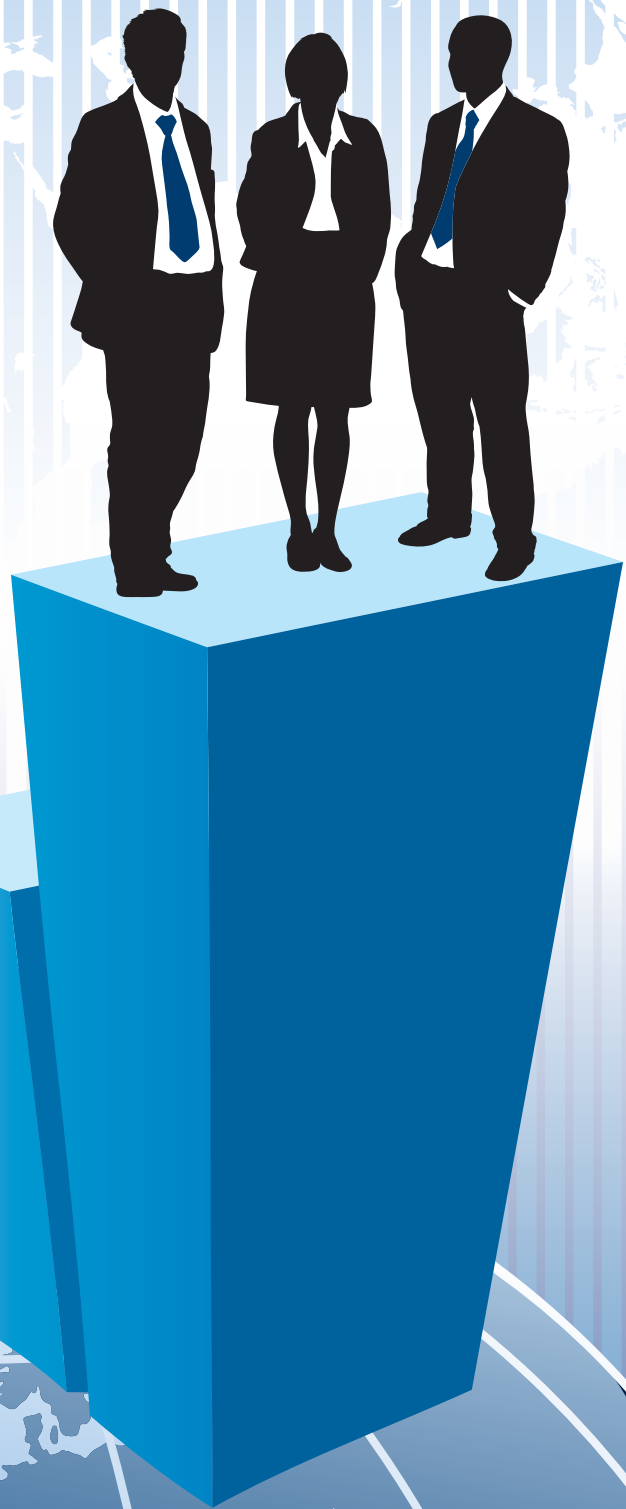


Behind the Global Curve

HR professionals' Global Mindset scores reveal they need better preparation to lead and develop their global human capital efforts. Here's what they can do about it.

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Global is not just a new buzzword; it's a reality for many HR professionals today. However, our research shows that HR professionals have a lower global mindset on average than their colleagues in many other professions, including communications, marketing, finance, general management and sales. This is troublesome, especially since they are often charged with global leadership development in their organizations. It's not just a credibility issue, however. It will have ripple effects across organizations, due to the connection between HR practices and organizational performance. "In almost all studies of the subject, it is clear that HR practices are related to corporate financial and economic performance" (Wright, 2008). This article describes why global mindset is vital for HR professionals today and in the future, provides a current snapshot of their global-readiness, and provides suggestions on how they can develop stronger global mindsets.

Strategic HR in a Globalizing Economy

Many HR professionals already have some type of global responsibilities, and those who don't are likely to have them in the future. In 2008, 50 percent of HR professionals interviewed agreed that "the continued expansion of global business and increased interdependence of countries and cultures are *likely* to have a major strategic impact on the workplace" and ultimately their roles (SHRM, 2008). Three years later, the Society for Human Resource Management (SHRM) predicted in its 10 Global HR Trends for 2011 that the No. 1 trend was the importance of globalization and integrating markets (*HRM Today*, 2011), saying that we are living in an increasingly borderless

world. While there are still multinational companies who segregate their domestic and international HR functions, there is much movement to integrate core services such as HR. Bersin by Deloitte, an HR consulting firm, predicts that a new model of HR will emerge as a result of these integration efforts — one that is focused on the global delivery of core services, talent services and services that strategically enable the organization (*Forbes*, 2013).

Leadership development is a prime example of a strategic enablement service provided by HR. It's also a current priority. "When executives were asked to name the top three most

vices. In order to continue to add value, effective HR managers must be responsive to a number of global challenges including:

- Building global awareness in all HR departments and divisions.
- Leading capacity building for increased cultural sensitivity and understanding.
- Creating a multicultural HR team to better represent those they serve.
- Coordinating activities in many different locations.
- Understanding international HR issues

Leadership development is a prime example of a strategic enablement service provided by HR.

pressing talent and HR concerns facing them today, the answers indicate that corporate leaders are squarely focused on the need to develop new leaders and plan for leadership succession" (Resetting Horizons Human Capital Trends, 2013, p. 12). It was, in fact, the No. 1 ranked concern across all regions of the globe in Deloitte's 2013 Human Capital report that included respondents in the Americas, Asia Pacific, Europe, the Middle East and Africa. Organizations are struggling to build a global leadership pipeline, train leaders locally, develop strategic mobility programs and deepen core technical skills (*Forbes*, 2013). All of these fall on HR, as the point guard for human capital needs.

As organizations globalize, the mix of cultures, languages and perspectives increases, as does the global reach of offices, products and ser-

vice across regions. Developing HR's global business savvy to understand the continual change of the globally competitive environment and how to support it. (Javidan and Walker, 2013; Rioux et al., 2012; Friedman, 2007)

In short, they must develop their global mindsets.

Global mindset is a set of attributes and individual characteristics that help global leaders better influence individuals, groups and organizations unlike themselves. Scientific research has shown that it is composed of a specific set of capabilities that fall into three categories: Global Intellectual Capital, Global Psychological Capital and Global Social Capital. Each of these areas can be assessed and developed.

How HR Stacks Up

Nearly 19,000 leaders across the globe, including 1,831 HR professionals, have now taken the Global Mindset Inventory (GMI), a scientific self-assessment of global mindset. The GMI is used by organizations ranging from corporations to not-for-profits to business schools to assess individual and team readiness for global roles and responsibilities. It measures global mindset along nine scientifically identified dimensions and has strong psychometric properties (www.globalmindset.com).



EXHIBIT 1: GMI MEAN SCORES BY FUNCTION

In what function/division/business/corporate office do you currently work?	GMI average n=1187
Communications	3.806
Marketing	3.705
Finance	3.625
Management	3.579
Sales	3.568
Operations	3.560
Research and Development	3.520
Other	3.462
Human Resources	3.413
Customer Service	3.375

A recent multivariate analysis of GMI scores by function revealed that HR professionals scored lower on average than their colleagues in other functions, such as communications, marketing, finance, general management, sales and operations. The GMI has a 5-point scale. HR professionals scored an overall average of 3.41, which amounts to a low-moderate amount of global mindset. The analysis controlled for each respondent's level in the corporation, educational level, age, gender, languages spoken and number of other countries lived in to identify where there were indeed true GMI differences between functions.

The low-moderate score holds true across the industries where these HR professionals work. The sample includes HR professionals across oil and gas, retail, medical supplies, accounting, advertising, technology, automotive, finance, pharmaceutical, consumer products and consulting firms. The score is a reflection of the general under-preparation for global realities by the HR function, which has been noted by other researchers. "Functions such as operations, sales, and marketing have generally made great progress in adapting to the global reality. However, the HR function has typically lagged behind in developing policies and structures that support globalization" (Rioux et al., 2012). We see further evidence of this under-preparation when comparing the mean score for HR professionals (green bar) to the grand mean (orange bar); that is

the mean score for every leader across the globe who has taken the GMI to date. HR scores lower overall, with a particularly significant difference in Global Intellectual Capital. HR is simply behind the global curve.

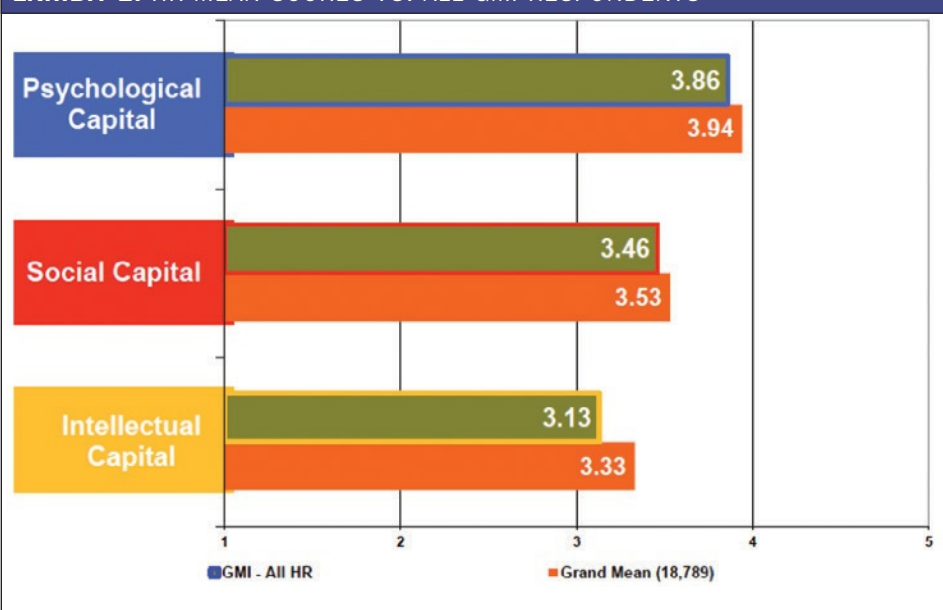
A Disconnected HR

Why are HR professionals scoring lower on global mindset? When debriefing GMI results for our HR respondents, we tend to hear that

their daily responsibilities do not require attention to global mindset attributes such as knowledge of their industry or competitive global business strategies. Both of these are attributes of Global Business Savvy, in which the mean for HR professionals is a 2.47 on the 5-point scale (see exhibit 3).

While the commentaries are anecdotal and require further investigation, the low score creates a pause for reflection. If HR is charged with the entire life-cycle of talent management, why wouldn't HR professionals need to be tapped into what is going on in their industry? If talent is a competitive advantage, then being tuned in to competitive global business strategies in a particular industry would be important for selecting the right talent and then strategically developing it. Research shows that HR has a direct impact on organizational success through talent. "Ultimately, HR strategy has the most significant impact on what employees actually do on the job. If the strategy focuses on customer service, for example, it will affect things like whether employees are friendly and helpful, whether they give the right answers and solve customers' problems...The bottom line is that what employees actually do will decide how well the business strategy is executed" (Wright, 2008).

Influencing what employees do and how they are developed requires sophisticated people skills. In an increasingly diverse workforce, this means strength in Global Social Capital, which includes Intercultural Empathy, Inter-

EXHIBIT 2: HR MEAN SCORES VS. ALL GMI RESPONDENTS

HR professionals must be savvy about their industry and the cultures across which the organization works.

personal Impact and Diplomacy. HR scores well overall in Diplomacy, with a 4.01 (see exhibit 3), showing strength in their abilities to converse with new and diverse people, as well as listen, collaborate and integrate diverse perspectives. They score lower in Intercultural Empathy, which includes the ability to work well with diverse people, engaging and connecting with them on an emotional level. HR scores in the low-moderate range with a 3.44, and falls slightly short of the grand mean.

The last dimension, Interpersonal Impact, largely reflects leadership ability. It is composed of one's reputation as a leader, his/her networks with diverse and influential people, and experience negotiating agreements across cultures. Exhibit 3 shows that HR scores a 2.93, which reflects a small extent of capability in this area. While the score approaches a moderate extent of capability (i.e. the 3-point range), one would expect this score to be much higher for leaders of the human capital. The implications are that HR professionals will need to prioritize development of their relationships and networks with diverse and influential others to improve their Global Social Capital abilities.

Improving Global Social Capital specifically and global mindset as a whole will be important for HR to remain relevant and helpful as their organizations globalize. The link between HR effectiveness and organizational results makes HR an attractive business partner right now. Department and functional leaders are under intense pressure to deliver results in a complex, global economy. They are looking to HR to help them do this by leveraging human capital. However, that link should not be taken for granted. It must be consistently demonstrated for HR to remain relevant. "Participation and leadership of transformational initiatives will remain out of reach until everyone in the organization perceives HR to be well-executed and central to the organization's success" (Jensen Richards, 2013).

HR's Call to Action

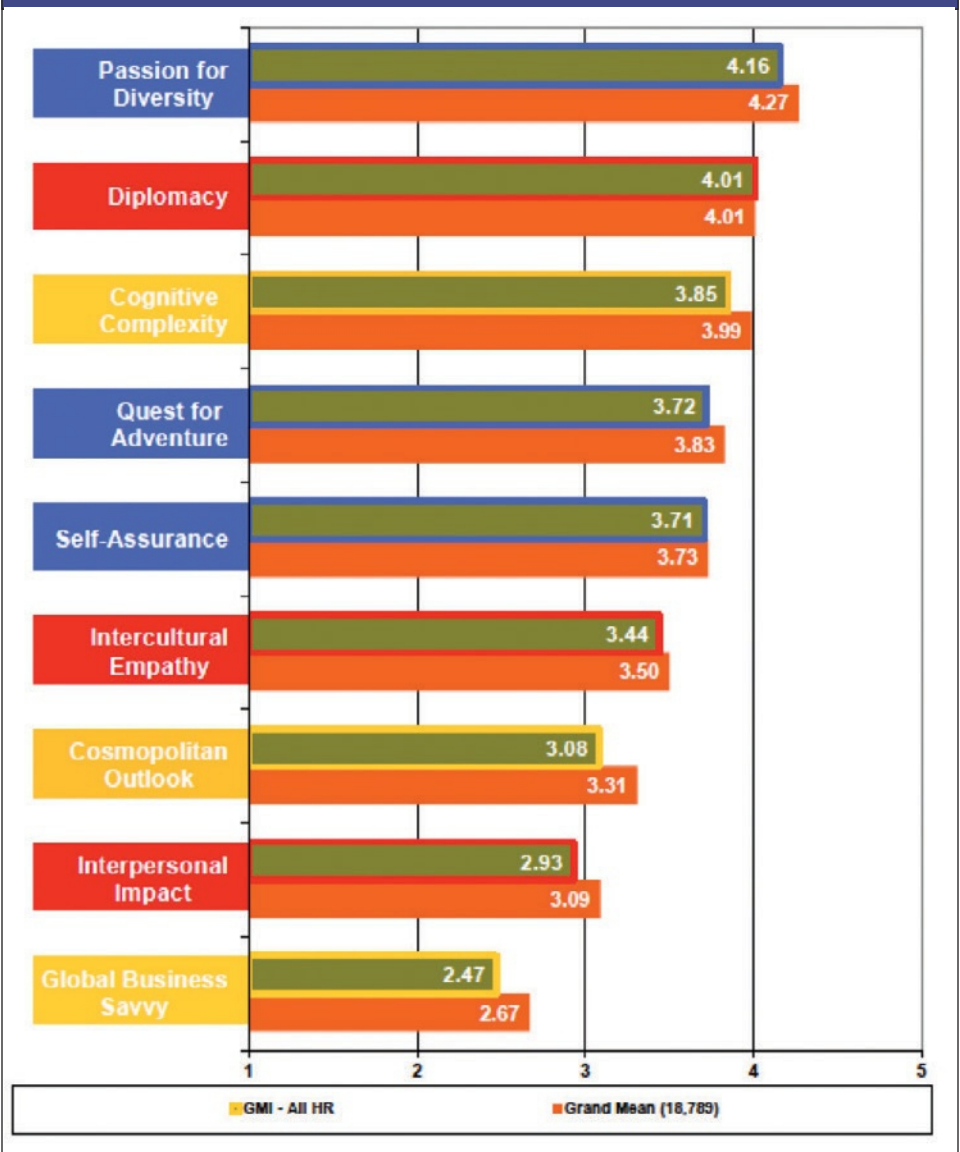
Global business realities call for HR to be

globally ready. HR professionals must be savvy about their industry and the cultures across which the organization works. "In today's business environment, it's not enough for HR professionals to simply react to change. HR must be quick enough to lead the change" (Jensen Richards, 2013). This means getting out of the cube and into the daily realities of the business. Job shadowing, one-on-one conversations at all levels and regular participation in department communications and meetings are ways to

get involved. Additionally, HR professionals must demonstrate their ability to build strong networks across regions and facilitate engagement and agreements among diverse peoples. This means paying visits, making calls or otherwise communicating in personal ways to create meaningful connections across the business. "As an HR professional, you must make sure your organization understands what globalization means to you, your company, and your business sector—you must be the one to advocate full understanding of what the drivers are" (*HRM Today*, 2011). Fundamentally, HR professionals must be leaders of globalization in their organizations.

HR faces many challenges during this time of globalization, but there are great oppor-

EXHIBIT 3: HR'S MEAN SCORES ON EACH DIMENSION OF GLOBAL MINDSET



tunities too (Rioux et al., 2012). If HR professionals can get out in front of the curve to lead globalization and integration efforts, they are positioned to make truly exceptional impact in their organizations. But, first, they must make developing their own global mindsets a priority.

Global Mindset Development for HR Professionals

HR as a whole will benefit from ramping up global mindset, starting with development sessions introducing the topic and involving employees in conversations about how global realities touch their current and future roles. The big question to ask is: “What must we do today to prepare ourselves to strategically lead the organization in global talent issues?” Assessment using the Global Mindset Inventory (GMI) can help individuals and teams determine precisely where they need to focus their development to meet their professional and organizational objectives (Javidan and Walker, 2013).

Since HR is configured differently across organizations, we have organized our development suggestions here using Ulrich’s (1997) Human Resources Management model, which delineates the HR roles of Strategic Partner, Change Agent, Administrative Expert and Employee Champion. The suggestions are drawn from our research on global mindset development, which is captured in the new book, “Developing Your Global Mindset: The Handbook for Successful Global Leaders” (Javidan and Walker, 2013), along with insights from human resources management literature referenced in this article. For more development tips and resources, visit www.developingglobalmindset.com.

Development Suggestions for Strategic Partners

For those who align HR activities and results with company goals.

- Talk with business leaders to understand the business strategy, particularly as it relates to globalization. Organizations differ in what is required for global competence, depending upon their business strategy.

- Work with stakeholders to proactively develop global mindset and a global leadership pipeline across the organization.
- Learn about international human resources’ best practices in planning and operations.
- Provide HR managers more exposure to and rotations in global business to be effective internationally.
- Actively participate in global merger and acquisition discussions and processes to understand the talent and cultural issues involved.
- Learn how to communicate effectively across the cultures and languages of the regions where the organization works.
- Provide development opportunities for others to better understand cultural differences and local customs.
- Champion global mobility by identifying opportunities and actively developing those who have an interest and aptitude for global roles.
- Include diverse nationalities and experience in planning for talent management policies, programs and practices.

HR as a whole will benefit from ramping up global mindset, starting with development sessions introducing the topic and involving employees in conversations about how global realities touch their current and future roles.

- Talk with other experienced HR leaders to understand the advantages and disadvantages between common global practices and localized ones. Learn the range of alternative ways to address the issues.
- Analyze the right balance between implementing best practices from headquarters and adopting local practices in operations, by learning from both sides.
- Work to create engagement across and between regions through proactive communications and with a mindset of creating a shared culture, not assimilation.

Development Suggestions for Change Agents

For those who renew the organization to be more competitive.

- Work with management to create a global organizational vision, mission and objectives, especially as they relate to talent.
- Be a champion for global mindset development in your organization through conversations and development opportunities.

Development Suggestions for Administrative Experts

For those who increase efficiency of HR services.

- Look for ways to maximize efficiency across regions by finding out what works well within different regions and adopting best practices for the organization where appropriate (i.e. global guidelines or standards).
- Evaluate the global capabilities of current HR information systems to determine whether they can adequately meet future organizational demands.
- Interview current and past expatriates in your organization to determine how to better onboard, support on assignment and repatriate.
- Examine how benefits and compensation are managed internationally and look for ways to consolidate or streamline services.
- Ensure that employees have the tools to facilitate global work such as calendaring systems, video conferencing or Skype, etc.



Development Suggestions for Employee Champions

For those who maximize employee contributions.

- Analyze the availability and effectiveness of training programs across regions to determine what can be shared, what can be improved and what can be discarded based on needs assessment.
- Establish a worldwide talent succession and career development system.
- Proactively lead conversations and provide development on cultural similarities and differences.
- Increase knowledge of local employment laws and practices.
- Include global employees in communications and development opportunities and foster a two-way dialogue with them on a frequent basis to understand their needs and experiences. **P&S**

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