibly eliminating it as a consideration for managers expected to assume an overseas assignment.

Conclusions

Results from the interviews conducted during this research suggest there is a weak relationship between cognitive complexity and having a global mindset. A theme that permeated each of the interviews was that management is complex. To speak of complexity in simple terms, management is complex because people are complex. Whether the employees are domestic to the U.S., or international, they all share similar goals, objectives, and values. The literature argues that international management contains many more variables that require more cognitively complex individuals who have more advanced information-processing capabilities. This study begins to argue that global management may be more complicated, but technology has given management the ability to track and organize more variables more easily, thereby removing some of the complexity from the past.

Kefalas (1998) contends that midway through the 20th century, management scholars and practitioners struggled with the international aspects of managing. Most academics became proponents of the concept of the universality of management (Weilrich, 1993). Goldsmith et al. (2003) support this view and argue that the ability of a manager to think, understand, and work within a global environment was not nearly as important in the 20th century as it is today. This research tends to agree, and suggests that the cognitive demands of working within a global environment also pertain to domestic managers—in other words, the cognitive complexity of business is universal.

Assessing a person's potential for success as a global manager presents special challenges. Even if global manager development is emphasized, an organization still must *select* those who will be developed for particularly difficult roles. There may be certain prerequisites, as described by Gundling, Hogan, and Cvitkovich (2011), worth considering in choosing candidates for development as global managers. Attributes include the intellectual capacity to deal with the complexity of the global world; emotional openness to find excitement and

challenge rather than fear and defensiveness in engaging other cultures and people; and the personal stability to survive the rigors of a global career. The difficulty with these prerequisites, and the challenge to HR departments, is to effectively measure these components and then select candidates for overseas assignments who will have a higher potential for success. As pointed out by this research, the most important attribute may be the capacity and willingness to learn from experience.

One of the goals of this research was to develop a better understanding of the global mindset. The literature indicates a variety of characteristics and traits that compose an ideal global mindset. The challenge has been the significance of each of the characteristics in determining how each of the global mindset components contributes to being a successful global manager. This study contributed to the scholarly research by examining one of the major elements of the global mindset—cognitive complexity. The conclusion that cognitive complexity has a weak relationship to the global mindset potentially reduces the need to focus on cognitive complexity from future research and enables future scholars to direct their research attention on other global mindset components. From a practical perspective, the ultimate goal of this avenue of research is to reduce the list of global mindset characteristics and thereby streamline HR processes, potentially increasing the likelihood of successful candidate selection for overseas assignments. The research results provide an indication that cognitive complexity is necessary for management however not sufficient as the only element that contributes to business success and a competitive advantage.

This area of study ought to continue to be rich in possibilities, given the continuing pace of expansion of business into new markets and new technologies that make globalization more practical, from travel improvements to data-sharing technologies. No doubt globalization is challenging all managers, not so much to transcend national and geographic boundaries as to break down cognitive boundaries within themselves. Business success or failure is truly in the mind of the manager.

References

1. Ashby, W. R. (1956). *An introduction to cybernetics*. London: Chapman & Hall Ltd.
2. Bartlett, C. A., & Ghoshal, S. (1989). *Managing across borders: The transnational solution*. Boston: Harvard Business School Press.
3. Bartlett, C. A., & Ghoshal, S. (1990). Matrix management: Not a structure, a frame of mind. *Harvard Business Review*, 68(4), 138-145.
4. Beechler, S., & Baltzley, D. (2009). Identifying and developing global leaders. In J. Storey, P. Wright, & D. Ulrich (Eds.), *The routledge companion to strategic human resource management*. New York, NY: Routledge.
5. Beechler, S., & Javidan, M. (2008). Leading with a global mindset. In: M. Javidan, R. Steers, & M. Hitt (Eds), *The Global Mindset: Advances in international management*, (Vol. 19). Bingley, UK: Emerald Group Publishing Limited.
6. Bryson, J. M., Ackermann, F., Eden, C., & Finn, C. B. (2004). *Visible thinking: Unlocking causal mapping for practical business results*. West Sussex, UK: John Wiley & Sons, Ltd.
7. Dumaine, B. (1995). Don't be an ugly-American manager. *Fortune*, 132(8), 225.
8. Eden, C. (1992). On the nature of cognitive maps. *Journal of Management Studies*, 29(3), 261-265.

9. Eden, C., & Ackermann, F. (1992). Analyzing and comparing idiographic causal maps. In: C. Eden & J. C. Spencer (Eds.). *Managerial and organizational cognition: Theory, methods and research*. London: Sage Publications Ltd.
10. Eden, C., Ackermann, F., & Cropper, S. (1992). The analysis of cause maps. *Journal of Management Studies*, 29(3), 309-324.
11. Fiss, P., & Hirsch, P. (2005). The discourse of globalization: Framing and sensemaking of an emerging concept. *American Sociological Review*, 70, 29-52.
12. Goldsmith, M., Greenburg, C. L., Robertson, A., & Hu-Chan, M. (2003). *Global leadership: The next generation*. Upper Saddle River, NJ: Prentice-Hall.
13. Gundling, E., Hogan, T., & Cvitkovich, K. (2011). *What is global leadership? 10 key behaviors that define great global leaders*. Boston, MA: Nicholas Brealey Publishing.
14. Huff, A. S. (1990). Mapping strategic thought. In: A.S. Huff (Ed.), *Mapping strategic thought* (pp. 11-49). New York, NY: Wiley.
15. Kefalas, A. G. (1998). Think globally, act locally. *Thunderbird International Business Review*, 40(6), 547-562.
16. Kelly, G. (1955). *The psychology of personal constructs*. New York, NY: Norton.
17. Lane, H. W., Maznevski, M. L., & Mendenhall, M. E. (2004). Shaping the global mindset: Designing educational experiences for effective global thinking and action. In N. A. Boyacigiller, R. A. Goodman, & M.E. Phillips (Eds.) *Crossing cultures: Insights from master teachers*. New York, NY: Routledge.
18. Lane, H. W., Maznevski M. L., DiStefano, J. J., & Dietz, J. (2009). *International management behavior: Leading with a global mindset*. Chichester, West Sussex, UK: John Wiley & Sons.
19. Levy, O., Beechler, S., Taylor, S., & Boyacigiller, N. (2007). What are we talking about when we talk about “global mindset”: Managerial cognition in multinational corporations. *Journal of International Business Studies*, 38(2), 231-258.
20. Marquardt, M., & Berger, N. (2000). *Global leaders for the 21st century*. Albany, NY: State University of New York Press.
21. Mendenhall, M. E. (2001). Introduction: New perspectives on expatriate adjustment and its relationship to global leadership development. In M. E. Mendenhall, T. M. Kuhlmann, & G. K. Stahl (Eds.), *Developing global business leaders: Policies, processes, and innovations*. Westport, CT: Quorum Books.
22. Mendenhall, M. E. (2008). Leadership and the birth of global leadership. In: M. E. Mendenhall, J. S. Osland, A. Bird, G. R. Oddou, & M. L. Maznevski (Eds.), *Global leadership: Research, practice and development*. New York: Routledge.
23. Ohmae, K. (2004). The end of the nation state. In: F. J. Lechner & J. Boli (Eds.), *The globalization reader*. Malden, MA: Blackwell Publishing.
24. Osland J. S. & Bird, A., Mendenhall, M. E., & Osland, A. (2006). Developing global leadership capabilities and global mindset: A review. In G. K. Stahl and I. Bjorkman (Eds.), *Handbook of research in international human resource management* (pp. 197-222). Cheltenham, UK: Edward Elgar.
25. Swain, G. (2007). Is a global mindset in your DNA? *Thunderbird Magazine*, Fall.
26. Weihrich, H. (1993). Introduction to management. In: H. Weihrich and H. Koontz (Eds.), *Management: A global perspective*, 10th Ed., New York, NY: McGraw-Hill.