

MASTER THESIS

Exploring the relationship between a global mindset and performance during foreign market entry.

A quantitative study of the qualitative topic of global mindsets

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1.0. Abstract

The international business literature has recently begun to investigate the concept of global mindsets, but little is known about the extent to which this concept plays a significant role in the foreign market entry (FME) processes of multinational enterprises (MNEs). This paper takes on this new and neglected question and probes the notion that firms embracing a global mindset experience a superior foreign market entry performance in their internationalisation processes. More specifically, the research question is “Can a global mindset aid multinational enterprises in their foreign market entries?” This topic is relevant as it explores the benefits added to MNEs by developing a global mindset, which can increase overall performance and profitability of the MNE.

To answer the research question an in-depth theoretical review was conducted on the key focal concepts. This allowed for definitions to be explicated and an overall critical reflection of the study phenomenon. The review also uncovered that the empirical research undertaken on global mindsets is mostly qualitative in nature, and if quantitative, focused on interviews with a large amount of managers. To fill this research gap, the methodology is of a quantitative nature, aiming at measuring the presence or lack of a global mindset in large MNEs, and their following performance during FME processes. Using the Transnationality Index as a sample frame, 32 MNEs were selected for closer scrutiny and followed over the 2003-2013 period.

Using a multi-faceted measure of global mindsets (including Bloomberg’s Executive Profiles, a qualitative and an Nvivo analysis of the annual reports, and a management nationality analysis) and measuring FME performance as the three-year average growth in subsidiaries sales performance in comparison to the overall group performance, the results of the data collection provide some interesting trends. First, the overall results support the hypothesis that a global mindset aid multinational enterprises in their foreign market entries. Secondly, this overall trend prompted some additional analyses of the data, which pointed towards industry heterogeneity. More specifically, it showed that MNEs operating in the Electrical & Electronics and Motor Vehicle industry are more likely to have a high global mindset and high subsidiary

performance. Third, from a comparison across MNE nationalities, it appears as though MNEs with European origin are more likely to have high global mindset and high subsidiary performance, compared to MNEs originating from the US and Asia. Last, a comparison across the years of the MNE annual report analysis (ranging from 2002-2006) suggest that there is no specific correlation between the years of annual report analysis and the MNEs subsequent global mindset and subsidiary sales performance.

Overall, although the results lend support for the main hypothesis of the paper, they are only indicative and not representative for the overall population. What the results do tell us is that it is possible to measure a global mindset from a quantitative and external point of view. This opens up for larger studies in the future, with different variables such as the time period, industry, nationality and many other different approaches to measure the effect of a global mindset on performance

2.0. Introduction

In the introduction the theoretical background of the traditional internationalisation process of firms, the more recent concept of born globals and the importance of internationalisation are discussed. It is from this theoretical background that the interest in foreign market entry and global mindset arouse and serve as the main focus of this thesis.

2.1. Theoretical background

There have been two main forces driving change in the business environment since the middle of the twentieth century – technology and internationalisation. Levitt (1983) argued that technology drives the world towards converging commonality which is causing the standardisation of wants and needs globally into a new commercial reality called global markets. Similarly, there is internationalisation as a source of opportunities in regards to trade and foreign direct investment. Both are enabled by advances in technology, such as the Internet, affecting the way we do business, organisational structures and much more (Grant, 2013). Internationalisation is however both a threat and an opportunity and when a company is engaged in international activities, both the threats and opportunities needs to be addressed to ensure performance and success in their respective markets.

2.1.1. Internationalisation process of firms

Internationalisation has been a heated topic in the literature of international business for several decades, and the literature is vast. A natural starting point is the Internationalisation process of the firm, introduced by Johanson & Vahlne in 1977, revisited in 2009. The revisited model builds on the concepts of insidership in relevant networks and how to overcome the psychic distance of the liability of foreignness to build trust and knowledge creation and to be successful at internationalisation (Johanson & Vahlne, 2009). They stress the importance of relationships and the need to be embedded in networks as the business environment itself has changed over the years (Johanson & Vahlne, 2009). The Uppsala model views internationalisation as involving time consuming learning organisational processes (Madsen & Servais, 1997)

On the other hand, the innovation-related internationalisation model sees internationalisation as an innovative course of action and adaption of new ways of doing business abroad (Andersen, 1993; Madsen & Servais, 1997). There exists several variations to the model, as put forth by Bilkey & Tesar (1977), Cavusgil (1980), Reid (1981) and Czinkota (1982), and summarised by Andersen (1993) in the table below.

Table 1. A review of the innovation-related internationalisation models

	Bilkey and Tesar (1977)	Cavusgil(1980)	Reid (1981)	Czinkota (1982)
Stage 1	Management is not interested in exporting	Domestic marketing: The firm sells only to the home market	Export awareness: Problem of opportunity recognition, arousal of need.	The completely uninterested firm
Stage 2	Management is willing to fill unsolicited orders, but makes no effort to explore the feasibility of active exporting	Pre-export stage: The firm searches for information and evaluates the feasibility of undertaking exporting	Export intention: Motivation, attitude, beliefs, and expectancy about export	The partially interested firm
Stage 3	Management actively explores the feasibility of active exporting	Experimental involvement: The firm starts exporting on a limited basis to some psychologically close country	Export trial: Personal experience from limited exporting	The exploring firm
Stage 4	The firm exports on an experimental basis to some psychologically close country	Active involvement: Exporting to more new countries; direct Exporting, increase in sales volume	Export evaluation: Results from engaging in exporting	The experimental firm
Stage 5	The firm is an experienced exporter	Committed involvement: Management constantly makes choices in allocating limited resources between domestic and foreign markets	Export acceptance: Adoption of exporting/ rejection of exporting	The experienced small exporter
Stage 6	Management explores the feasibility of exporting to other more psychologically distant countries			The experienced large exporter

Source: Andersen (1993)

There are several similarities between the Innovation-Related Internationalisation model and the Uppsala model, mainly that they perceive internationalisation as a gradual process and are developed within behavioural theory. The validity of the today's model is questioned by several authors (Andersen, 1993; Forsgren, 2002; Madsen & Servais, 1997) due to its narrow focus on the learning company and the weight given to individuals carrying market-specific knowledge (Forsgren, 1993).

2.1.2. Born globals

A more recent phenomenon is the concept of born global firms that question the assumptions behind the traditional models of internationalisation (Welch & Luostarinen 1988; Ganitsky 1989). A born global firm can be defined as a firm

seeking to derive significant advantages from adapting a global approach directly from or shortly after their inception (Andersson & Wictor, 2003). These firms strive to gain significant competitive advantages from the sale of outputs and use of resources in multiple countries (Oviatt and McDougall, 1994). The existence of born globals can be explained by rapidly changing market conditions, which pulls the firms into their business at a faster pace than traditionally expected. Another driver of global firms is the increasing accessibility of world markets through technological advancements and employees increased international exposure through travels (Madsen & Servais, 1997).

2.1.3. Importance of internationalisation

As the literature indicates, multinational enterprises (MNEs), or firms operating in several countries are becoming more and more common. The concept of internationalisation is exceptionally broad and includes several different aspects, conceptualisations and perspectives. These are not of interest in this thesis, as the topic of concern is the specific aspect of firm performance during foreign market entry. If firms can improve their understanding of how to enter a foreign market without too many barriers, this is highly valuable knowledge to MNEs as it can increase performance and profitability.

It has been argued that internationalisation occurs through two processes: trade and direct investment (Grant, 2013). The focus in this thesis is direct investment through foreign market entry (FME), defined as expansion into foreign markets. This is because direct investment requires more interaction with the foreign parties than trade, requiring a larger understanding of the foreign market and conducting business abroad. The most common FME modes are; exports, licensing, franchising, joint ventures and wholly owned subsidiaries, including green-field investments and acquisitions (Ahsan & Musteen, 2011). The focus in this paper is not on describing in depth how and when a firm engages in FME. The aspects of interest in this study are the barriers of FME that reduce performance, when establishing a presence abroad. The variable that is of interest is profitable performance during FME. Further, only FMEs of larger commitments are considered, excluding export and licencing.

Several approaches exist within the literature to improve companies' performance and overcome barriers related to FME. More recently the concept of a global mindset is becoming a prevalent concept in academia. A global mindset can be defined as a "highly complex cognitive structure distinguished by an openness to and expression of multiple cultural and strategic realities on both global and local levels and the cognitive capacity to moderate and assimilate across this diversity" (Hitt, Javidan & Steers, 2007). It has been argued that having a global mindset lead managers to have an exceptionally open mind, respect and imagination to appreciate cultural difference and they are incisive – thus being able to push limits of culture and achieve better results (Gupta & Govindarajan, 2002). For a company to be successful at exploiting emerging opportunities abroad and to tackle their associated challenges, it is necessary for firms to have the intelligence of observing and interpreting the dynamic world it operates in. To build such intelligence, the supporters of the topic argue that a global mindset is a central requirement (Gupta & Govindarajan, 2002).

2.1. Problem Statement

The benefits on a corporations' success from the existence of individual mindsets is a relatively well-developed topic, however the concept of a corporate mindset seems to have been largely overlooked. As turnover rates and the quest for truly excellent managers are becoming more and more scarce (McKinsey, 2005), being able to maintain a corporate global mindset independent on individuals should hold a strong appeal to companies. With this in mind, I want to further develop the concept of global mindset – not just on an individual level, but also on a company basis, to better understand what it takes to succeed in FME. Further, the level of analysis on an individual plan is for managers or chief executive officers (CEOs).

In the succeeding literature review the different aspects of a global mindset and barriers to FME are explored, ending with an exploration of whether the benefits of having a global mindset can reduce some of the barriers in FME. The research question is:

Can a global mindset aid multinational enterprises in their foreign market entries?

The rationale behind is that by having a firm global mindset, a company is better prepared to plan and properly execute FME due to pre-defined processes and attitudes to working abroad with people of different cultures, nationalities and commercial standpoints. One could argue that it can ease the transition process when going abroad. Measuring the easiness of the FME process can be done in several ways, and the focus in this study is on performance. Theory hypothesizes that a global mindset is positively associated with improved performance, but there is an empirical research gap for the specific association between a global mindset and performance during FME. To test performance during FME the focus is on subsidiary performance in the beginning years of their incorporation into the MNE, measured in comparison to the overall group performance. The hypothesis is thus:

The presence of a global mindset is positively associated with subsidiary performance during the initial years of their incorporation in the MNE.

The aim of this paper is twofold. First, to test if the research question and hypothesis are supported through the data collection. If the data collection supports the hypothesis this would imply that companies are better off operating with a global mindset when they are expanding or conducting business abroad, and potentially whether certain industries or MNEs are more likely to have a global mindset and high subsidiary performance. This is valuable information as it links a global mindset with performance, and in today's competitive environments companies are constantly searching for ways to increase profitability and competitiveness.

Secondly, most of the empirical research about global mindsets has been of a qualitative nature (see e.g. Begley & Boyd, 2003, Nummela, 2004). The more quantitative studies are often conducted in the form of questionnaires with the managers of MNEs (see e.g. Arora et al, 2014, Felício, Caldeirinha & Ribeiro-Navarrete, 2014, Kobrin, 1994). Taking a more quantitative approach to measuring the effect of a global mindset can therefore be considered as an initial study on how to measure a global mindset at a large scale. Further as the theory on firm global mindset is mostly focused on theoretical and qualitative terms, the results of this study might serve as a basis supporting or contradicting the existence of firm global mindsets and its positive effect of subsidiary and consequently MNE performance. This is

particularly true as the main focus of the study is not on the individual managers global mindset, but the corporate global mindset as a whole. In that regard, the study is looking into a gap in theory and results can be supportive of further analysis on the measurement of a corporate global mindset and its potential causal relationships with performance. Moreover, if able to prove a relationship quantitatively this can have managerial implication for practice, either supporting or discouraging MNEs to develop corporate global mindsets to improve their performance in relation to FME, and consequently harvest higher profitability.

In the next section, the literature on both a global mindset and FME is reviewed. Following, the method - including the specific sample, variables, and data collection - is explained. Lastly, the analysis of the results are presented, and conclusions drawn.

3.0. Literature review

The literature review is divided into three main sections. Firstly, theory in regards to a global mindset is reviewed, including origin, definitions, the need, characteristics, how to develop it, advantages, disadvantages and a corporate global mindset. Secondly, theory on FME is reviewed in regards to the causes and barriers to FME. Lastly the barriers to FME are combined with the advantages and causes of a global mindset to see how they are linked, and if a global mindset can combat FME barriers hindering performance.

3.1. Global Mindset

Theory of a global mindset has gradually developed alongside theory of internationalisation. The idea of a global mindset was conceptualised by Perlmutter in 1969 through the identification of headquarter orientations toward subsidiaries in an international enterprise. He defined MNE orientations towards subsidiaries as ethnocentric, polycentric or geocentric. He argues that CEOs believe that the degree of multinationality of a firm is positively related with its long-term viability in international markets. The term multinational means in this sense a quality of decision-making that leads to profitability, growth and survival in the developing world economy. Headquarter orientation toward ideas, foreigners and resources from their subsidiaries becomes a critical element in determining the firm's

multinationality (Perlmutter, 1969). I will not go into a discussion about the differences between multinational, global and international in the proceeding review and analysis, but use the words overlapping according to the preference of the individual academic.

The different types of headquarter orientations vary in usefulness to firm performance according to several factors. One is the complexity of the organisation. If it is complex in the home country but simple in its subsidiaries, an ethnocentric approach is argued to be the most suitable. If the complexity is varied across home and subsidiary countries, and the different units are relatively independent, then a polycentric approach is argued to be the best. Lastly, if the organisation is increasingly complex and the business units are independent, then a geocentric orientation is argued to be the most suitable (Perlmutter, 1969).

The headquarter orientation most aligned with the concept of a global mindset, is a geocentric orientation. Managers with this orientation do not equate superiority with nationality; rather they search for the best candidates, regardless of nationality to solve a problem anywhere in the world. Geocentrism takes a worldwide approach in all its business units, regardless of location, and focus on both local and global objectives to best meet the needs of its organisation and consumer at a certain location (Perlmutter, 1969).

The geocentric approach to headquarter orientation is distinguishable from the others, and is the most suitable for complex and independent headquarter-subsidiary relationships. Clearly, it is not beneficial to invest in developing a geocentric or global mindset for a firm where the role of the subsidiaries is direct sales of a standardised good, where an ethnocentric orientation is more suitable. This is because a lot of time and costs are required for coordination, training, decision-making and organisational processes to develop and maintain a global mindset. Therefore, in the following section when the costs and benefits of having a global mindset are discussed, they will be aimed at firms of this structure and organisation.

The geocentric orientation and further developments of the concept of a global mindset are discussed in the following section.

3.1.1. Definition and the concept of a global mindset

Throughout literature a global mindset is defined in different ways. Javidan, Steers & Hitt (2007) define a global mindset as “a highly complex cognitive structure distinguished by an openness to and expression of multiple cultural and strategic realities on both global and local levels and the cognitive capacity to moderate and assimilate across this diversity”. Gupta & Guvindarajan (2002) argue that the concept of a global mindset relies on our cognitive filters and is a product of our history. It evolves through time and is a repetitive process of learning. Levy et al (2007) define a global mindset as a complex cognitive structure identified by an openness and articulation of several strategic and cultural understandings on local and global levels, and the cognitive ability to integrate and reconcile across different layers.

Another conceptualisation is to define a global mindset as a world approach. Srinivas (1995) defines a global mindset as a way of approaching and a tendency to look at the world from a wider perspective. Rhinesmith (1995) argue that it is the world orientation that allows certain managers to perceive things that others overlook. A global mindset is thus the ability to scan the world from a broader perspective, constantly looking for opportunities and unexpected trends either for personal, professional or organisational objectives.

The last conceptualisation of global mindsets is the ability to interpret and develop criteria for business and personal performance, independent of the assumptions of a single context, culture or country, and to implement those criteria properly in different contexts, cultures or countries (Maznevski & Lane, 2007). Nardon and Steers (2007) argue that a global mindset is the ability to learn and interact with other cultures and to make sense of their divergent environments. This is arguably the best strategy for managers who wish to succeed in the multi-cultural reality in today's global business environment.

The different definitions vary in their emphasises, but when the components of a global mindset are put forward, they are similar on many aspects. Levy et al (2007) – with a cognitive approach - argue that the three components of global mindsets are: an openness and attentiveness to several domains of meaning and action; a complex representation and articulation of strategic and cultural dynamics; and an integration

and mediation of actions and ideas oriented at both local and global levels (Levy et al, 2007). Similarly, Srinivas (1995) argue that the components of a global mindset are: curiosity and concern with context, acceptance of complexities and uncertainties, diversity consciousness and extended time perspective.

Although the emphasis on components varies, the messages conveyed by academics are similar. The different approaches and conceptualisations of global mindsets are therefore used simultaneously and overlapping in the following sections. My definition of a global mindset is an approach to the world from a broader and open perspective, facilitated by cognitive structures and abilities to learn and interact, integrate and reconcile differences with people and business environment from different backgrounds.

Having defined what a global mindset is, it is now necessary to explain more in depth why companies are argued to need a global mindset to improve their business performance in a global environment, specifically linked to FME.

3.1.2. The need for a global mindset

The world has changed in an incredible pace since the emergence of research on cross-cultural barriers decades ago. A common misperception is that companies and managers underestimate the barriers that are still present when engaging in international business. Distance still matter and firms should explicitly and thoroughly account for it when making decision about global expansion (Ghemawat, 2001). It is not always so that a global strategy is the best alternative, and it is important that MNEs understand the different needs and barriers that come along when engaging in international business.

Some of the tasks to global managers are to articulate a viable global strategy, and to facilitate and develop support processes to ensure that globalisation can be managed. They should establish appropriate conditions by which the structure, process, culture and strategy of the firm is meaningfully aligned to attain organisational effectiveness (Kedi & Mykherjui, 1999). This is not a straightforward process and requires managers to have several distinct capabilities. It is argued that one of the key elements

in achieving the above mentioned tasks, managers need to develop a global mindset which allows an increase in organisational effectiveness, while simultaneously maintaining efficient business operations (Kedi & Mykherjui, 1999).

There are many reasons why having a global mindset is important for successful managers and firms. Managers need a global mindset to manage the changing architecture in business and a global mindset acts as the foundation for business competences, such as managing uncertainty and competitiveness, a necessity in today's competitive environment (Srinivas, 1995).

It is suggested that managers with significant capabilities whom understand business relationships and think from a global perspective, more frequently succeed over those with more limited national rooted mindsets (Nardon & Steers, 2007). Further, it is assumed that managers with global mindsets, whom are locally acting, are the best candidates for global ventures. This is because they require the least amount of change in their thinking and behaviour to adapt to the local environment (Arora et al. 2004).

Storay and Barbuto Jr (2011) argue that the main positive outcomes of having a global mindset are: trust between the parties involved, strong relationships created through leader-member exchanges of information, and organisational commitment from members of the firm which leads to greater perseverance in job performance. It is argued that these factors lead to increased performance for a MNE due to better exchange of knowhow, increased employee commitment and performance, and relationships based on trust with parties involved.

It appears as though having a global mindset is beneficial for certain firms in the global economy, but how to identify, develop and maintain it is another issue. To deal with this some of the overall characteristics of a global mindset are described, to identify its existence in MNEs. Subsequently, the ways to develop a global mindset are reviewed, and lastly what the costs and main advantages of a global mindset are.

3.1.3. Characteristics of a global mindset

There are several different classifications of what characterise a global mindset. Common traits are that managers with a global mindset aim to be open minded and have the respect and imagination that is necessary to appreciate differences and to modify their behaviour accordingly. Further they have the ability to rethink boundaries and an incisiveness to push the limits of culture aside when conducting business (Arora et al, 2004; Gupta & Govindarajan, 2002).

Managers with a global mindset try to understand complex representation and expressions of cultural and strategic dynamics, and work with them accordingly, rather than to consider them as barriers (Javidan, Steers & Hitt, 2007). In the dynamic and international environments, it is generally argued that flexibility and responsiveness are requirements for successful organisations, due to a diverse workforce that needs to be led and motivated. Managers are thus faced with complexity and contradictions but having a global mindset allows them to balance such contradicting thoughts (Kedi & Mukherji, 1999; Arora et al, 2004).

Managers with a global mindset also have the ability to moderate and incorporate ideals and actions to local and global levels (Javidan, Steers & Hitt, 2007), and are thus portraying characteristics of a geocentric mindset (Perlmutter, 1969). They are sensitive to the needs and characteristics of local environments and cultures, while maintaining a global focus (Story and Barbuto Jr, 2011).

Beechler & Javidan (2007) argue that some of the skills needed by global managers are generic, while others are firm specific and change according to the firm's strategy, culture and industry. An individual with a global mindset has an awareness of diversity across countries, markets, businesses and cultures, the ability to interpret and develop criteria for business performance, independent on the assumptions of the country, context or culture; and the ability to synthesize across diverse groups and to implement the criteria appropriately in different cultures, contexts and countries (Beechler & Javidan, 2007; Govindarajan & Gupta, 2001; Maznevski & Lane, 2004). Beechler & Javidan (2007) have combined the critical components of global mindsets into three elements, being intellectual-, psychological- and social capital.

Global intellectual capital

Intellectual capital refers to managers' cognitive and intellectual capabilities. Kedi & Mukherki (1999) also argue that intellectual capital, or knowledge, is a main component of global mindsets. Knowledge is portrayed through an understanding of international socio-political and economic situations and how perspectives on these vary. Knowledge of the working of the global environment is the building blocks for global managers and it is argued that they need a broad and deep knowledge, achieved through constant scanning of the environment (Beecler & Javidan, 2007). The types of global intellectual capital are explained in table 2.

Table 2: Types of Global intellectual capital

Knowledge of the Global Industry	Knowledge of Global Value Networks	Knowledge of the Global Organisation	Cognitive Complexity	Cultural Acumen
Global business, competitors, and industry	Knowledge of global supply chains	Understanding the tension between global efficiency and local effectiveness	Ability to define challenges and opportunities from multiple and diverse perspectives	Cultural self awareness
Economic, political, and institutional systems	Understanding the importance and the processes of building global value networks	Understanding global implications when making local decisions	Ability to find solutions to challenges and opportunities from multiple and diverse perspectives	Understanding cultural similarities and differences
How to transact business in different parts of the world	Understanding the importance of global strategic alliances and networks to the global firm's strategy	Understanding the importance of global inclusive visions and finding common views	Ability to bridge and integrate among multiple perspectives	Knowledge of other histories and cultures

How to scan the world for trends and opportunities	Knowledge of how to manage global networks and teams	Understanding the global value proposition and business model	Ability to empathize with those who hold conflicting views	Knowledge of other languages
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Global Psychological Capital

Managers need to have the appropriate psychological capital to put their global knowledge to use. Psychological capital is a set of state-like variables that can be developed through proactive learning, practice and workplace involvement (Bechleer and Javidan, 2007). Kedi & Mukherki (1999) reason that skills are the managers' ability to put knowledge into action, and are mainly apparent as both acculturation and leadership for managing diversity. It is argued that managers with a nurturing style of expressive power alongside sharing perspectives of empowerment, encourage productivity in high performance companies. The types of global psychological capital are explained in table 3.

Table 3: Types of Global psychological capital

Positive Psychological Profile	Cosmopolitanism	Passion for Cross-cultural and Cross-national Encounters
Self-efficacy	Downplay significance of nationality	Passion for cultural differences
Optimism	Openness and sensitivity to other cultures and systems	Curiosity about and interest in other cultures
Hope	Positive attitude toward international affairs	Quest for global adventure
Resilience	Willingness to accept good ideas regardless of where they come from. Willingness to work across time and distance. Respect for other cultures. Flexibility	Passion to learn about other cultures. Emotional connection to people from other cultures.

Global social capital

Social capital considers the relationships inside and outside of the firm, and how individuals can assure benefits from these memberships in social systems. The types of social capital are explained in table 4 (Bechleer and Javidan, 2007):

Table 4: Types of social capital

Structural Social Capital	Relational Social Capital	Cognitive Social Capital
Assets based on the position an individual occupies in a network and the contacts that he/she enjoys that provide him/her with access to information or other benefits	Asset derived from interactions with others in the network, rather than just the structure itself. For example, relational social capital includes beliefs and attitudes such as trust and trustworthiness.	Resources providing shared representations, interpretations, and systems of meaning among parties.

By combining these three global capital elements Bechleer and Javidan (2007) argue that you get individuals with global mindsets, and that they possess certain capabilities that allow them to be global leaders who are excellent influents on people from different contexts, cultures and countries. The result of this should be successful MNEs in their respective global markets, by truly understanding how to conduct global business.

The values and characteristics of a global mindset identified by Bechleer and Javidan (2007) were found through interviews with managers. However the effect on success, has not been empirically tested. Success in this case is more what managers argue will lead to success, but it is not actually tested as successful performance. Thus, it is interesting to see if these characteristics identified to be associated with higher performance, are actually correlated in the following data collection.

Identifying and understanding characteristics of a global mindset facilitates the process of recognising firms with a global mindset. In doing so, one can actually evaluate their performance, and compare it with firms that do not have global mindsets; to see if the hypothesis of improved performance is true. Of course, other factors influence the performance of a firm, but it is a starting point. Further, this extensive list of characteristics encompassing a global mindset is relatively descriptive of nature and needs to be conceptualised into more observable characteristics to be measured.

3.1.4. How to develop a global mindset

Gupta & Govindarajan (2002) argues that the key element to develop a global mindset is that it is a continuous journey. The speed of this cultivation is driven by:

1. Having an attitude which is curious about the world
2. An explicit and self-conscious awareness and articulation of ones current mindset. Such self-consciousness requires the ability to accept the existence of different worldviews and that the interpretation of realities vary among people. This can be achieved by asking managers in teams to articulate their perspectives and compare how different managers or companies interpret the same information (Gupta & Govindarajan, 2002).
3. Further exposure to diversity and originality. Examples include: formal education, participation in cross-border activities, utilisation of diverse locations for team and project meetings, immersion experiences in foreign cultures, expatriate assignments, cultivating geographic and cultural diversity for the senior managers and locations of business unit head quarters (Gupta & Govindarajan, 2002).
4. Disciplined attempts to develop a unified perspective that combines diverse strands of knowledge about markets and culture. This step requires the definition and cultivation of core values throughout the company and a widespread distribution of ownership rights on a global basis. Another aspect is the need to develop an internal labour market driven by meritocracy. Further it is necessary to have job rotations across borders and regions, as well as different business divisions and functions. Lastly, the development of social and interpersonal ties among employees in the different regions leads to the development of a global mindset (Gupta & Govindarajan, 2002).

On a more summarised level, it is argued that to develop a global mindset requires international business education, travel, expatriate and international assignments, contact with a culturally diverse workforce and cross-cultural training. This is for the individual manager and when these criteria are fulfilled it is more likely that the manager will cultivate a global mindset (Somnata, Pérez-Nordtved & Renn, 2008; Kedi & Mukerji, 1999).

3.1.5. Advantages of a global mindset

Govindarajan & Gupta (2001) identified some of the advantages for the global firm of having a global mindset. They are:

- Early mover advantage in identifying emerging opportunities
- Greater knowledge and action in more fine grained analysis of the trade-off between global adaptation and global standardisation in foreign markets
- Improved coordination across complementary functional areas dispersed across borders
- Faster rollout of new product concept and technologies
- Faster and more efficient sharing of best practices across business units
- Lower failure rate of expatriate assignments

Levy et al (2007) suggest that the effect of a global mindset on firm effectiveness is moderated by firm and environment characteristics. They argue that to reach a mix of global mindset and firm and environmental characteristics can positively affect effectiveness to a larger extent than a global mindset on its own. In particular, the key considerations are the level of environmental dynamism and the complexity of the company's international strategy.

Most of these advantages are directly or indirectly linked to firm performance and success. One can thus argue that the advantages of a global mindset should lead to higher firm performance and profitability.

3.1.6. Disadvantages of global mindsets

Throughout literature it is very difficult to find a negative word about a global mindset. To be an opponent is easier said than done, as the concept itself has been developed to aid a MNE in overcoming barriers of globalisation. Few companies engaging in international business wants to be classified as having a narrow-minded, insensitive and home-based mindset, when most theory on international business focuses on the benefits of developing a global perspective and strategies. However, although the benefits of a global mindset might be true for certain firms, it is very unlikely to be the case for all.

Ghemawat (2011) is a classical opponent of the benefits on globalisation in general, and its existence on a widespread basis. He argues that many actors today suffer from “globaloney” a form of global madness, based on overemphasized notions of globalisation and its implications. Based on Ghemawats analysis, world trade and international relations are by most at a semi-global level. The advocates of globalisation are not representative for the total population and this is what has lead to the exaggeration of the outreach of globalisation.

Ghemawat (2011) further argues that only a small portion of leaders needs to have a global mindset or leadership style. Gupta & Govindarajan (2001) support this view and argue that having a global mindset is not equally important for different corporations and groups in a corporation. The investment into cultivating a global mindset should vary according to the needs of the investees, and are not expected to be uniform across an organisation. The value added of its presence is likely to be highest for individuals who are directly responsible for managing cross-country activities, then followed by those who frequently interact with colleagues from different countries. This argument almost outright contradict the need to have a corporate global mindset, as only specific parts of the organisation need it, and that it is superfluous to other divisions of the firm and is a bad investment.

The concept of a global mindset requires a lot from MNEs and their managers. Costs associated with a geocentric mindset are often related to transportation, education and communication times and the wider distribution of power within a firm (Perlmutter, 1969). Firms have to consider the traditional trade-off between control and coordination. Having a global mindset itself requires a wider distribution of power between headquarter and subsidiaries, and thus lower control and more coordination. Taking a viewpoint from transaction cost theory, such a trade-off should only be undertaken when the benefits gained from the coordination mechanisms, exceed the extra costs of coordinating between the different business units (Zimmerman, 2014). If this is not the case, then developing a global mindset might not be advantageous for the firm.

Opponents of geocentrism who prefer ethnocentrism argue that they experience real pay-offs in the short term, such as higher control, simpler organisational structure and

lower transaction costs. However the cost of such a mindset seems to be balanced out in the long run due to ineffective planning, lack of proper feedback, loosing talented employees, less innovation and an inability to create high-quality local subsidiaries (Perlmutter, 1969).

One can sum up the arguments posted by Ghemawat as being an exaggerated importance as to the number, managers and organisations that should have a global mindset to achieve successful business performance. The mindset of a MNE largely depends on its industry, nature of business and products. If a MNE is structured with high control mechanisms, and producing standardised products, focusing on low-cost competition, then the need to develop a global mindset is much lower, than for a firm embedded in large multinational networks, with local adaptation in their product assortment varying from each market. Thus to argue that a global mindset is always good is by the least, a weak and unjustified statement.

Another disadvantage of global mindsets is the lack of empirically tested studies. Further, the empirical studies that have been conducted often take several different perspectives and approaches to a global mindset. This has lead to inconsistent discoveries, and opens up for critique in regards to the actual benefits of a global mindset (Levy et al, 2007). Being able to test an aspect of global mindsets empirically will therefore contribute to the topics relevance and validity.

3.1.7. Corporate global mindset

Most of the literature on a global mindset tackles it from the perspective of the individual mindset of people in positions of power, such as managers or leaders. Managers play a crucial role in developing and leading a company towards high performance and business success, but they are rarely a consistent feature in a specific firm. They change jobs and are therefore a variable factor in a company's composition. To develop a corporate global mindset is therefore very attractive to a company as it would act as a stable feature to the company.

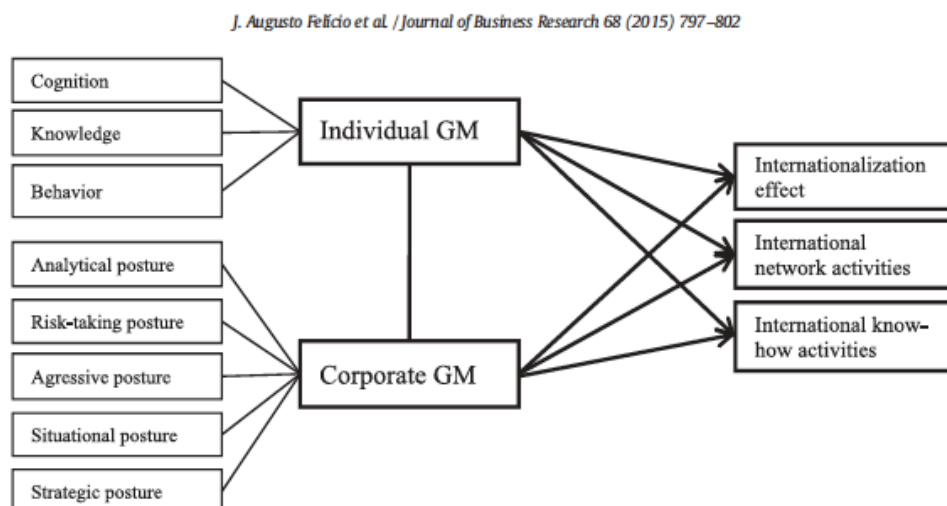
Levy et al (2007) define a corporate global mindset to be a shared cognitive structure, which emerges from actions and interactions between individuals. One can argue that

company's performance is dependent on the views of its employees, in the way they act, feel and think (Arora et al. 2004).

A more specific definition of a corporate mindset is as a mixture of an individual mindset and the reflection of interaction of individual mindsets holding distributive power in the company. When these two functions are taken together they form the mindset of the group or corporation (Felicio, Caldeirinha & Ribeiro-Navarrete, 2014). The corporate mindset concerns the degree to which companies learn to think, behave and operate as global and integrated establishments, to reflect their organisation and structure (Felicio, Caldeirinha & Ribeiro-Navarrete, 2014; Begley & Boyd, 2003). One can argue that a corporate mindset is an integrative, multidimensional competence, whose origin is from the company's heritage, dominant culture and mobilized resources. The company's behaviour is shaped by these factors and the overall strategic orientation towards the global environment (Felicio, Caldeirinha & Ribeiro-Navarrete, 2014; Paul, 2000)

The model presented below illustrates the relationship between individual and corporate mindsets, which factors affect the mindsets, and what the results might be.

Figure 1: Research model for the relationship between individual and corporate mindsets



Felicio, Caldeirinha & Ribeiro-Navarrete (2014) found in their study that a corporate global mindset has strong links with five business postures. These are analytical posture, risk-taking posture, aggressive posture, situational posture and strategic

posture. Analytical posture includes behaviour towards customers, market planning and attentiveness to technological innovation and new products. Risk-taking posture mostly concerns the company's search for new projects. An aggressive posture considers the leadership and pressure exerted on competitors to gain a larger market share. A situational posture ensures clarity in hierarchal structures, adaptation of technologically advanced products and services, decentralisation of responsibilities, and guaranteed resources for growth. Finally, a strategic posture concerns planning for the future to ensure optimal global resources and market conditions to achieve economies of scale (Felicio, Caldeirinha & Ribeiro-Navarrete, 2014).

Similarly Begley and Boyd (2003) found that a corporate mindset emerges from the policy development led by a core managerial group, consisting of a global mentality. However, a corporate mindset will not become embedded in the company unless executives pull the process, structure and power levers necessary to active it. Once this happens on a managerial level, the lower level managers will pull their own levers to activate their employees, and ensure that it becomes the norm through critical parts of the company (Begley and Boyd, 2003).

Begley and Boyd (2003) argue that to develop a global mindset requires the firm to operate with modular networks, communities of practice, distributive management, fostering centres of excellence and with a clear corporate vision. To formulate appropriate policies in regards to a global mindset thus requires executives to assess and align structure, process and power tensions across the company.

3.2. Foreign Market Entry (FME)

In this section, theory concerning the rational behind foreign market entry (FME), and the advantages and barriers of FME are briefly explained.

FME can be defined as expansion into foreign markets and the most common entry modes are; exports, licensing, franchising, joint ventures and wholly owned subsidiaries, including green-field investments and acquisitions (Ahsan & Musteen, 2011). The focus in this paper is not on discussing the different entry modes, but instead how the success of a FME is linked to having a global mindset. The modes of

FME included in the analysis are those of larger commitments, thus excluding export and licensing.

3.2.1 Rational behind Foreign Market Entry

The rational behind FME is not just that of market opportunities but also a search for resource opportunities (Grant, 2013). Theory about FME generally considers two broad issues. First, what is the motivation to enter a foreign market, how they can exploit some advantage that the firm possess or strengthen an existing one, or to develop a new, often related strength. The second issue is the means or mode of FME (Madhok, 1997). The focus in this thesis is on the first broad issue, and in more general, if it is possible to overcome some of the barriers of FME through a global mindset and further gain from the advantages associated with FME.

3.2.2 Causes of Foreign Market Entry

There are many advantages associated with having global strategies and FME.

1. A firm can attain cost benefits of scale and replication in production through FME, superior to those of their domestic competitors (Levitt, 1983). This benefit is largely driven by the growth of homogeneity across markets, facilitated by communication, technology and travel (Levitt, 1983).
2. In certain industries, such as advertisement, investment banking and legal services, it is an advantage to be able to serve the needs of global consumers (Grant, 2013).
3. Arbitrage benefits can be attained through exploiting natural resources, by placing different activities in different geographical locations (Grant, 2013). Ghemawat (2003) argues that this benefit is associated with exploiting wage differences through offshore production to low-wage locations and that increasing arbitrage concerns the distinct knowledge present at different geographical locations.
4. Learning benefits of multinational enterprises includes the transfer, integration and creation of knowledge throughout the organisation and its subsidiaries and through interactions with the diverse national environments. However to achieve and exploit these benefits it is necessary for the corporation to have in place a global infrastructure for managing knowledge (Grant, 2013).
5. MNEs possess a key strategic advantage over their national competitors when competing in individual markets. This benefit is often achieved through cross-

subsidization, which involves using cash flows from one country to finance aggressive marketing and sales campaigns in another country (Hamel & Prahalad, 1985).

These benefits are not directly linked to having a global mindset, but advantage number four and five are very closely related to benefits of a global mindset. If these are the main reasons for FME for a firm, it is reasonable to assume that a firm with a global mindset is better at exploiting that advantage, than firms with more ethnocentric mindsets.

3.2.3. Barriers to Foreign Market Entry

In the following section the barriers to FME are explored, first reviewing the most common barriers relation to Foreign Direct Investment (FDI), then followed by the more specific barrier of the Liability of Foreignness, as a hinder to the internationalisation process of companies.

3.2.3.1. Barriers to FDI

One can argue that the risks related to FME are very similar to those of international business. These can be segmented into four groups:

1. **Cross-cultural risk:** This risk refers to the occurrence of cultural misunderstandings affecting performance. The most common types of cultural barriers arise from differences in language, religion, lifestyle, mindset and customs. These barriers are present in the understanding of consumers and other stakeholders in the foreign environment, as well as the company's employees in the foreign country. Other cross cultural barriers are negotiation styles, decision-making styles and ethical practices (Cavusgil, Knight and Riesenberger, 2014)
2. **Country or political risk:** These risks refer to the potential unfavourable effects on company profitability and operation caused by changes in the legal, political, and economic environment in a foreign country. The most common risks associated with a specific host country are; harmful or unstable political system, unfavourable laws and regulations for foreign firms, underdeveloped or inadequate legal systems, bureaucracy and red tape, corruption or other ethical blunders, government intervention, protectionism and barriers to trade, infrastructure and investment and failure or mismanagement of the national

economy (Cavusgil, Knight and Riesenberger, 2014; Bitzenis, 2009; Bitzenis and Szamosi, 2005)

3. **Currency or financial risk:** These risks consider unfavourable changes in exchange rates, currency exposure, foreign taxation, asset valuation and inflationary and transfer pricing (Cavusgil, Knight and Riesenberger, 2014)
4. **Commercial risk:** Consider the risks related to a company's potential losses from poorly developed and/or executed business procedures, dealings and strategies. Examples are unsuitable business partners, operational problems, timing of entry, poor execution of strategy and competitive intensity (Cavusgil, Knight and Riesenberger, 2014)

Again, it is unlikely that having a global mindset can aid in overcoming all of these risks. However it is particularly relevant when considering commercial and cross-cultural risk, as this concern how the firm behaves and is able to adapt to differences in environments and ways of acting. These are risks that can be controlled internally, whilst political and financial risks are external to the company's power. They can be mitigated through precautionary actions, forecasts and analysis, but not controlled.

From a more organisational perspective, it is argued that if there is a lot of diversity in the top management teams involved in FME, this diversity can be associated with increased team conflict, which reduces performance. However these negative outcomes tend to diminish over time (Nielsen, 2010). In Nielsen's (2010) study about top management team effectiveness, results showed that moderate levels in the composition of diverse top management teams lead to improved performance. The results are of a bell-shaped form, where both low and high levels of diversity compositions of top management teams lead to weaker performance, as the costs exceed the benefits of having diverse teams.

This evaluation is quite interesting and goes well in hand with the disadvantages of global mindsets. The bell shaped performance curve is present in the need to develop a global mindset. This indicates that there is an optimum level for having a global mindset, and if the company invests in developing higher levels of a global mindset this might be negatively correlated with performance.

3.2.3.2. Liability of Foreignness

One perspective of why there are barriers to internationalisation and FME is that costs occur in relation to unfamiliarity when operating abroad, conceptualised as a liability of foreignness. Zaheer (1995) define the liability of foreignness as the cost of doing business abroad incurring to a MNE that does not incur to a local firm.

The liability of foreignness can in general arise from four, not necessarily independent factors, and their relevance varies according to industry, firm, host and home country.

1. Costs directly related to geographic distance
2. Firm specific costs related to a MNEs unfamiliarity with the workings of the local environment
3. Costs specific to the host country environment, such as economic nationalisation and legitimacy of foreign company's
4. Costs from the home country environment, such as regulatory restrictions imposed on US owned MNEs sales of high-technology products to certain countries (Zaheer, 1995)

Zaheer (1995) argue that to overcome the liability of foreignness and to compete successfully with local firms, a MNE needs to either bring to its foreign subunit some capabilities or resources specific to the firms competitive advantage or attempt to copy the local firms advantages. It is interesting to see if these capabilities or resources of firms with a global mindset are better or poorer equipped to tackle the liability of foreignness.

3.3. Combining global mindset and foreign market entry

Throughout literature it becomes apparent that globalisation and FME with its many advantages, still comes with many challenges. One of the reasons why the concept of a global mindset has become so popular in academia is that it is suggested to aid a company engaged in international business and improve their performance and overcome the barriers related to globalisation. Therefore to combine the advantages of a global mindset with the barriers of FME is the first step in the process of evaluating whether or not it can aid a company in easing the process of FME.

From the previous section, it became clear that there are mainly two of the overall risks of FME that can be linked to a global mindset: cross-cultural risk and commercial risk.

Cross cultural risks are related to cultural barriers of conducting business abroad, and the cost of distance and unfamiliarity with the workings of a local environment as identified in the liability of foreignness. One of the aspects of having a global mindset is the search to understand complex representations and expressions of cultural and strategic dynamics (Javidan, Steers & Hitt, 2007) and having the ability to rethink boundaries and push the limits of culture aside when conducting business (Gupta & Govindarajan, 2002). Having a global mindset is characterised by global intellectual capital, in particular a cultural acumen that facilitates cultural self-awareness, understanding of cultural similarities and differences, knowledge of others histories, cultures, and languages (Bechleer and Javidan, 2007). The global psychological capital of managers with global mindsets can also aid in overcoming cross-cultural barriers through a passion for cross-cultural and national encounters, exemplified through curiosity and interest for other cultures, searching for global adventures, and an interest of learning more about other cultures and gaining emotional connections with people from other cultures. To conclude, it appears as though having a global mindset aids a company in overcoming the cross-cultural barriers related to FME.

Commercial risk concerns the firms' potential losses from poorly develop and executed business procedures, dealings and strategies during FME. A characteristic of a global mindset is the firm or managers knowledge of global industries, value-networks and organisations. It is argued that having a global mindset entails extensive knowledge about global businesses, competitors and industries, economic, political and institutional systems, how to transact business in different parts of the world, and how to scan the world for trends and opportunities. They have knowledge about the workings of global supply chains, and understand the importance and the processes of building global value networks and global strategic alliances to facilitate the firms' strategy, and lastly how to manage global networks and teams. MNE's and managers with global mindsets are also suggested to understand the tensions between global efficiency and local effectiveness, what the implications are when making local decision,

the importance of global inclusive visions and finding common views when conducting business across borders (Beechler and Javidan, 2007).

One of the main factors increasing commercial risk is a lack of understanding and knowledge of how to conduct business in a foreign market, and clearly having a global mindset should close this knowledge gap and decrease the commercial risk in FME. One might suggest that to build up such an extensive knowledge base is an immense task, and that few managers or organisations have this knowledge, and more particularly know how to use it effectively throughout the organisation. However, the view presented by Beechler and Javidan (2007) is not necessarily the country or industry-specific knowledge, it is more related to how an individual or organisations approaches the process of seeking out, retaining and use new knowledge about global and local systems. They know how to process information, and are better equipped to handle the information and turn it into actionable business opportunities.

Having a global mindset and a cosmopolitan attitude is also argued to cause managers to be more open and sensitive to other cultures and systems. They have a positive attitude toward international affairs and resilience apparent as a willingness to accept good ideas regardless of where they come from and work across time and distance. Further they have a respect for other cultures and flexibility in ways of doing business, which arguably makes it easier for a MNE to establish relationships and understandings in the foreign environment. Through their attitude they are able to put their knowledge of the foreign affairs into action (Beechler and Javidan, 2007).

To conclude, from the literature search, it appears as though having a global mindset can aid companies in their FME, through reducing the cultural and commercial risk. In the next section, the method for collecting, measuring and analysing the data and testing the hypothesis on the basis of the theory review is explained.

4.0. Method

The method section describes in detail the approach used to answer the research question and it is divided in six sections being 1) Research paradigm, 2) Data sample, 3) Data variables, 4) Data collection, 5) and Data analysis.

4.1. Research paradigm

To answer the research question, I am working under the neopositivist paradigm. The ontology of neopositivism is described as being limited realistic, believing that there exists a reality or truth about the relationship between firms having a global mindset and their consequent FME performance, but that as a human I am limited in my ability to discover this truth and exact knowledge about this reality (Darmar & Nygaard, 2013). The epistemology is this modified objective, as I try to be as objective as possible in the data collection, but I acknowledge that I am influenced by emotions and values, and this limits the search for the true reality of this relationship, which can never fully be realised (Darmar & Nygaard, 2013).

The quality requirement of the highest importance within the neopositivist paradigm is the evaluation of theoretical validity, or the construction-validity. It is ensured through thorough theoretical preliminary work (Heldbjerg, 1997), with the aim of shedding light on the relationship between having a global mindset and MNE performance during FME. It is further necessary to discuss the concrete challenges in compliance of quantitative quality criteria, as the main nature of the data collection is quantitative. The quality of the secondary data is reviewed below in regards to its suitability in clarifying if the presence of a global mindset can ease MNE performance during FME or not (Malhotra, Birks & Wills, 2012).

4.1.1. Theoretical validity

The theoretical validity is ensured through the in depth theory review in section 3.0. Different aspects and perspectives of what a global mindset entails, how it can be defined, achieved, observed and its benefits and costs are described in detail. In regards to the theoretical review of FME, this is conducted with a narrow scope. The objective is to identify and determine what FME is, the main barriers, and which types are of interest to answer the research question. Further the correlation between having a global mindset and how it from a theoretical viewpoint can be used to offset or tackle some of the challenges of FME are contrasted.

The result of the theoretical review is the basis for the data collection, by defining and identifying what characteristics are associated with having a global mindset. These

characteristics are sought for in a quantitative manner, through four data collections, three being objective while a fourth has a more subjective character.

The subjective character of the annual report analysis based on reading is limited through the use of predefined characteristics, words, sentences and topics. The theoretical validity is thus argued to be high.

4.1.2. Quantitative quality requirements

The nature of the quantitative data collection is as secondary data. There are six main criteria for evaluating the quality of the secondary data: specification and research design, error and accuracy, currency, objective, nature and dependability (Malhotra, Birks & Wills, 2012) and each of these are gone through in detail.

4.1.2.1. Specification and research design

This criteria concern the validity, reliability and how generalizable the data collected is. The design considerations relevant in this study are, size and nature of the sample of MNEs and their subsidiaries, data analysis and reporting procedure of the collected results (Malhotra, Birks & Wills, 2012). The factors are explained in detail in sections 4.2, 4.5 and 5.0 and are argued to be of satisfactory validity and reliability, but limited generalizable at other than an overall level, due to the small samples of the different subgroups (being different industries, MNE home country and annual reporting year).

4.1.2.2. Error and accuracy

It is necessary to determine if the data is accurate enough for the purpose of the study (Malhotra, Birks & Wills, 2012). Since most of the secondary data is collected through internationally renowned databases, such as Orbis, Thomson One Banker and Bloomberg's Executive profiles, the accuracy of the data is argued to be high enough to answer the research question of whether or not having a global mindset is associated with improved performance during FME. The accuracy of the annual report analysis is argued to be high, as the companies are audited to ensure the portrayal of a truthful picture of the companies' performance. However, as discussed more in section 4.1.2.4 and 4.1.2.6, the goal of the annual report is to provide the necessary information to the company's stakeholders, more specifically shareholders, for them to understand the previous years performance and expectations for the future portrayed in a positive manner. Although the annual reports are audited and the

information should be accurate, it might only describe parts of the picture related to measuring a global mindset, thus making it less accurate for the purpose of the study.

Errors in the data collection from the secondary sources were disclosed in the reported numbers from the databases. E.g Orbis clearly states if the numbers reported are audited, non-audited, or missing necessary information. Thus error in the secondary data collection is argued to not be an issue for the purpose of the study.

4.1.2.3. Currency

Currency relates to the time lag between the collection of data, publication, and the frequency of updates (Malhotra, Birks & Wills, 2012). This is argued to be satisfactory to answer the research question, as the data collected is historic, and it is publicly available information from large MNEs under scrutiny of national and international regulations and organisations. Orbis regularly updates the information about all companies in their database, and disclose the last date each company was updated. One aspect of the data collection that can be criticized is the managers' and CEOs background analysis, as there were large differences in the information available for each manager, and disclosure from Bloomberg in regards to the frequency of updates was not found.

4.1.2.4. Objective

The objective is the purpose for which the data has been collected, and ultimately determines the relevance and usefulness of the data in answering the research question (Malhotra, Birks & Wills, 2012). The objective of the data varies across the four different data collection methods.

Firstly, the CEOs background was collected mostly through Bloomberg's Executive Profiles, which has the aim of providing information to external stakeholders and potential investors about the CEOs of the companies. This objective matches that of this study's data collection, as it seeks to find objective data about MNE characteristics, which can be used to answer the research question in regards to the MNEs performance and presence or absence of a global mindset.

Secondly, the objective of annual reports is to provide information to stakeholders about the company's performance positioning the company in a positive light, while conforming to reporting standards. Thus, the objective of the annual report analysis does not fully match that of the study, as the study focuses on objectively observing the presence or lack thereof of characteristics associated with a global mindset. A result of this is that not all-relevant information about the company's potential global mindset is transparently conveyed in the annual report. Since one of the study's aims is to both explore whether or not it is possible to identify if a company has a global mindset in a quantitative manner, the data provided still gave useful results.

Thirdly, the identification of subsidiary managers nationality was conducted through Orbis, and the objective of Orbis is to provide information about companies according to their availability to those interested in gaining a deeper understanding of different companies. The objective of Orbis and the data collection are thus in alignment.

Lastly, the subsidiary and MNE group sales performance were found from Orbis and Thomson One Banker, and the objective mentioned above still applied. The collected data is considered reliable and useful in finding objective information about the subsidiaries and MNEs performance, necessary to answer the research question.

4.1.2.5. Nature

The nature or the content of the data collected should be evaluated in regards to how it is suitable for answering the research question in regards to the definition of key variables, measurement units and purpose behind the collection of the different types of data, all consistently with the theory review (Malhotra, Birks & Wills, 2012).

The key variables of global mindset and subsidiary performance are clearly defined, explored and argued for in section 4.3. Data variables. In regards to the units of measurement, the use of percentages in the subsidiary sales performance eliminates incomparability across the company performances (ranging from ten thousands to billions), in regard to comparability across subsidiaries and across MNEs.

The data collection for evaluating a firms' global mindset is built around a point system. Points are given to the MNEs in each of the four data collection types

according to the observation of a characteristics associated with having a global mindset, identified from theory. One aspect that can be criticised is that in the annual report analyses, both the reading and Nvivo analysis are giving points for the different aspects of the characteristics, and the numbers of aspects per characteristic vary across the characteristics. For example, characteristic “E. International Assignment and Rotation” policies only has one aspect available for point giving, while “F. Organisational Structure and Processes” has six aspect available for point giving. The rational behind this variation in points given is that according to theory, a company with a fully global mindset should have as many characteristics as possible. Far from all aspects of each characteristics can be observed in an external evaluation of a company mindset, and it is thus important to include all potentially observable characteristics to give a holistic picture of the company’s score, rather than only considering each of the characteristics individually.

In the Nvivo analysis, the total amount of specific word counts are divided by the total word count in the annual report to allow for comparability between the companies. The number is thus present as a percentage, and the rest of the points awarded are in numbers. Thus, the percentages were multiplied by 1000 to allow for comparability, and thus to make the variable useful in the analysis (Please see Appendix 8.4.4. Excel file, sheet 4).

Overall the nature of the secondary data collected and representativeness for analysis is considered to be useful and valid to answer the research question.

4.1.2.6. Dependability

The dependability criteria explores how dependable the data is, based on the expertise, credibility, reputation and trustworthiness of the sources (Malhotra, Birks & Wills, 2012). The main data sources of Orbis and Thomson One Banker for sales performance and identification of relevant subsidiaries is considered to be highly credible and trustworthy, as they are both expert and highly reputable databases; one for company information and the other for financial information.

For the global mindset data collection, annual reports are considered to be experts and reputational in their portrayal of company specific information. Considering the

credibility and trustworthiness of the data, the companies cannot provide fully transparent information in regards to their business proceedings, as certain aspects serve as their sources of competitive advantage. However, the credibility of the information is still considered high, due to the strict accounting standards and auditing. Trustworthiness is considered medium, as the companies are often reluctant to provide in depth detail of negative business outcomes, proceedings and activities in their annual report.

In the identification of MNE CEO background, Bloomberg Executives Profile is considered to be a reputable, credible and trustworthy source of information. However, since Bloomberg is an American company, it is expected to see a bias towards more information about American MNE CEOs, than the European and Asian. In another study it could be recommended to use more sources of data to find information about the executives background to improve the expertise of the source. Wikipedia and LinkedIn was also used in the data collection, and the credibility, reputable and trustworthiness of those sources can be considered quite low, while LinkedIn can be considered as an expert source, the profiles are still created by the individual in question, and Wikipedia is not considered an expert source, although it provides useful information.

Lastly, the different managers of the MNEs subsidiaries were identified through Orbis, which is again considered a reputable, credible and trustworthy source. However in regards to the expertise on the topic Orbis scores lower, as often little information was available on the subsidiary managers, and it varied greatly in quantity across the different subsidiaries.

Conclusively, the quality of the secondary data collection is considered to be adequately high for all six-quality levels, for the purpose of this study.

4.2. Data sample

The sample of companies includes both the MNE as a mother company, and a limited number of their subsidiaries. How they are chosen is explained in detail below.

4.2.1. The multinational enterprises (MNE)

4.2.1.1. MNE selection

The United Nations World Investment report 2014 with the Transnationality Index is used to select the MNEs. The Transnationality Index ranks MNEs by calculating the arithmetic mean of three ratios: ratio of foreign assets to total assets, ratio of foreign sales to total sales and ratio of foreign employment to total employment (UN, 2015). The Transnationality Index was chosen, as it is one of the few means rankings available focusing on the multinationality of a company instead of their performance. The report includes 100 companies from an array of industries. The timeframe of the data collection is set to ten years. This was decided as the last published Transnationality Index at the beginning of the data collection (March 2015) was 2014, concerning firm performances in 2013. In certain cases turnover numbers from 2014 were used for comparability of sales, but the selection of the companies is limited to the period of 2003-2013.

The rationale behind choosing large established MNEs is linked to several reasons. Firstly, from the theory section, a lot of the discussion of global mindsets is related to MNEs and their operations abroad. Aspects of a global mindset such as decentralisation, networks thinking and working in global teams are dependent on the company exceeding a certain size, making MNEs suitable.

Secondly, large established MNEs were chosen to allow for more data collection points. Large MNEs have more subsidiaries than smaller companies, and since the time frame is 10 years, the results are more likely to be representative of the overall subsidiary performance, if several subsidiaries are measured per MNE. The size of the subsidiary sample for MNEs is expected to be distinctively larger than for smaller companies, justifying the selection of large MNEs.

Thirdly, the Transnationality Index was used as the starting point to choose what companies to have in the sample, to allow for an objective selection of companies most likely to have a global mindset. Although it could have been very interesting to explore the global mindset of smaller multinationals, such as born global firms, these were not included in the Transnationality Index. A selection of such companies would

thus have been based on a more subjective evaluation and was therefore excluded in this study. A drawback of having only large and well-established MNEs in the sample is that they have existed for so many years that many of their routines are highly related to their core values. Not all of these companies might necessarily have adapted a global mindset to such a large degree as other, more recently established MNE (e.g. born globals). One could argue that born globals have had to fight harder to enter already saturated markets occupied by the well-established MNEs, and this might indicate that they are more likely to adapt management trends, such as a global mindset, to be more competitive. However, that is a discussion outside of the scope of this study, and the sample consists of large and well-established MNEs chosen through the Transnationality Index.

4.2.2.2. Industry selection

The literature review clearly illustrates that the benefits of having a global mindset, depends on the MNE, and in particular on the industry and the nature of the goods sold. Global and multinational industries have been identified as including automobiles, semi-conductors, packaged groceries, computer and business machines, consumer electronics, pharmaceuticals and telecommunications (Kobrin, 1994; Grant, 2013; Dunning, 2000). The MNEs chosen from the Transnationality Index are all within these industries, ranging from an array of countries. Furthermore, to include an element of comparability in the companies' annual reports, only firms listed on the stock exchange are included.

The industries associated with having a global mindset mentioned above were selected from the Transnationality Index, which included 60 companies within 9 different industries. The industries selected were: 1) Construction, 2) Diversified 3) Electrical and Electronic Equipment, 4) Food, Beverages and Tobacco, 5) Motor vehicles, 6) Pharmaceuticals 7) Retail and trade 8) Textiles, 9) and Wholesale trade.

The other 40 companies in the sample were deselected due to one of three reasons. Firstly, the industries are associated with more ethnocentric approaches to internationalisation as proposed by theory, and are less likely to have characteristics associated with a global mindset, and thus eliminated from the sample. Secondly,

industries such as investment banking, hotels, consulting and finance are not included in the sample although they are often characterised as multi-domestic. The service orientation of those industries makes it difficult to measure their sales performance, as it might not be comparable to that of companies selling goods. The sample is thus limited in this aspect. Thirdly, the oil industry, which can be characterised as global, is also excluded from the data collection mostly due to time and scope limitations of the data collection. Sixty companies were perceived as a large enough starting sample for a study of this size. In another case, it would be highly valuable to include the oil industry in the sample as well.

4.2.2.3. Final MNE sample selection

As described above, one of the rationales behind having large well-established MNEs as a sample is the large number of subsidiaries they have in their portfolio. To make a representative sample of the individual MNEs subsidiary performance, it has been determined that at least five foreign subsidiaries must be incorporated in their portfolio during the chosen time frame of 2003-2009 (required to have 5 years of sales information to calculate CAGR – see data collection p.45 for further explanation). Out of the 60 MNEs only 32 had more than 5 relevant subsidiaries added to their portfolio in the chosen timeframe of 2003-2009, thus the total sample consisted of 32 MNEs. Information about which MNEs that had enough subsidiaries to include in the analysis was found through Orbis, by looking at the date of incorporation of subsidiaries. The MNEs group sales performance was found by using the database Thomson One Banker. Please see below for a more detailed description of how the subsidiaries were selected.

4.2.2. The subsidiaries

The selection of subsidiaries was highly dependent on the given MNEs. The 32 MNEs fulfilled several characteristics:

- 1) Were from a different country than the MNE home country
- 2) Had operating revenues/turnover information available
- 3) An incorporation date between 2003-2009
- 4) Were profit centres, as identified through trade description in Orbis.

Companies that i.e. were focused on R&D were excluded from the sample

The first criterion is chosen as this study concerns whether or not having a global mindset can ease the process of FME. Thus, only firms in foreign markets are chosen. The second criterion is necessary for comparing the performance of the subsidiaries to that of the group performance. Operating revenue is the chosen performance measure, and thus if this information is missing the subsidiary is not eligible for comparison. The third criterion is necessary to ensure comparability of results and validity of results. The chosen overall timeframe is from year 2003-2013. The time period is of this length to be able to say something about the MNE and its subsidiaries performance over a longer period of time, by reducing potential influences of performance fluctuations. As explained in depth in section 4.3.2 the compounded average growth rate is used to measure performance, and it requires five years of performance information. Subsidiaries incorporated after 2009, do not provide performance information for more than four years, and are excluded from the sample. Lastly, the forth criterion is linked to the chosen performance method. Operating revenue is chosen to represent the firms' performance. This being a sales number requires that the performance of the subsidiary be linked to their sales, such as profit centres. Cost centres on the other hand, measure performance on other bases, such as innovative output, number of new licensees and so on if they i.e. are R&D centres. Cost centres are excluded from the analysis to ensure comparability of performance measures.

The nature of the subsidiary collection from Orbis does not distinguish between what type of subsidiary is included, other than the degree of ownership from the MNE. The subsidiaries sample includes only partially and wholly owned subsidiaries, excluding e.g. joint ventures, unless ownership is included in the agreement.

The initial aim in subsidiary sales performance measurement was to only include FME, specified to the entry modes of partially and wholly owned subsidiaries, including green-field investments and acquisitions. However, as the information was incomplete in regards to the first year an MNE first entered a country, the sample includes the incorporation of subsidiaries abroad, not taking into account whether or not it was the first time the MNE established a presence in that country. One can argue that this limits the possible implications of the correlation between a global

mindset and FME, as the performance being measured is not necessarily during a FME, but foreign operations. However, since the incorporation of a subsidiary in a foreign country still requires awareness of cultural, economical, political, environmental differences and different ways of conducting business from the home country, I argue that the results are still valid to draw conclusions or trends.

4.2.3 Critique to sample

The sample critique can be linked to the concept of oversampling of success. Denrell (2003) argues that successes or survivors in specific groups are overrepresented in academia and corporate practices, and thus not representative of the sample as a whole. A sample in general is over-represented by success stories, and underrepresents the failures, as these often don't even make it to the sample. Thus when only choosing MNEs from the Transnationality Index, already representing the success stories in relation to performance, the sample itself is biased towards success stories of performance. Any conclusions drawn from the following analysis are only applicable to other companies of similar size and performance. It would be very interesting in another study to measure the other side of the Transnationality Index, meaning the 100 worst performing MNEs to see how the presence or lack of a global mindset is associated with the companies' FME performance.

Further, the sample does distinguish between the reasons for FME for the different subsidiaries incorporation into the MNE. As discussed in theory, the need for a global mindset depends much on the reason for the FME. The reasons focused on scale and replication, arbitrage and servicing global consumers might have a smaller need for a global mindset than those seeking to gain learning benefits, or strategic advantages (Levitt, 1983, Hamel & Prahalad, 1985, and Grant, 2013). However, in every FME, the MNE still has to deal with people from a different country, with different way of communicating, business processes, time orientations etc. Although the interaction required might not be extensive, interaction still takes place, and one can therefore argue that having certain aspects of a global mindset can aid the MNE in the communication with the subsidiary. Further in such cases one can argue that it is an issue of transaction costs, were the MNE needs to make the decision whether the costs of attaining a global mindset outweigh the benefits potentially gained by reducing the barriers to FME.

4.3. Data variables

There are two main variables in the data collection, a global mindset and subsidiary sales performance. The relationship between the two is examined in the data collection. It is not a study of causality, but correlations between the two variables. The aim is not to see how one affects the other, but to see if the presence of a global mindset is associated with that of higher performance during FME. To see this, a two-times-two matrix is created based on high/low performance and high/low global mindset, positioning each of the MNEs in the matrix. A causal study would be incredibly interesting to conduct, but it is almost impossible to isolate the different variables, to exclude the effects of other activities. How the variables are measured is explained in detail below.

4.3.1. Measuring a global mindset

To measure if a firm has a global mindset from an external point of view does offer challenges, as many of the characteristics, e.g. “acceptance of complexity and its contractions”, are not easily observable from annual reports. The list of characteristics describing a company with a global mindset is quite comprehensive, and there are variances according to the specific industry, firm and country of origin in how these characteristics are portrayed and emphasised in annual reports. Thus, to measure if a company has a global mindset, a comprehensive list of the aspects of global mindsets, as identified in theory, is created (see Data Collection 4.4.2 for the characteristics).

There are several ways in which one can give out points to measure the global mindset characteristics. One can rank each characteristics from e.g. 1-10 according to how dominant or present the characteristic is, make it a relative number compared to the total amount of characteristics observed and so on. However, a ranking for example of the degree of presence of a characteristic is highly subjective in nature. Therefore, to avoid or reduce the level of subjectivity in the measurement of a global mindset, points per aspect of a characteristic are given.

The measurement of a global mindset is further divided into four types of data collection. Firstly, the individual mindset of the MNEs CEOs are explored and given points according to their presence. A total of three points are possible to achieve per MNE, represented by the CEO's nationality, education, and work experience abroad.

Secondly, the corporate global mindset is explored from the readings of MNE annual reports. Here the different aspects of the characteristics are given points for their presence, and the maximum number of points achievable is 30 points. Thirdly, the annual reports are analysed via Nvivo, measuring the relative presence of words associated with global mindset characteristics to the total word count of the annual report. Since this is a relative number there is no roof on the maximum number of points to give, as these are percentages. However for the sake of comparability, the percentages are multiplied by 1000 and one can argue that the maximum points given are 10 points. Lastly, the specific aspect of a global mindset characteristic, being the relationship between subsidiaries and headquarters is measured. The nationality of the subsidiary managers is reviewed and given up to 1 point, as this data collection concern one aspect of a characteristic of a global mindset.

Once these points are given, they are summarised and represent the MNEs global mindset on a scale from 0-44.

4.3.2. Measuring FME performance

There are many ways to measure the performance related to FME, such as market share, profit from foreign location, income from foreign location and sales per foreign location. However it is rare that MNEs report these numbers per country (which is necessary for comparability of data due to differences in accounting and reporting standards), and the performance measure in this thesis is operating revenue or turnover or sales per country. The growth in subsidiary sales is then compared to the growth in the overall group sales, to see if the subsidiary under- or over-perform. The growth in sales is measured by the compounded average growth rate (CAGR) of a three-year period, for the first years of the subsidiary's incorporation in the MNE (Financial dictionary, 2015).

Figure 2: Formula for calculating CAGR

$$CAGR = \left\{ \frac{\text{Ending value}}{\text{Beginning value}} \right\}^{\left(\frac{1}{\text{Nr of years}} \right)} - 1$$

CAGR is more representative of the performance during FME, as profit and income are affected by the financing of the situation, how the firms reports income and

expenses, accounts, receivables and payables and so on, which can vary from accounting standards across time and countries. Thus sales growth in a foreign market compared to the sales growth of the MNE as a whole is a suitable indicator of the performance of the FME process.

Once the subsidiaries sales growth, in comparison to the MNE on a compounded three-year basis is calculated, it is necessary to combine these into one comparable number. The median is a good measure in this case. The average value is not representable of the subsidiaries performance, as these can vary greatly from very high, to very low values, depending on if the incorporation of the firm was a greenfield investment, or a takeover. The median however is the middle value separating the high and low end of the sample, avoiding the inclusion of extreme performances. The presentation of MNEs subsidiary sales performance in the data collection (Table 10, p. xx) is as the Median value of the subsidiaries CAGR, in comparison to the overall group.

4.4. Data collection

The data collection for the different characteristics is divided into four different types of data collection. First, the individual mindset of the MNEs CEOs is examined. Second, an annual report analysis is conducted based on reading, including the different aspects of a corporate mindset, some more prominent and easily observable than others. Thirdly, Nvivo is used to provide a data collection of a more objective nature, by measuring the corporate characteristics through relative word counts and presence of specific terms in the annual reports. Lastly, the subsidiary managers nationality is examined through Orbis, to further gain information about the MNEs subsidiary-headquarter relationship.

The categorisation of the global mindset characteristics is inspired by Felício, Caldeirinha & Navarrete (2015) and it separates individual and corporate characteristics. In their model they include e.g. characteristics of cognition and knowledge on an individual level, and these are hard or almost impossible to observe through face value scanning of public company documents. I have thus modified the characteristics to be more inclusive of the different aspect identified by several academics in the literature search, and the characteristics are discussed in their

relevant data collection section below. More importantly it is necessary to acknowledge that from the theory review it is clear that there are many different characteristics of a global mindset, varying in importance according to the author and purpose at hand. The categorisation presented here is not a comprehensive list of all the characteristics of a global mindset. Instead it is a list focusing on the characteristics that should be measurable from an external point of view, specifically related to having a corporate global mindset.

4.4.1. CEO's individual mindset

The only part of the data collection that considers the individual mindset of the MNE managers is this section.

Characteristic A. Managers international experience and training

The observable characteristic on an individual level is the managers' international experience, willingness to work abroad and training or education of the manager. The aspects of this are related to educational backgrounds from universities, training and education taking place on the job, and offered or sponsored by the MNE.

To measure characteristic A, the CEO's international experience and training was measured on three levels, firstly whether their nationality was the same or different to that of the home country for the MNE. If the CEO was from a host country, a point was awarded. Secondly, the educational background of the CEO was considered, again awarding one point if they had conducted parts of their education abroad. Lastly, the CEO's work experience was evaluated, and awarded a point if they had spent a period of their career in a foreign country. All of this information was gathered through Bloomberg's executives' profile, LinkedIn, Wikipedia or company websites.

The CEO of the MNE's were often switched during the set time period. The measurement period was defined as one year in advance of the first year of subsidiary data for the MNE till 2013, to allow for the CEO's to make impact on the strategic direction of the companies. There were several CEOs for certain MNEs and the awarded points were therefore made into relative numbers, to maintain a maximum number of four points per MNE. Information in regards to management and

international business training on the job was very difficult to find, and is not included in the data.

Table 5: Individual managers global mindset research data collection outcome

	Nationality (1)	Education (1)	International Experience (1)	Training (1)	Points (/4)
Nestlé	F (1)	H/F (0,5)	Yes (1)	-	2,5
Vodafone	F (1)	H/F (0,5)	Yes (1)	-	2,5
Carrefour	F (1)	F/H (0,5)	Yes (1)	-	2,5
GlaxoSmithKline	H/F (0,5)	H/F (0,5)	Yes (1)	-	2
Telefónica	H (0)	F (1)	Yes (1)	-	2
Unilever	H/F (0,5)	H/F (0,5)	Yes (1)	-	2
Pepsico	H/F (0,5)	H/F (0,5)	Yes (1)	-	2
Christian Dior	H (0)	F (1)	Yes (1)	-	2
AstraZeneca	H/F (0,5)	H/F (0,5)	Yes (1)	-	2
Roche	H (0)	F (1)	Yes (1)	-	2
Sony	H/F (0,5)	H/F (0,5)	Yes (1)	-	2
Siemens	H/F (0,5)	H/F (0,5)	Yes (1)	-	2
Novartis	H/F (0,5)	F/H (0,5)	Yes (1)	-	2
Daimler	H (0)	H/F (0,5)	Yes (1)	-	1,5
Samsung	H (0)	H/H/F (0,33)	Yes (1)	-	1,33
BAT	H/F (0,5)	H (0)	Yes (1)	-	1
BMW	H (0)	H (0)	Yes (1)	-	1
GM	H (0)	H (0)	Yes (1)	-	1
Mondelēz	H (0)	H (0)	Yes (1)	-	1
Caterpillar	H (0)	H (0)	Yes (1)	-	1
P&G	H (0)	H (0)	Yes (1)	-	1
Mitsui & Co	H (0)	H/F (0,5)	Yes/No (0,5)	-	1
Philips	H (0)	H (0)	Yes (1)	-	1
Sanofi	H/F (0,5)	H (0)	Yes/No (0,5)	-	1
Honda	H (0)	H (0)	Yes (1)	-	1
Sumitomo	H (0)	H (0)	Yes (1)	-	1
Marubeni	H (0)	H (0)	Yes/No (0,5)	-	0,5
Teva	H (0)	H/F (0,5)	No (0)	-	0,5
Itochu Co	H (0)	H (0)	No (0)	-	0
Merck	H (0)	H (0)	No (0)	-	0
Volkswagen	H (0)	H (0)	No (0)	-	0
Tesco	H (0)	H (0)	No (0)	-	0

*Home country = H, Foreign country = F

A critique to this data collection is that the amount of data available for each CEO varied greatly. The high profile multinationals from the west had extensive information readily available on their CEOs, while the information about the Asian

MNEs was much more restricted and condensed. This was specifically related to their educational background and work experiences abroad.

Measuring the CEOs cultural awareness, interest, acceptance of differences and open-mindedness could be very interesting to analyse on an individual managers level. However, from the limited information available, and the large variety in information available made it difficult to do this from an external viewpoint. One could argue that such traits can be found in CEOs who have been working or taking parts of their education abroad, but it is not possible to isolate or prove the causality of the relationship, only the potential correlation. Thus these characteristics are explored on a corporate level only, and information – if available – found from annual reports.

4.4.2. Annual report data collection based on reading

The annual report reading data collection was conducted once per MNE, for the report a year in advance of the first reported subsidiary sales performance for the MNE. The measurement was conducted on the basis of eight corporate global mindset characteristics (outlined below). Their presence was identified or not identified in the annual reports, giving one point per identification of the different aspects of each characteristic. Within each of the characteristics there can be several different aspects contributing to the overall characteristics. The potentially observable aspects are defined per characteristics, and given a point when identified. The characteristics and corresponding aspects are as follows:

Characteristic B. Cultural awareness

This characteristic is related both to an understanding and acceptance of cultural differences, but also to knowledge concerning different cultures, histories and how to manage cultural diversity. It is generally characterised as being aware of diversity across countries, markets, business and cultures, and are curious and concerned with how this relates to specific contexts.

To measure this in the MNE, annual reports are read carefully. More specifically information regarding values is focused on, to see their approach to handling different cultures related to the MNEs awareness and knowledge of cultural differences. This is in particular found by looking at attitudes towards foreign cultures, language used,

how offerings are changed according to new market preferences when necessary etc.

The identified aspects of characteristic B open for point awarding are identified to be:

- B.1. Attitudes toward foreign cultures (cultural differences)
- B.2. Taking changes in market preferences into consideration

Characteristic C. Cultural interest

Another aspect of culture is the company and manager's interest and passion for cultural differences, and their quest for global adventure. Cultural diversity is perceived very positively and even actively sought after in creating teams and business opportunities. Managers should be able to create emotional connections with people from other cultures and be willing to work in collaboration on projects.

To measure this in the MNE, the annual reports are read carefully, more specifically information concerning their values and business development to see their approach. Further, it is an overall evaluation of articles or stories of business activities abroad, and how these are described, in regards to attitude and language used in describing international activities and assignments. The identified aspects of characteristic C open for point awarding are identified to be:

- C.1. References to cultural difference in positive/negative way
- C.2. Quest for global adventure
- C.3. Stories about business adventures abroad
- C.4. Attitude toward international assignments

Characteristic D. Acceptance of differences and open-mindedness

This is related to how accepting a company and managers are towards people of different backgrounds as well as the complexities and contractions of business in different countries on an overall level. It is the appreciation of differences, including open-mindedness, respect and imagination. It requires that the company and managers are conscious about diversity, and the need to treat certain issues sensitively. From a psychological perspective the profile of managers and the company can be described as being self-efficient, optimistic, hopeful and resilient. A cosmopolitan attitude might also be present, revealed through positive attitudes towards international affairs, downplaying the significance of nationality and willingness to accept good ideas regardless of where they come from.

To measure this in the MNE annual reports are read, especially thoroughly in the annual reports sections including stories about different operations abroad. The identified aspects of characteristic D open for point awarding are identified to be:

- D.1. How accepting a company is towards people of different backgrounds
- D.2. Appreciation of differences, open-mindedness, respect and imagination are key words
- D.3. Require consciousness about diversity, and need for sensitivity
- D.4. Optimistic, self-efficient, hopeful and resilient managers

Characteristic E. International assignments and rotation policies

This can be measured by the presence of international assignments and job rotation opportunities at different levels in the organisation. It includes how open the MNE is towards rotations from headquarter to subsidiary locations, as well as from subsidiary locations to headquarter. It also includes cross-divisional and cross-country teams working on specific assignments.

To measure these characteristics annual reports are read, specifically in the section aimed at the description of the company's people or employees. The identified aspect of characteristic E open for point awarding is identified to be:

- E.1. Descriptions of job rotation preparation, training and education about international and global business

Characteristic F. Organisational structure and processes

A characteristic of firms with global mindsets is that they have a clear corporate vision, related to their international operations. Further they are often organised as a flexible and responsive organisation, as they are aware of the complexities of conducting business abroad and trust the organisational processes. There is clarity in hierarchal structures across the organisation, and constant adaptation of technologically advanced products and services. MNEs with global mindsets often operate with distributive management and decentralisation of responsibilities from headquarters to different divisions and local units. Such a management style is put in place to foster resource sharing through representations, interpretations and systems

of shared meaning among different parties in the organisation. MNEs with global mindsets often have centres of excellence across countries and communities of practice to share and develop knowledge.

To measure the characteristic, the annual reports are read, in particular to see how the organisation is structured, organisational transformations through the years, and the attitude from management in regards to the trade-off between control and coordination. The identified aspects of characteristic F open for point awarding are identified to be:

- F.1. Clear corporate vision related to international operations
- F.2. Flexible organisation, aware of complexities of international business
- F.3. Clarity in hierarchical structures across organisation
- F.4. Distributive management/Decentralisation from HQ
- F.5. Centres of excellence across countries
- F.6. Measure on subsidiary structure: is it high value adding activities in subsidiaries or is the business rationale cost saving?

Characteristic G. Organisational systems or networks thinking

A second characteristic related to the organisation is MNE integration in networks and understanding of systems thinking. Knowledge of global value networks is necessary to understand how to build global value networks, strategic alliances and teams essential for the firms' global strategy. MNEs also understand the value an individual occupies in a network and how he or she is provided access to information. Attitudes such as trust and trustworthiness in the network are common.

To measure the characteristic annual report are read, however it is far from an easy task to identify this characteristic based on external information. An attempt is made, and the identified aspects of characteristic G for point awarding are identified to be:

- G.1. Working in global teams or networks
- G.2. Looking at the presence of strategic alliances (between companies)
- G.3. Presence of trust/trustworthiness in networks

Characteristic H. Subsidiary – Headquarter relationship, Glocal mentality

MNEs with global mindsets are characterised by their complex organisation with increasingly independent business units, regardless of location, focusing both on local and global objectives. They understand the tension between global efficiency and local effectiveness, the global implications of local decisions and the importance of having global inclusive visions and finding common views in the organisation. Core managerial teams lead such policy development of a glocal mentality, and needs to be activated from the top, before its implementation in the lower levels of the organisation.

To measure this characteristic, annual report are read looking for the mentioning of how the subsidiary-headquarter relations are constructed, what nationality the subsidiary managers have (this aspect is individually address in section 4.4.4) and in general how the strategy balances global and local initiatives. The identified aspects of characteristic H open for point awarding are identified to be:

- H.1. HQ understands the tension between global efficiency and local effectiveness
- H.2. Global impact of local decision
- H.3. Inclusive visions and common findings in the subsidiary
- H.4. Glocal mentality

Characteristic I. Knowledge about global business

A characteristic of MNEs with global mindset is that they have extensive knowledge about how to conduct global business, and the business environment in general. They possess knowledge related to global business, competitors and industries, economic, political and institutional systems, how to transact business in different parts of the world, and how to scan the world for trends and opportunities. Further they can use this knowledge to define challenges and opportunities from multiple and diverse perspectives, and find appropriate solutions. They are able to bridge and integrate among multiple perspectives and can hold conflicting views. They are consistently committed to a global strategy, and this is apparent in all parts of the business.

To measure this aspect, annual report are read, however this is the characteristic that is the most difficult to measure in the data collection. An attempt is made by looking at statements in regards to the overall company strategy, vision, and top management

statements concerning their commitment to internationalisation. The identified aspects of characteristic I open for point awarding are identified to be:

- I.1. Possess knowledge related to global business, competitors, industries, political and economical situations
- I.2. Scan the world for trends and opportunities from multiple perspectives
- I.3. Pursuing emerging market opportunities in all corners of the world

Characteristic J. Belief in continuous improvement potential

A common factor in MNEs with global mindsets is the focus on continuous improvement. They have an analytical posture and behaviour towards customers, marketing, planning and an attentiveness to technological innovation and new products, that allows them to be successful in their value propositions across markets. Their risk taking posture is oriented around a continuous search for new products and adaptation of existing products, to better meet consumer needs in different markets.

Although this is a common characteristic in firms with global mindset, it is not a trait that is isolated to having a global mindset. This is a general aspect of strategy and corporate visions in some of the strategic orientations in today's business environment. The trait is not included in the data collection because of this.

K. Long term perspective

MNEs with global mindsets are characterised as having a strategic posture with a long-term perspective. They plan for the future to ensure optimal global resources and market conditions, to best achieve economies of scale.

Similar to the characteristics of a belief in continuous improvement, having a long-term perspective is a management trend, and not specifically isolated to having a global mindset. It is also the matter of cultural differences in regards to their time orientation, with certain cultures preferring short term thinking to long term planning (Gudykunst & Kim, 2003). This characteristic is thus excluded from the following data collection as well.

The results of the reading of the annual report and the point awarding of the different aspects of the characteristics of a global mindset are shown in Table 7. To see the individual division of points per MNE, please see Appendix 8.4.3, (from USB).

Table 7: Annual report reading outcome

COMPANIES	Score
BMW	15,00
Carrefour	14,00
Unilever	14,00
Itochu Corporation	14,00
Pepsico	12,00
Novarits	12,00
Daimler	12,00
Sumitomo	11,00
Caterpillar	11,00
Sanofi	11,00
Honda	11,00
GM	10,00
AstraZeneca	9,00
GlaxoSmithKline	9,00
Telefónica	9,00
Nestlé	9,00
Samsung	9,00
Philips	9,00
Volkswagen	9,00
BAT	8,00
P&G	8,00
Vodafone	8,00
Mondelēz	8,00
Roche	7,00
Mitsui & Co	7,00
Marubeni	7,00
Siemens	6,00
Christian Dior	6,00
Sony	6,00
Merck	6,00
Teva	5,00
Tesco	5,00

There are certain aspects of this data collection that can provide misleading results. Firstly, the year of the analysed annual report varied from 2002-2006 for the companies. Within this period, large changes took place in how a company should write its annual report, and what the focus should be, exemplified by the introduction of the IFRS standard from 2002 and onwards, varying between countries.

Secondly, although the IFRS standard was introduced to align the content in annual reports, the focus varies from country to country on the softer characteristics of an annual report, which are being examined in this thesis. This is because the IFRS is open to interpretations on certain aspects and are thus influenced by the home-country accounting and reporting standards in their content and focus. Thus the length, storytelling, and insights given into the business varied greatly from company to company. Further, as not all companies wrote annual reports the same way, a couple of the annual documents were annual reviews (as no annual report was available) and were much shorter in length.

Thirdly, there are clear differences in the focus from the different industries as well in their annual reports. The motor-vehicle and pharmaceutical companies explain in depth their different products and innovative improvements, whilst retailers and diversified companies are more concerned with their market presence in different countries, and how the different portfolios are adjusted, expanded or contracted according to market shifts and preferences. Just because the annual report is discussing the innovative improvements does not mean that the company does not value and possess characteristics associated with a global mindset. Those characteristics are most likely less important to stakeholders, who are the main audience for annual reports and hence not included. As the research contains many different companies, one could argue that some of the differences can be attributed to industry differences, and not necessarily the presence or lack of a global mindset.

Lastly, since this was a subjective reading through the reports, what I define as e.g. an example of a cultural awareness or interest, might not match that of another researcher, and it is plausible that other outcomes would be reached if the data collection was conducted again.

4.4.3. Annual report data collection from Nvivo

The eight characteristics of a corporate global mindset (B-I) from section 4.4.2 are also measured more objectively, through Nvivo, a data analysis software. Nvivo is used to count the number of times words - representing the different aspects of a characteristics - are present in the different annual reports. The summarised word

count is then converted into a relative number according to the total word-count for the annual report. Please see Appendix 8.1 for a detailed list of all the words searched for per aspect of characteristics of a global mindset. The outcome is shown below:

Table 8: Nvivo data collection outcome

Companies	Nvivo points
Carrefour	2,47
Unilever	2,10
Pepsico	3,54
BMW	1,92
Novarits	1,80
BAT	6,86
Itochu Co	1,85
Daimler	1,89
Sumitomo	2,75
P&G	5,27
Astra Zeneca	3,31
Caterpillar	1,76
Sanofi	1,02
Vodafone	2,65
Honda	1,08
GM	1,43
Siemens	4,56
GlaxoSmithKline	1,58
Telefónica	1,54
Nestlé	0,60
Samsung	2,18
Philips	1,30
Volkswagen	2,16
Mondelēz	1,63
Roche	1,31
Mitsui & Co	2,38
Christian Dior	1,85
Marubeni	2,38
Sony	1,64
Teva	1,50
Tesco	2,54
Merck	0,55

When Nvivo shows the search-results, words that can have several meanings were scanned in regards to their context, and only those related to characteristic at hand were included. E.g. the word sensitivity can be used in regards to the MNEs

sensitivity to different cultural practices or in relation to financial sensitivity regarding fluctuations in exchange rates.

The search criteria of International training and assignments gave zero search-results for all the companies, thus it is likely that to find more information in regards to this criteria one needs more in-depth knowledge of the firm, than what is available in annual reports.

Due to similar limitations as mentioned in the above section, there are large differences in the way the annual report is constructed that can distort data. This is mainly in regards to two elements, being length of total report (varying from 23 to 390 pages) and focus on financial reporting vs. business activity reporting. By the use of relative numbers the effect of the differences are diminished, but it still distorts the data at the far ends of the scale.

4.4.4. Subsidiary-Headquarter relationship – nationality of subsidiary managers

Characteristic H - the relationship between the subsidiary and headquarters and the presence of a global mindset taking local preferences into consideration while working at a global scale - was additionally evaluated separately from the annual report analysis. This was done by measuring the nationalities of subsidiary managers as being host, foreign or home for the MNE. The data was found from Orbis, and due to a lack of consistent data, some were based on name identification (i.e. a Japanese name vs. a Spanish name vs. German) in identifying it as a host, home or foreign nationality. This includes an aspect of subjectivity, but due to limited data availability of the subsidiaries managers, it was the only way to collect data for all subsidiaries and MNEs. Points were appointed for subsidiaries with managers with the same nationality as the subsidiary country, or from other countries different to that of the MNE home country. The managers were a mix of executive managers according to what was reported for the company, as a relative number out of 1. The outcome is as follows:

Table 9: Nationality of Subsidiary Managers Data collection outcome

Companies	Nationality of subsidiary manager (/1)
Mondelēz	1,00
Nestlé	1,00
Pepsico	1,00
Philips	1,00
Teva	1,00
P&G	0,92
GM	0,91
Sanofi	0,90
Novarits	0,88
Caterpillar	0,83
Roche	0,83
Merck	0,75
Vodafone	0,74
Daimler (2004)	0,73
Siemens	0,73
Sumitomo	0,73
Volkswagen	0,69
BAT	0,68
Honda	0,67
Itochu Corporation	0,67
Unilever	0,67
Christian Dior	0,66
Mitsui & Co	0,66
AstraZeneca	0,64
GlaxoSmithKline	0,64
Sony	0,63
Telefónica	0,60
Marubeni	0,57
Tesco	0,42
Samsung	0,39
Carrefour	0,18
BMW	0,08

4.4.5. Subsidiary sales performance

The subsidiary sales performance is measured and the outcome is showed in Table 10 in Section 4.4.6. The MNE operating revenue is collected from Thomson One Banker and the subsidiaries operating revenue is collected via Orbis. Each MNEs subsidiary performance is measured by their yearly operating revenue, and the chosen MNEs had minimum five subsidiaries added to their portfolio in the given time period. Further, to calculate CAGR, it is necessary with at least 5 years to get the three-year average

growth rate, thus, subsidiaries created after 2009 are not included in the data. Lastly, the sales performance of the MNEs in relation to FME displayed in Table 10 is the median CAGR values of the subsidiaries sales performance compared to the MNE group sales performance.

There were some limitations to the data collected that one needs to be aware of. Firstly, although initially the aim was to measure performance during FME, that is not what the data allowed for. Instead the creation or takeover of a subsidiary abroad is considered, not differentiating between it being the first time the MNE entered the given country, or if it had been present for several years. Ideally, one could construct the data collection in such a way, but it would require data from other sources than those used in this data collection, which was not in the scope of this research.

Secondly the sales performance of a subsidiary varies greatly depending on it being a new establishment or takeover of an existing company. There is a value in measuring both type of subsidiaries existence, but when comparing with the MNEs group performance one can expect that the growth in subsidiary operating revenue during a new establishment will significantly exceed that of the group level. Since the mix of subsidiaries includes both - and without the information to identify which is what - the line distinguishing between high and low performance is set to 10% not 0%. Thus if the average three-year growth in subsidiary sales performance compared to the MNE is above 10% it is considered to be high performance.

Thirdly, due to changes in accounting standards, some of the companies have varying accounting years that overlap (going from reporting e.g. the 30.06. to the 31.12). Attempts have been made to ease the differences when this happened in subsidiaries, however it does mean that some of the numbers are not fully comparable (each incident of broken accounting is mentioned per MNE, please see Appendix 8.4.1, from USB, for more information).

Fourthly, one of the requirements for the selection of the subsidiaries was that they were profit centres. This information was not readily available from Orbis, and was therefore based on the trade description of each company. The information presented in the trade description from Orbis varied in quantity. It was thus easy to identify

certain subsidiaries to be profit centres, but others with less or no information were difficult to assess. When no information was given, the operating revenue development of the subsidiary was reviewed, and if it acted according to what is expected in a profit centre, more specifically growing over time (with some fluctuations according to e.g. financial crises'). Thus, it is not 100% certain that all the subsidiaries in the sample are profit centres, as the evaluation included an aspect of subjectivity. In another study, a more in depth search of the nature of the subsidiaries would improve the sample.

Fifthly, the selection of subsidiaries is based on them being from another country than that of the origin of the MNE. However, certain countries are very similar and hold strong business ties, reducing the barriers of FME. An example could be that for Carrefour, a lot of the subsidiaries were from Belgium, and Belgium and France share many similar characteristics and close co-operations in business, due to e.g. them sharing the same language and geographical proximity. In another study, it could have been interesting to "rate the degree of foreignness" of the FME. A French company moving to China will most likely encounter more barriers related to the FME than if moving to Belgium, and the rating of the performance should be adjusted accordingly.

Lastly, the MNE group performance sometimes did not include all the consecutive years 2003-2013. This did not allow for a full comparison of the subsidiaries performance and the MNE group performance. If all the years were listed, the outcome might have been different. However, when this happened, the sample was often of a significant size, and not considered to have highly affected the overall outcome.

4.4.6. Combined data collection

The above five data collections show some interesting outcomes, and by putting them together the concept of measuring a global mindset for a MNE has been covered. The numbers are changed to be compatible across the different dimensions.

Table 10: Global mindset characteristics vs. foreign subsidiary sales performance

COMPANIES	Year	Country	Industry	Sales performance	Global mindset
Carrefour	2004	France	Retail & Trade	61,52 %	19,14
Unilever	2006	UK	Diversified	8,27 %	18,77
Pepsico	2005	US	Food, beverages & Tobacco	9,21 %	18,54
BMW	2003	Germany	Motor vehicles	4,39 %	18,01
Novarits	2004	Switzerland	Pharmaceuticals	19,98 %	16,68
BAT	2004	UK	Food, beverages & Tobacco	17,41 %	16,53
Itochu Co.	2005	Japan	Wholesale trade	3,78 %	16,52
Daimler	2003	Germany	Motor vehicles	10,03 %	16,12
Sumitomo	2003	Japan	Wholesale trade	39,26 %	15,48
P&G	2002	US	Diversified	24,14 %	15,18
AstraZeneca	2002	Swedish/UK	Pharmaceuticals	14,42 %	14,95
Caterpillar	2005	US	Construction	21,28 %	14,59
Sanofi	2002	France	Pharmaceuticals	29,19 %	13,92
Vodafone	2005	UK	Telecommunications	26,78 %	13,89
Honda	2004	Japan	Motor vehicles	33,40 %	13,75
GM	2004	US	Motor vehicles	17,27 %	13,34
			Electrical & electronic		
Siemens	2003	Germany	equipment	36,32 %	13,30
GlaxoSmithKline	2005	UK	Pharmaceuticals	6,48 %	13,22
Telefónica	2005	Spain	Telecommunications	4,91 %	13,14
Nestlé	2004	Switzerland	Food, beverages & Tobacco	10,80 %	13,10
			Electrical & electronic		
Samsung	2005	South Korea	equipment	10,98 %	12,90
			Electrical & electronic		
Philips	2005	Netherlands	equipment	27,89 %	12,30
Volkswagen	2004	Germany	Motor vehicles	23,72 %	11,85
Mondelēz	2005	US	Food, beverages & Tobacco	20,92 %	11,63
Roche	2004	Switzerland	Pharmaceuticals	15,87 %	11,14
Mitsui & Co	2002	Japan	Wholesale trade	27,20 %	11,04
Christian Dior	2004	France	Textiles	10,58 %	11,01
Marubeni	2004	Japan	Wholesale trade	-0,75 %	10,45
			Electrical & electronic		
Sony	2002	Japan	equipment	34,88 %	10,26
Teva	2004	Israel	Pharmaceuticals	51,10 %	8,00
Tesco	2005	UK	Retail & Trade	57,28 %	7,96
Merck	2003	US	Pharmaceuticals	6,10 %	7,30

4.5. Data analysis

The data analysis is constructed around a two-times-two matrix with two dimensions. One being the MNEs global mindset or lack thereof and the other being high or low subsidiary sales performance compared to the group. The analysis contains different descriptions of how the MNEs are positioned in these four quadrants, and how the results change as the axis-intercepts change. Further, differences between industries, nationality of MNE and year of annual report analysis are discussed to see if there are any tendencies of subgroups having a high or low level of subsidiary sales performance or global mindset.

5.0. Analysis

The analysis is mostly of a descriptive nature and follows the structure set out in section 4.5 Data Analysis paragraph above.

5.1. Overall result

Overall the results appear to confirm the hypothesis of firms having a high global mindset also being better prepared for FME, showed by higher subsidiary sales performance than the group performance. The number of MNEs identified to have a higher subsidiary sales performance than the MNE is 24, representing 75% of the sample, versus 7, or 25% of the sample, with lower subsidiary sales performance. In regards to having a global mindset, 28 MNEs representing 87,5% of the sample were identified as having a global mindset, versus 4 or 12,5% of the MNEs not having a global mindset. More specifically the largest quadrant is Quadrant 2, with high global mindset and high subsidiary sales performance representing 62,5% (20 MNEs) of the samples. It is followed by Quadrant 1 with high global mindset and low subsidiary sales performance at 21,9% (7 MNEs), Quadrant 4 with low global mindset and high subsidiary sales performance at 12,5% (4 MNEs) and lastly Quadrant 3 with low global mindset and low subsidiary sales performance at 3,1% (1 company). As you can see from Graph 1, the majority of the MNE are located in the Quadrant 2, with a large distance to the next Quadrant. One can thus argue that the Transnationality Index is a good starting point for choosing MNEs with a higher tendency for having a global mindset.

It is necessary to keep in mind that the chosen axis points reflect a subjective evaluation of where the interceptions should be, specifically in regards to having a global mindset or not. Ten points was identified as being a suitable distinction point from my understanding of the different companies global mindset characteristics, and having less than ten points indicate a smaller focus and attention to a global mindset. This is a subjective evaluation, but based on an understanding of what it means to have a global mindset created through the theoretical review.

The four types of data collection combine the maximum number of points reachable for a global mindset. For the individual global mindset characteristics, maximum three points could be given. For the reading of annual reports the maximum number of points given was 30. For the Nvivo analysis one cannot give a maximum number of points, as it is the number of times words related to characteristics identified with a global mindset divided by the total word count of an annual report appears. For the sake of comparability and the results from the data collection, the maximum number of points is set to 10. Lastly, for the subsidiary-headquarter relationship, identified through the subsidiary managers nationality, maximum one point could be given. In total this adds up to a maximum of 44 points.

From the analysis, the maximum points appointed to a MNE was 19,14 (Carrefour), which is less than half of the maximum amount of points reachable. This indicates three things. Firstly, although some aspects of the characteristics associated with a global mindset were observable and measureable in this external evaluation of a company's overall mindset, far from all characteristics can be measured in such a way. Companies do not portray all relevant information to determine their mindset in their annual reports, and other sources should also be examined. These can be other external documents, and if collecting data for the same year, websites. Most likely, qualitative measures are necessary to gain a full picture of a company's mindset.

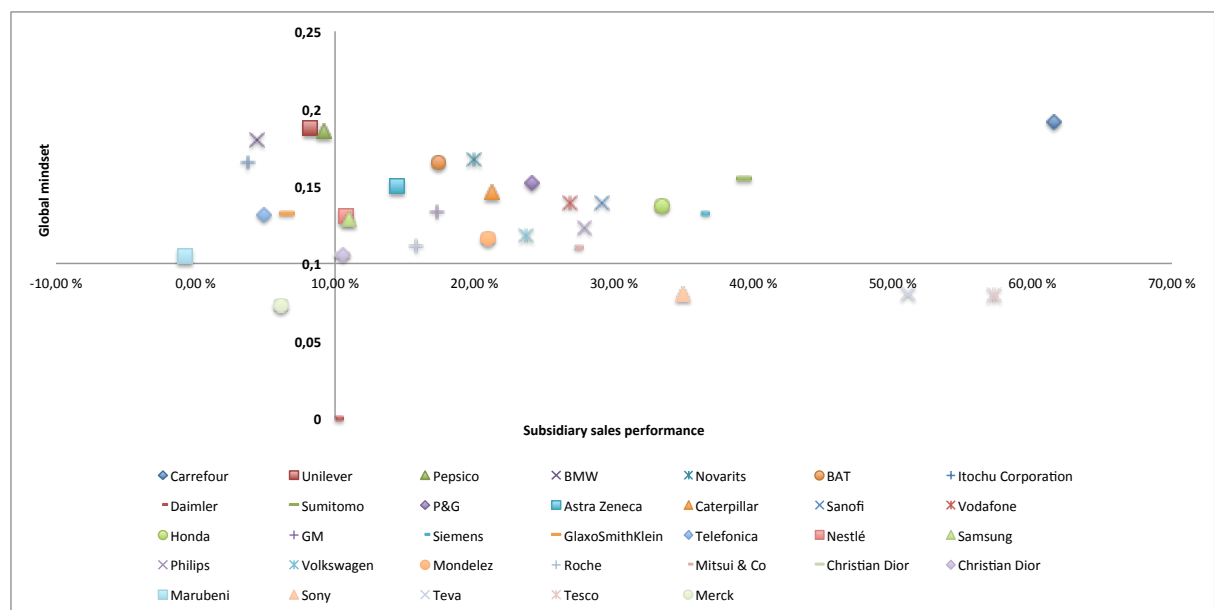
Secondly, one could argue that the MNEs selected in this data analysis do not portray high levels of global mindsets. This can be because a global mindset was not a prevalent business trend and management practice at the time of data analysis (2002-2006). Another cause could be that the Transnationality Index was not suitable in

identifying companies with a global mindset. Lastly, a cause could be that the defined characteristics are not suitable to identify if a company has a global mindset or not.

Lastly, one could argue that the data collection follows the bell shaped curve from theory concerning to the positive effect of a global mindset on performance. Having a global mindset is supposedly positively associated with performance up to a certain point. After that the costs of having a global mindset exceed the benefits, negatively impacting performance. From the data collection one can see that three out of the four highest scoring MNEs with a global mindset are considered to have a low subsidiary sales performance, potentially indicating that somewhere around 18-19 points the costs of maintaining and building a global mindset exceed the benefits. The sample is too small to say anything representative of the whole population, but it is an interesting finding. Especially since the sample itself is exposed to a sampling bias, due to an oversampling of success stories (Denrell, 2003), which most likely excludes companies who have overinvested in building their global mindset and thus potentially suffered from a weak performance.

Having taken these things into consideration, the results still offer enough insight to draw some conclusions in regards to quantitatively measuring a global mindset, and whether or not having a global mindset can improve performance during FME.

Graph 1: Global mindset characteristics vs. foreign subsidiary sales performance

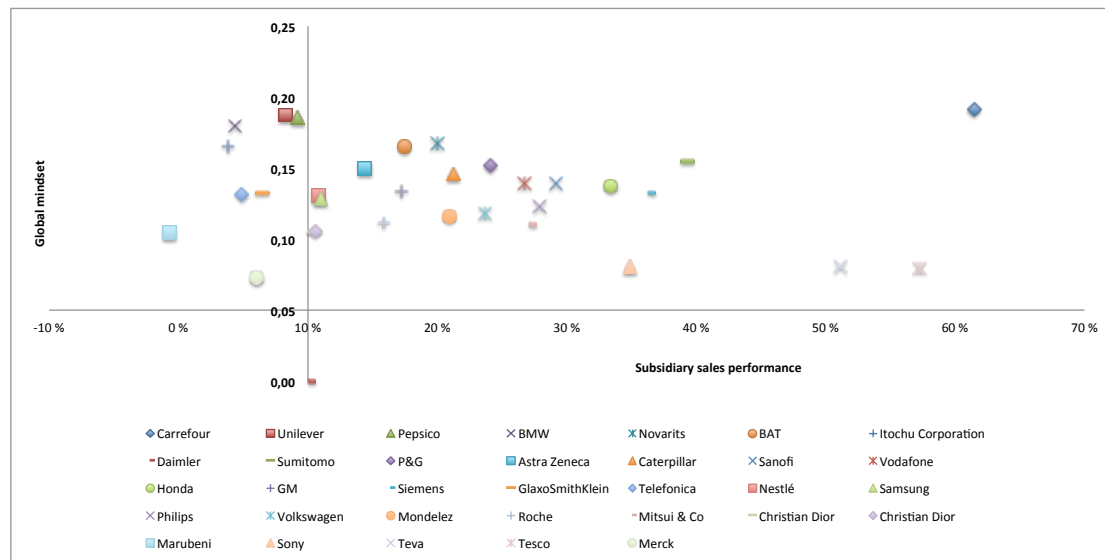


5.1.1. Effect on result of different axis interceptions

To question the above results, the y-axis intercept or the line between high or low global mindset is changed. Firstly, the lower side of the scale is explored by lowering the minimum points to five. Secondly, the interception is increased to fifteen. Lastly, the median and average intercept points for having a global mindset are explored.

5.1.1.1. Global mindset with distinction at 5 points

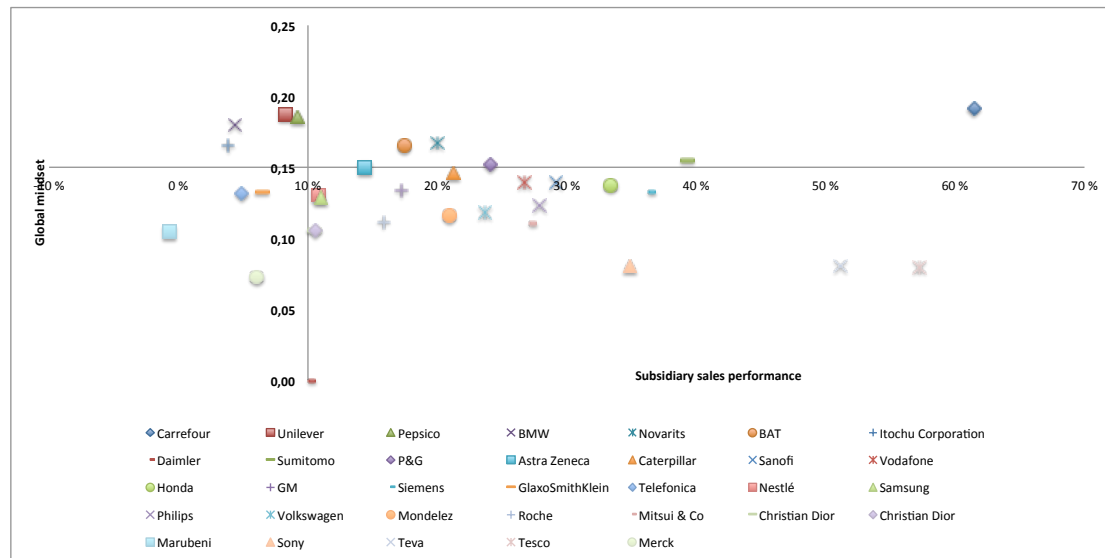
Graph 2: Global mindset characteristics with y-axis interception of 5 points vs. foreign subsidiary sales performance.



As seen from the graph, if the minimum points required for a firm to be determined as having a global mindset is changed to 5, then only one MNE is identified as having a low global mindset. In total, the number of MNEs with a global mindset is 96,9% vs. 3,1% having a low global mindset. In total, Quadrant 2 (high global mindset and high subsidiary sales performance) includes 23 MNEs representing 71,9% of the MNEs. Having gained a relatively good understanding of each of the MNEs standpoints, strategic orientations and values, it is arguable that this is not representative of reality as some MNEs are much more focused on their home country and their own ways of doing business, rather than showing characteristics of a global mindset. Having only five points, suggests that the MNE has some interest in having a global mindset, however not enough for the firm to be distinguished from others as having a global mindset. More likely, they are operating at a global scale and the business environment thus requires certain characteristics that are absolutely essential for survival and growth, and these have been identified in the process.

5.1.1.2. Global mindset with distinction at 15 points

Graph 3: Global mindset characteristics with y-axis interception of 15 vs. foreign subsidiary sales performance.

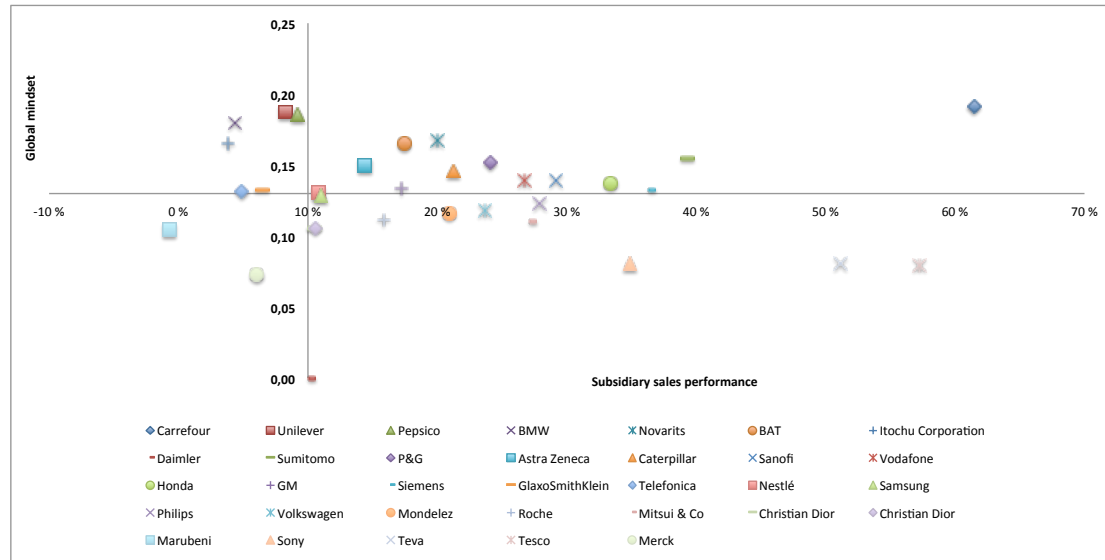


With the stricter y-intercept of 15 points, few MNEs are identified as having a global mindset, with only nine MNEs identified as having high global mindsets, and five are located in Quadrant 2 (high global mindset and high subsidiary sales performance). The difference between Quadrant 1 and 2 is only 3,1% (12,5% versus 15,6%). The percentage of MNEs having a low global mindset is 71,9% and the largest quadrant is Quadrant 4 (low global mindset, high subsidiary sales performance). If this intercept is used, the data does not support the hypothesis. On the contrary it quite clearly disproves the hypothesis. It shows that for firms to have a higher subsidiary sales performance during FME, a low global mindset is beneficial positively associated with higher performance.

5.1.1.3. Global mindset with distinction at Median and Average points

One could argue that the Median or Average points given to characteristics representing a global mindset are good axis intercepts to see how the different MNE are distributed around the most common- and the average value. In this case the Median value of points given for global mindset is 13,32 and the Average points given is 13,56. Therefore, 13 points is used as an interception point for the presence of a global mindset, as the other interception points are round numbers.

Graph 4: Global mindset characteristics with y-axis interception of 13 points vs. foreign subsidiary sales performance.



From this interception the percentage of MNEs defined as having a high global mindset is 59,4%, versus 40,6%, and the largest quadrant is again Quadrant 2 (high global mindset and high subsidiary sales performance) at 40,6%, compared to the second largest Quadrant 4 (low global mindset and high subsidiary performance) at 34,4%. The number of MNEs located in Quadrant 1 and 3 (high global mindset and low subsidiary sales performance, and low global mindset and low subsidiary sales performance) is 12,5%. If the intercept is the median or average points given in the data collection, then the results support the hypothesis. However, an interesting aspect to note, is that unlike with the intercept at 10 points, the 13 points intercept second largest quadrant is with a low global mindset and high subsidiary sales performance (Quadrant 4). This challenges the hypothesis that a global mindset is associated with higher subsidiary sales performance.

Please see Table 11 below for a summary of the percentage points of each of the quadrants with the different axis interceptions.

Table 11: Summarizing the distribution of MNE across the different quadrants in %.

Quadrant	Axis interception at 5 points	Axis interception at 10 points	Median/average axis interception at 13 points	Axis interception at 15 points
1. High global mindset, low subsidiary sales performance (HL)	25%	21,9%	13,7%	12,5%
2. High global mindset, high subsidiary sales performance (HH)	71,9%	62,5%	40,6%	15,6%
3. Low global mindset, low subsidiary sales performance (LL)	0%	3,1%	6,25%	12,5%
4. Low global mindset, high subsidiary sales performance (LH)	3,1%	12,5%	34,4%	59,4%
High Global mindset	96,9%	87,5%	59,4%	28,1%
Low Global mindset	3,1%	12,5%	40,6%	71,9%
High subsidiary performance	75%	75%	75%	75%
Low Subsidiary performance	25%	25%	25%	25%

In the following analysis, the initial 10/10-point intercept is used, as the majority of the above discussion of the results with different intercepts supports the hypothesis. The ten or thirteen point intercepts appears to be the most representative of the overall presence of a global mindset in the sample and the 10 point intercept is chosen.

5.2. Comparison between different industries

It can be seen from Table 12 that the sample size of the different industries varies. One can therefore not draw any representative conclusions according to industries. What can be observed is the degree to which the quadrant of each MNE is the same or different to the rest of the industry.

Table 12: the composition of high/low global mindset and subsidiary sales performance per industry.

	Number of MNEs	Same/Different	Ratio	Quadrant 1	Quadrant 2	Quadrant 3	Quadrant 4
Construction	1	Same	1		1		
Electrical & Electronic equipment	4	Same	1		4		
Textiles	1	Same	1		1		
Motor vehicle	5	Different	0,8	1	4		
Food, beverages & Tobacco	4	Different	0,75	1	3		
Pharmaceuticals	7	Different	0,57	1	4	1	1
Diversified	2	Difference	0,5	1	1		
Retail & Trade	2	Different	0,5		1		1
Telecommunications	2	Different	0,5	1	1		
Wholesale trade	4	Different	0,5	2	2		
	32						

The textile and construction industries are disregarded, as both are only present with one MNE. The most interesting finding is that the Electrical & Electronic equipment industry scores in the same quadrant for all MNEs (Quadrant 2). Secondly, Motor Vehicles has 4 out of 5 MNEs in the same quadrant, and the different quadrant is low subsidiary performance and high global mindset (Quadrant 1). The pharmaceutical industry with the largest sample (seven companies) has a variability of 57%, including MNEs in all different quadrants.

Overall, the only tendency that can be seen from the data is that Electrical & Electronic Equipment and the Motor vehicle industry seem to be the most likely to be associated with having both high subsidiary sales performance and high global mindset. Further, it appears that there are large differences in the Pharmaceutical industry. Other than that the samples are too small to observe any trends.

5.3. Comparison between different nationalities

The sample size of the different nationalities of the MNEs can be seen from Table 13 below. Again, due to limited number of nationalities one cannot make any representative analyses, however certain trends can be spotted.

Table 13: the composition of high/low global mindset and subsidiary sales performance per MNE home country.

	Number of MNEs	Same/Different	Ratio	Quadrant 1	Quadrant 2	Quadrant 3	Quadrant 4
South Korea	1	Same	1		1		
Netherlands	1	Same	1		1		
Switzerland	3	Same	1		3		
Sweden/UK	1	Same	1		1		
Israel	1	Same	1				1
France	3	Same	1		3		
Spain	1	Same	1	1			
Germany	4	Different	0,75	1	3		
US	6	Different	0,67	1	4	1	
Japan	6	Different	0,67	2	4		
UK	5	Different	0,4	2	2		1

Again, the countries that only have one MNE present must be disregarded, and after having done this it is interesting to see that both France and Switzerland still only have companies representing Quadrant 2, high global mindset and high subsidiary sales performance. However since the sizes of their samples are three companies, one cannot say anything generalizable for these countries. Germany has the second highest ratio, with three companies in Quadrant 2 and one in Quadrant 1, indicating

that although the performance varied, all the MNEs had a global mindset. Another interesting observation from the data is that all the companies are either from Western or Southern Europe, the US or Asia. If one divides the data into those three subgroups, it appears as though Europe is the continent scoring the highest on having the most companies in Quadrant 2, namely high global mindset and subsidiary sales performance, when compared to the US and China.

Table 14: the composition of high/low global mindset and subsidiary sales performance per continent.

	Number of MNEs	Ratio	Quadrant 1	Quadrant 2	Quadrant 3	Quadrant 4
Europe	15	0,73	3	11	-	1
US	6	0,67	1	4	1	-
Asia	6	0,67	2	4	-	-

The countries with only one MNE present were excluded from the aggregated number of MNEs per continent. An interesting observation is that it only appears to be the US that is in quadrant three, low subsidiary performance and no global mindset.

5.4. Comparison between annual report years

The annual report analysis included one annual report per MNE. The year chosen per MNE varied according to the first year a subsidiary was incorporated to the company's portfolio in the given time period of 2003-2013. Since changes to the way of doing business, organisational prioritization, values and so on take time to implement, the annual reports chosen were one year prior to the first incorporated foreign subsidiary in the given time period. The years ranged from 2002-2006, and the results in regards to the relationship between global mindset and subsidiary sales performance are shown below in Table 15.

Table 15: the composition of high/low global mindset and subsidiary sales performance per year of annual report analysis.

Year	Nr MNEs	Same/different	Ratio	Quadrant 1	Quadrant 2	Quadrant 3	Quadrant 4
2006	1	Same	1,00	1	-	-	-
2002	5	Same	1,00	-	5	-	-
2004	11	Different	0,82	1	9	-	1
2003	5	Different	0,60	1	3	1	-
2005	10	Different	0,50	4	5	-	1

One might expect that the early years are the ones with the least presence of a global mindset, (disregarding year 2006 as it only contains one MNE) but the results indicate

otherwise. 2002 is the only year with all MNEs in Quadrant 2 of high global mindset and subsidiary sales performance. In contrast year 2005, being the most recent of the comparable years, has the highest variety in quadrants, with five companies in the high global mindset and high subsidiary sales performance, four in the quadrant low global mindset and high subsidiary sales performance, and one in low global mindset and high subsidiary sales performance. However, while 9 out of 10 of the MNEs analysed in year 2005 had a global mindset, their sales performance varied more.

These results are quite interesting, as they suggest that there is no specific correlation between the years of annual report analysis, and if one would draw any conclusions it would be that the number companies having a global mindset are relatively constant throughout the time period 2002-2006.

6.0. Conclusion

The thesis has explored the relationship between MNEs with a global mindset, more specifically a corporate global mindset, and the associated effects on FME, measured through the subsidiaries sales performance compared to the overall MNE sales performance.

The topic of study was generated from an interest in internationalisation and the consequent management practises arising to deal with the many challenges of working in an international and global environment. To shed light on the concept of a global mindset, an extensive literature search was conducted, discovering that few empirical studies had been undertaken to measure the effect on performance of having a global mindset. With this in mind, the data collection was constructed with a quantitative nature, to try to measure the qualitative concept of a global mindset on a larger scale and its potential association with higher performance during FME.

The results, although only of an indicative nature, are very interesting as they suggest two things. Firstly, that it is possible to quantitatively measure a company's global mindset from an external viewpoint. This opens up for larger studies where many more companies, industries and MNE home countries can be explored, to be able to have a representative sample. A larger sample can further assert the benefits of having

a global mindset, and how this benefit can vary in accordance to the degree of a global mindset (having a too high global mindset can be negatively associated with performance) and what industries are the most suitable for having a global mindset. Secondly, the results support the hypothesis that having a global mindset is positively associated with subsidiary performance during FME, or more specifically during incorporation of a foreign subsidiary into the MNE portfolio. This is a very interesting finding as it supports theory's focus on the topic as something that is essential for companies working with complex products and services in an international context.

The data collection is limited in several ways, mostly in relation to the size and scope of the sample. Firstly, the initial sample was taken out of the Transnationality Index, which is used to identify high performing MNEs. By using such an index, the sample excludes companies with poor performance, and is over-representative of the winners in the industry. A larger sample with a larger span – considering both the positive, the middle and the negative performers would provide a more holistic picture of how companies actually perform during FME and respectively how this can be associated with a global mindset. Further, certain industries, such as the oil industry, is delimited in the sample due to time constraints and should be considered in a larger study. The timeline for the sample, ranging from 2003-2013, is also limiting the data collection. A larger time frame would be interesting to both see any shifts across the years, and to provide a more representative sample, by including more subsidiaries per MNE. Lastly, the measure of performance linked to sales can be critiqued, as it does not encompass all aspects of performance. Another performance measure, or several performance measures put together might provide a more representative picture of the companies' individual performance, rather than relying on sales.

Although this study has been of a too small size to make generalisations representative of the whole population of MNEs, or for specific industries, it does uncover some interesting trends that support the hypothesis. For the sceptics of a global mindset, these should be reviewed with care, as it suggests that it is beneficial for firms engaging in FME to have a global mindset. Although the study cannot argue for the specifics, e.g. that a global mindset can help combat challenges of commercial barriers, it is implicit in the characteristics identification of a global mindset. Overall,

if a company considering to expand to a foreign market, and perceive commercial and cultural barriers to be high, having a global mindset will most likely aid the company in easing the process of FME and be able to realize benefits of high performance.

6.1. Areas for further research

It becomes clear from the analysis and conclusion that a larger study would be very interesting to further support and validate the results. This has been discussed in terms of the size and scope of the sample for the used parameters in this study, being MNE selection, industries, time-line and performance measure. Another aspect that could be interesting to look into is to, not only measure large and well established MNEs, but also more recent company distinctions in regards to internationalisation, such as born global firms. From definition, these companies should from their establishment possess many of the characteristics of a global mindset, such as interest and awareness of other cultures, quests for global adventures. They might be lacking on the organisational and structural aspects of a global mindset, but that in itself might serve to change or add more aspects to what defines a global mindset.

Another aspect of interest is to conduct the research with another timeline. The concept of a global mindset is relatively new, and its use in practice was most likely not widely adopted across companies in the beginning and mid 00s. It is much more likely that companies have started adopting later on. Adjusting the time frame in the future to e.g. 2010-2020 would be quite interesting, to see if having a global mindset becomes more widespread and if more characteristics could be identified from an external analysis. Moreover, one might potentially see that the adaptation of a global mindset has become so widespread that it no longer is a distinguishing characteristic between companies, but a common trait. If that were to become reality, then the benefits of having a global mindset would appear to be accepted and welcomed across most companies engaging in international business, and understood as a factor leading to enhanced business performance.

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CEO individual global mindset

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8.0 Appendix

8.1. Nvivo data collection – word selection

1. **International assignments and rotation policy**
 - 1.1. “International training”
 - 1.2. “International assignment” OR “International assignments”
 - 1.3. Rotation OR Rotations

2. **Cultural awareness/Interest**
 - 2.1. International OR Internationally
 - 2.2. Global OR Globally
 - 2.3. Multinational OR Multinationally
 - 2.4. Culture OR Culturally OR Cultural OR Cultures
3. **Acceptance of difference and being open minded**
 - 3.1. Respect and Imagination: Respect OR Respectful OR Imagination OR Imagining OR Imagined - "In respect" - "with respect"
 - 3.2. Inclusiveness OR Inclusive
 - 3.3. "Open-minded" OR "Open minded" OR Openminded OR "Open-mindedness" OR "Open mindedness" OR Openmindedness
 - 3.4. Diversity OR Diverse OR Sensitivity OR Sensitive - "Sensitive analysis" - "Sensitivity analysis" - "Price Sensitive" - "Price sensitivity"
4. **Organisational systems or networks thinking**
 - 4.1. "Strategic alliance" OR "Strategic Alliances"
5. **Subsidiary-Headquarter relationship**
 - 5.1. Flexible OR Resilient OR Resilience
 - 5.2. Distributive OR "Distributive management" OR Decentralisation OR Decentralised OR Decentralise OR Decentralization OR Decentralized OR Decentralize
 - 5.3. Integration OR Integrating OR Integrate
6. **Subsidiary-Headquarter relationship**
 - 6.1. Network OR Networks OR Networking-"Mobile network" -"2G network"-"3G network" - "Mobile networks" - "2G networks" - "3G Networks" - "Telecommunication network" - "Telecommunication networks"
7. **Knowledge of global operations**
 - 7.1. Glocal OR Glocalisation OR Glocalization OR "Think local, act global" OR "Think local" OR "Act global" OR "Act globally" OR "Acting globally" "Local efficiency" OR "Local effectiveness" OR "Local market preferences"

8.2. Measurement of CEOs global mindset

	Nationality (1)	Education (1)	International Experience (1)	Training (1)	Points (/4)
Nestlé	F (1)	H/F (0,5)	Yes (1)	?	2,5
Vodafone	F (1)	H/F (0,5)	Yes (1)	?	2,5
Carrefour	F (1)	F/H (0,5)	Yes (1)	?	2,5
GlaxoSmithKline	H/F (0,5)	H/F (0,5)	Yes (1)	?	2
Telefónica	H (0)	F (1)	Yes (1)	?	2
Unilever	H/F (0,5)	H/F (0,5)	Yes (1)	?	2
Pepsico	H/F (0,5)	H/F (0,5)	Yes (1)	?	2
Christian Dior	H (0)	F (1)	Yes (1)	?	2
AstraZeneca	H/F (0,5)	H/F (0,5)	Yes (1)	?	2
Roche	H (0)	F (1)	Yes (1)	?	2
Sony	H/F (0,5)	H/F (0,5)	Yes (1)	?	2
Siemens	H/F (0,5)	H/F (0,5)	Yes (1)	?	2
Novartis	H/F (0,5)	F/H (0,5)	Yes (1)	?	2
Daimler	H (0)	H/F (0,5)	Yes (1)	?	1,5
Samsung	H (0)	H/H/F (0,33)	Yes (1)	?	1,33
BAT	H/F (0,5)	H (0)	Yes (1)	?	1
BMW	H (0)	H (0)	Yes (1)	?	1
GM	H (0)	H (0)	Yes (1)	?	1
Mondelēz	H (0)	H (0)	Yes (1)	?	1
Caterpillar	H (0)	H (0)	Yes (1)	?	1
P&G	H (0)	H (0)	Yes (1)	?	1
Mitsui & Co	H (0)	H/F (0,5)	Yes/No (0,5)	?	1
Philips	H (0)	H (0)	Yes (1)	?	1
Sanofi	H/F (0,5)	H (0)	Yes/No (0,5)	?	1
Honda	H (0)	H (0)	Yes (1)	?	1
Sumitomo	H (0)	H (0)	Yes (1)	?	1
Marubeni	H (0)	H (0)	Yes/No (0,5)	?	0,5
Teva	H (0)	H/F (0,5)	No (0)	?	0,5
Itochu Co	H (0)	H (0)	No (0)	?	0
Merck	H (0)	H (0)	No (0)	?	0
Volkswagen	H (0)	H (0)	No (0)	?	0
Tesco	H (0)	H (0)	No (0)	?	0

Tesco

CEO

- (1997-2011) Terrence Patrick Leahy, been at Tesco since 1979.

Nationality

- English, (Irish immigrant background)
-

Work experience

- Working in Marketing and Commercial
- Executive responsibilities for operations, results and strategic development at Tesco
- “Britain’s most admired business leader” by Management today 2003
- Co-chancellor of University of Manchester (2004)

Education

- BSc in Management Science (Honours) at University of Manchester Institute of Technology
- Doctorate of Science from Cranfield University
-

Carrefour**CEO**

- 2005 – 2008: José Luis Duran

Nationality

- Spanish

Work experience

- Started in Spanish Subsidiary of Carrefour (1991) Pryca, management controller
- Southern European controller manager
- CFO Carrefour Spain
- Head of Organisation & Systems

Education

- BSc Economics and Management from the Universidad Pontificia Comillas de Madrid

CEO

- 2009 – 2012: Lars Olofsson

Nationality

- Swedish

Work experience

- Nestlé 1976: Product Manager Findus, Sweden
- (Sweden, France and Switzerland): Marketing & Management, Executive Vice President Marketing and Sales

Education

- Bachelor of Business Administration from Lunds Universitet, Exchange Kansas City (USA)
- Master in Business and Economics Management: International Institute for Management Development Lausanne (Switzerland)

Novartis**CEO**

- Daniel L. Vasella M.D. 1996-2010

Nationality

- Swiss

Work experience

- CEO Novartis Consumer Group, Vaccines and Diagnostics, Chairman and President, Novartis
- CEO; COO; Senior Vice President, Head of Worldwide development, Head of Corporate Marketing at Sandoz Pharma Ltd 1992-1996
- Several medical positions in Switzerland
- Work in the US as Pharmaceutical sales representative and in market research
- Honored with Ordem Nacional do Cruzeiro do Sul (Brazil) and Chevalier in the Ordre National de la Légion d'Honneur (France)

Education

- Honorary doctorate by the University of Basel
- M.D. Medicine from University of Berne
- PMD Executive training at Harvard Business School, US

CEO

- 2010 - Joseph Jimenez

Nationality

- American

Work experience

- CEO Novartis Consumer Health India Division Head Novartis Pharmaceuticals, ,
- CEO of H.J. Heinz Company (US, Asia) and CEO Heinz Europe 2002 – 2006
- Non-executive director AstraZeneca (UK)
- Adviser Blackstone Group, US

Education

- Bachelors degree, Stanford University,
- MBA University of California, Berkeley

Teva**CEO**

- Israel Makov 1995 - 2006

Nationality

- Israeli

Work experience

- COO, Finance, Business Development,
- Founded INNI Isral National Nanotechnology initiative
- CEO of Gottex and CEO of Yachin Hakal Ltd

Education

- B.Sc. Agriculture from Hebrew University
- M.Sc. Economics from Hebrew University Jerusalem

CEO

- Shlomo Yanai (2007-2012)

Nationality

- Israeli

Work experience

- Israeli military defence, head of army R&D, Head of Armed forces etc.
- CEO Makhteshim Agan Industries

Education

- Advanced Management program at Harvard Business School and U.S National War College
- Science and Economics from Tel Aviv University

Sumitomo Corporation**CEO**

- Motoyuki Oka (2001-2007)

Nationality

- Japanese

Work experience

- Chairman, CEO Sumitomo
- General Manager of Tubular Product Import & Export Dept. No.1
- Russian Business and Cooperation Committee
- GM of Sumitomo Corporation of America (US)

Education

- Faculty of Economics, Keio University

CEO

- Sasumu Kato (2007-2012)

Nationality

- Japanese

Work experience

- CEO Sumitomo Corporation of America, General Manager of Corporate planning & Coordination, CEO Sumitomo Corporation Brazil, Sumitomo Corporation Hong Kong and China

Education

- n.a.

Siemens**CEO**

- Klaus Kleinfeld (2005-2007)

Nationality

- German

Work experience

- CEO Siemens Business Services AS, Head of worldwide information and communications business, CEO, COO Siemens Corporation (USA), Strategic product manager for CIBA-GEIGY's Pharmaceutical division in Basel (CH)
- US-Russia Business Counsel

Education

- Master's degree in Business Administration and Economics from University of Goettingen (Germany)
- PhD in Strategic Management from the university of Guezburg (Germany)

CEO

- Peter H. Löscher 2007-2013

Nationality

- Austrian

Work experience

- CEO Simens (Pakistan) Engineering Co.
- Senior Management Consultant at Kienbaum und Partners
- CEO GE Healthcare Bio-Science of Operating Business
- President of Global human health for Merck & co. Inc
- COO Amersham PLC (UK)
- Managing Director of Hoechst Roussel Veterinaria A.I.E., Spain
- Various International leadership roles in Germany, Japan, Spain, Uk and US since 1985.

Education

- Masters degree from Vienna University of Economics and Business Administration (AU)
- Attended, not attain MBA from Chinese University of Hong Kong (China) and Advanced Management Program from Harvard University (US)
- Doctor of Engineering from Michigan State University (US)

Sony**CEO**

- Nobuyuki Idei 1999-2005

Nationality

- Japan

Work experience

- Senior General Manager of the Creative communication division, product communication group, merchandising and product communication division, advertising and marketing communication strategy
- Strong background in international marketing
- Active in establishment of European presence (Sony France)

Education

- LSE (UK)
- L'institute des Hautes Etudes International, Geneva (CH)
- B.S. Degree in Economics and Political Science Waseda University (Japan)

CEO

- Howard Stringer (2005-present)

Nationality

- Welsh (UK)

Work experience

- President and Group Executive of Sony Corporation in USA since 1998
- 30 year career as Journalist, producer, and executive at CBS Inc.

Education

- BA and MA in modern history from Oxford University

Honda**CEO**

- Takeo Fukui (2003-2009)

Nationality

- Japanese

Work experience

- Honda motor since 1969; engineer, chief engineer, managing director R&D; Racing corporation
- Honda of America Manufacturing

Education

- Waseda University, Bachelor's degree in Applied Chemistry

CEO

- Takanobu Ito (2009 – present)

Nationality

- Japanese

Work experience

- CEO Honda Peru, COO Honda Automobile operations, President of Honda R&D, Executive vice president Honda R&D America

Education

- Masters Degree in Engineering, Kyoto University

Sanofi**CEO**

- Chris Viehbacher (2008-2014)

Nationality

- German-Canadian

Work experience

- CEO Sanofi France, Sanofi-Aventis Ireland Ltd, Sanofi Aventis S.A (Spain)
- President of North American Pharmaceuticals for GlaxoSmithKline,
- Financial director, CFA Wellcome, Period in ondon
- PWC

Education

- Queen's University, Ontario with Degree in Commerce

CEO

- Jean-Francois Dehecq (1999-2006)

Nationality

- French

Work experience

- Managing Director Sanofi,
- Economic department of the Société Nationale des Pétriles d'Aquitaine, assistant to the executive, operating engineer
- Mathematical Professor

Education

- Graduate from ENSAM

Philips**CEO**

- Gerard Kleisterlee (2001-2011)

Nationality

- Dutch

Work experience

- More than 30 years at Koninklijke Philips; President of Philips Taiwan, Regional Managers of Philips components in Asia Pacific, Philips Electronics Americas/Singapore

Education

- Graduate degree in Electronic Engineering from Eindhoven Technical University in the Netherlands

CEO

- Frans van Houten (2011-present)

Nationality

- Dutch

Work experience

- CEO NXP Semiconductors Netherlands,
- CEO Philips Consumer electronics Business group and of Philips Electronics Asia Pacific and in Singapore
- Philips Germany,
- Director of Philips Electronics Shanghai and Indonesia

Education

- Masters degree in Business Administration from Erasmus University of Rotterdam

Mitsui & CO**CEO**

- Shoei Utsuda (2002-2009)

Nationality

- Japanese

Work experience

- Senior executive managing officer and chief strategic officer, chief operating officer of business processes and re.engineering project

Education

- Bachelor of Mechanical Engineering Degree from Tokyo University
- Dartmouth College

CEO

- Masami Iijima (2009-2015)

Nationality

- Japanese

Work experience

- COO iron & steel Raw Materials and Non-Ferrous metals Business unit, Mitsui & CO UK
- Education
- Business Administration from Yokohoma National University (Japan)

Vodafone

CEO

- Arun Sarin 2003-2008
- Nationality
- Indian
- Work experience
- CEO and president Blucora Inc,
 - CEO of the USA Asia Pacific Region of Vodafone
 - CEO of Airtouch international
 - COO Vodafone America
 - CEO Vodafone Ireland Ltd
 - Director of Cisco Systems
 - Etc.

Education

- Bachelor of Technology from IIT, Kharagpur
- MBA and MS in Engineering from University of California, Berkeley

CEO

- Vittorio Colao (2008-present)
- Nationality
- Italian
- Work experience
- Vodafone: Deputy Chief Executive Officer of Europe, Deputy Chief office of Vodafone India Ltd
 - COO, CEO Omnitel Pronto Italia
 - McKinsey & Co. Milan, Partners
- Education
- Business administration from Bocconi University
 - MBA Harvard Business School

Procter & Gamble

CEO

- Alan George Lafley (2000-2009, 2013-present)
- Nationality
- American
- Work experience
- Joined P&G 1977, sales training, Assistant Brand Manager, Brand Manager of Ivory Snow, Associate Advertising Manager of PS&D division, General manager of Laundry Products of PS&D division, Vice president, group Vice president, President of P&G in the Far east
- Education
- BA in History from Hamilton College
 - MBA Harvard University

CEO

- Robert A. McDonald (2009-2013)
- Nationality
- American
- Work experience
- COO P&G, market development organisation, Vice Chairman of Global operations, Regional Vice president Japan, , Vice president and president of NorthEast Asia, General Manager of Philippines, Asia/Pacific-South
- Education
- BS in Engineering from U.S: Military Academy
 - MBA from Utah

Volkswagen AG

CEO

- Bernd Pischetsrieder (2002-2006)
- Nationality
- German

Work experience

- BMW, production Planning engineer, Chairman of the Board BMW, CEO Rover Group Holdings

Education

- Mechanical Engineering at Technical University of Munich

CEO

- Martin Winterkorn (2007-present)

Nationality

- German

Work experience

- Volkswagen; Member of Management Board, Chairman at Porche, CEO Porche Automobile Holding, Head of R&D, Head of Group Quality Assurance of Volkswagen S.E.
- Head of Measuring Technology and Sampling Department, Audi

Education

- Metallurgy and Metal Physics at University of Stuttgart
- Doctorate at the Max-planck-Institute Für Metllforschung und Metallphysik
- Honorary Professor of the Budapest University of Technology and Economics

Caterpillar**CEO**

- James W. Owens, Ph.D. (2004-2010)

Nationality

- American

Work experience

- CFO Caterpillar Inc, Corporate Vice President, Latin America Logistis,

Education

- M.S. and B.S. in Textile technology from north Carolina State University
- Ph.D. Economics from North Caroline State University

CEO

- Douflas R. Oberhelman (2010-present)

Nationality

- American

Work experience

- Vice President Caterpillar, Sneionr Finance Representative in South America, Region Finance Manager and District Manager for Norht American Commercial Division, Ship Caterpillar Mitsubishi Ltd d(Tokyo)

Education

- Bachelor degree from Milikin University

Mondelez**CEO**

- Irene B. Rosenfeld (2006-present)

Nationality

- American

Work experience

- President of north amreican Businesses at Kraft Foods North America
- CEO Kraft Foods Inc and Kraft Food GmBh (Germany), President of Kraft Foods Canada
- CEO FritoLay at Pepsico
- Led restructuring and turnaround of business in US, Canada and Mexico
- Dancer Fitzgerald Sample Advertising Agency (consumer research)

Education

- Bachelor of Arts in Psychology from Cornell University
- M.Sc. of Business administration from Cornell University
- Ph.D. Marketing and Statistics from Cornell University

General Motors**CEO**

- G. Richard Wagoner Jr. G.R. (2000-2009)

Nationality

- American

Work experience

- CEO GM Mexico,

- CEO; COO; Promark Investment Advisors
- Executive Vice President, CFO
- Vice president and chairman of finance, Europe
- CEO GM north America

Education

- B.A. Economics and Management Science, Duke University
- MBA from Harvard University

CEO

- Frederik Henderson (2009-present)

Nationality

- American

Work experience

- GMAC Group Vice President
- Manager GM Brasil, covering operations in Argentina, Paraguay and Uruguay
- President of GM Asica Pacific (Singapore)
- Chairman of GM Europe (Zurich)

Education

- Bachelor of Business Administration, University of Michigan Ross School of Business
- Master of Business Administration, Harvard University

AstraZeneca**CEO**

- Tom McKillop (1999-2005)

Nationality

- Scottish, (English)

Work experience

- CEO Zeneca,
- Technical Director with International responsibilities for R&D and production at ICIs Pharmaceutical division
- Director R&D French Division of ICI
- Chairman of Royal Bank of Scotland

Education

- Ph.D. and B.Sc. Honours in Chemistry from Irvine Royal Academy, Glasgow University
- Centre De Mechanique Ondulatoire Appliquee (Paris)

CEO

- David R. Brennan (2006-2012)

Nationality

- American

Work experience

- CEO US Operations
- Senior Vice President of Business Planning and Development of Astra Pharmaceuticals
- General Manager Chibret (French subsidiary of Merck)

Education

- Bachelor of Arts in Business Administration from Gettysburg College

Roche**CEO**

- Franz B. Humer (2001- 2008)

Nationality

- Swiss-Austrian

Work experience

- GICME Zurich
- Schering Plough Corporation as assistant of Vice president of Europe, Africa and Middle eastern Operations
- General Manager of Ecuador, UK and Portugal
- CO Director of Glaxo Holdings US

Education

- Doctor of Law from University of Innsbruck
- MBA INSEAD
- Honorary Doctorate from Faculty of Science, University of Basel and London School of Pharmacy, University of London

CEO

- Severin Schwan Ph.D. (2008-present)

Nationality

- Swiss

Work experience

- CEO Roche Diagnostics, Trainee of Corporate Finance, Head of Finance and Administration Roche Brussels,
- Head of Diagnostics Asia-Pacific

Education

- Degree in Economics from University of Innsbruck, University of York and Oxford mag.rer.sco.oec and Law from University of Innsbruck Mag.iur
- Doctorate in law from University of Innsbruck Research Studies at University of Louvain, Belgium dr.iur.

Samsung**CEO**

- Jong-Yong Yun (1998-2006)

Nationality

- Korean

Work experience

- President and CEO of Samsung Japan, President and CEO of Samsung Electro. Mechanics, Head of the Video Business division,

Education

- Graduate from MIT Sloan School Senior Executive Course
- B.A. In Electronics from Seoul National University

CEO

- Yoon-Woo Lee (2008)

Nationality

- Korean

Work experience

- Samsung, CEO Australia, CTO of Samsung Advanced Institute of Technology, CEO of Semiconductor Business

Education

- BSEE Degree from Seoul National University B.S.E.E College of Engineering

CEO

- Gee-Sung Choi (2009-2012)

Nationality

- Korean

Work experience

- President Mobile Phone Division of Samsung, Vice Chairman of Samsung Electronics Australia
- Chief design officer and established Samsung's chip business in Europe in the 1980.
- Known as marketing expert

Education

- Bachelor's Degree in Economics from Seoul National University

Christian Dior**CEO**

- Sidney Toledano (1998-Present)

Nationality

- Moroccan/Spanish

Work experience

- Toledano serves as the President and Chief Executive Officer of Christian Dior Couture S.A. He serves as President of Fendi France S.A.S. He serves as a Group Managing Director of Christian Dior SA and served as its Chief Executive Officer. He serves as a Manager of Christian Dior GmbH, Germany, Christian Dior Espanola, Spain, Christian Dior Puerto Banus, Spain, Christian Dior Couture Maroc, Morocco and Calto, Srl, Italy. He serves as General Director of Christian Dior Couture RUS, Russia, Christian Dior Couture Stoleshnikov, Russia and Christian Dior Couture S.de RL de CV, Mexico. He serves as the Chairman of Fendi France, France; Bopel, Italy, Christian Dior Inc., United States, Christian Dior Italia S.r.l., Italy, Christian Dior Saipan, Saipan, Les Jardins d'Avron LLC, United States,

Mardi S.p.a., Ital, Lucilla S.r.l., Italy, Sole Director of Christian Dior Puerto Banus, Spain, John Galliano, SA, France, Christian Dior Australia Pty Ltd., Australia, Christian Dior Couture Korea, Korea, Christian Dior Guam Ltd., Guam, Christian Dior Far East Ltd., China; Christian Dior Fashion (Malaysia)

Education

- École Centrale Paris

Nestlé**CEO**

- Peter Brabeck-Letmathe (1997-2008)

Nationality

- Austrian

Work experience

- General Manager Nestlé
- CEO Nestlé Ecuador, CEO Nestlé Venezuela
- Senior Vice president in charge of the culinary product division at Nestlé
- Director of Marketing, Nestlé Chile

Education

- Degree in Economics from Vienna University of Economics and Business Administration

CEO

- Paul Bulcke B.E. (2008-present=)

Nationality

- Belgian

Work experience

- CEO Nestlé Pakistan, Executive Vice President and Zone Director for Zone Americas (USA and Latin America)
- Market head of Nestlé Germany, Frankfurt
- Managing Director of Nestlé Czech and Slovak Republic, Nestlé Portugal
- Marketing Sales and Divisions Function in Chile, Peru and Ecuador
- Marketing Trainee (Switzerland, Spain, Belgium)

Education

- Post Graduate Degree in Management University of Gent (Belgium)
- Commercial engineering Degree from University of Leuven (Belgium)
- International Institute for Management Development (IMD) in Lausanne (Switzerland)

Daimler**CEO**

- Jürgen Erich Schrempp (1998-2005)

Nationality

- German

Work experience

- Extensive international experience in Europe, South Africa and the US managing a complex and global array of financial, organisational and cultural challenges

Education

- Degree in Mechanical Engineering from University of Applied Science in Polytechnic Offenburg, Germany
- Professorship of the Federal State of Baden-Württemberg
- Honorary Doctorate of University of Graz, Austria and Stellenbosch, South Africa

CEO

- Dieter E. Zetsche (2005-present)

Nationality

- German

Work experience

- President of Detroit Renaissance
- CEO of Chrysler Motors
- COO Chrysler Group
- Joined R&D department of Daimler-Benz 1976, as assistant to development manager in the commercial vehicles business unit
- President Mercedes Benz Argentina
- Member of Management Mercedes Benz Brazil

Education

- Doctorate in engineering at the technical University of Paderborn
- Abitur University Entrance Examination, Frankfurt
- Electrical engineering at University of Karlsruhe

Pepsico

CEO

- Eric J. Foss (2006-2011)

Nationality

- American

Work experience

- CEO Pepsico North America, Senior Vice President of Sales and Field Marketing for North American Division
- Joined Pepsico in 1982 and with variety of Management positions in the US and Europe

Education

- Bachelor of Science in Marketing from Ball State University

CEO

- Indra Nooyi (2011-present)

Nationality

- Indian

Work experience

- Senior Vice president of Strategic Planning, Corporate Strategy and Development,
- Vice President and Director of Corporate Strategy, Motorola
- Senior Vice President of Strategy, Planning and Strategic Marketing at Asea Brown Boveri,
- US-China International advisory board

Education

- Madras Christian College in India with a degree in Chemistry, Physics and Math
- Masters degree in Finance and Marketing from Indian institute of Management in Calcutta
- Master's Degree in Public and private management from Yale University School of Organisation and Management

Unilever

CEO

- Patrick Jean Pierre Cescau (2005-2008)

Nationality

- French

Work experience

- Financial Director Unilever, Controller, , CEO Lipton USA, Unilever France, senior consultant, National Manager Unilever Portugal, Chief Accountant of UDL Germany, Commercial member of Edible fats and dairy coordination in Rotterdam, Chairman of Unilever Indonesia

Education

- Business degree from ESSEC
- MBA INSEAD

CEO

- Paulus Gerardus Josephus Maria Polman (2008-present)

Nationality

- Dutch

Work experience

- CFO Nestlé
- Head of North and South American Business and Executive Vice president of Nestle America,
- Group President Western Europe
- P&G France
- Various assignments increasing responsibility in Belgium, Holland, France, Spain and UK on Finance

Education

- B.B.A and B.A from University of Groningen, Netherlands
- M.A. Economics University of Cincinnati, USA
- MBA Finance/International Marketing from University of Cincinnati, USA
- Doctor of Civil Law from University of Northumbria Newcastle (UK)

Merck

CEO

- Raymond V. Gilmartin 1994-2005
- Nationality
- American
- Work experience
- CEO at Becton Dickinson and Company
 - Chairmand of Merck Pharmaceutical research and manufacturers of America
- Education
- B.S. Electrical Engineering from Union College
 - MBA Harvard Business School

CEO

- Richard T. Clark (2007-2011)
- Nationality
- American
- Work experience
- Lieutenant US Army
 - Managed Medco health solutions
 - Chairman of Merck, Merck north America
- Education
- MBA American University
 - BA from Liberal arts from Washington & Jefferson College

CEO

- Kenneth C. Frazier (2011-present)
- Nationality
- American
- Work experience
- Manager MedcoHealth Solutions
 - Vice president of public affairs and assistant general counsel
- Education
- Bar admission from Supremen Court of America
 - JD Harvard Law School
 - BA Political Science from PennState

Telefonica**CEO**

- José María Álvarez-Pallete López (2002-present)
- Nationality
- Spanish
- Work experience
- Non-executive director and member of strategy committee for China Netcom Group Corporate (HK), COO Telefonica, Executive president telefonica Argentina, Sao Paulo, South America, ,
 - Joined Cia. Valenciana de Cementor Portland (CEMEX) as head of Investor Relations and Studies Department
 - Associate Course in New York, GE in Spain
- Education
- Degree in Economics from Complutense University of Madrid
 - Economics at the Université Libre in Belgium
 - (International management program) IMP, at the Instituto Panamericano de Desarrollo de Directivos (IPADE)
 - DEA from Department of Financial Eocnomics and Accounting of Complutense University de Madrid

BMW**CEO**

- Joachim Milberg (2002-present)
- Nationality
- German
- Work experience
- Chairman of Supervisory Board of B;W Australia Finance Ltd, US Capital, Group
- Education
- Doctorate in production Engineering at the Technical University of Berlin

Itochu Group**CEO**

- Eizo Kobayashi (2004-2010)

Nationality

- Japanese

Work experience

- Various positions at Itochu Corp.

Education

- Bachelor degree, Physics, Osaka University

CEO

- Masahiro Okafuji (2010-present)

Nationality

- Japanese

Work experience

- President of textile company,
- Brand Marketing Group Itochu group
- Outside director nissin foods

Education

- Tokyo University

British American Tobacco**CEO**

- Paul N. Adams (2004-2011)

Nationality

- ?

Work experience

- CEO BAT Kenya, Zambia, Regional Director o Asia-Pacific BAR
- European Vice-President of Marketing with Pepsi-Cola International, Managing Director PepsiCola France

Education

- ?

CEO

- Nicandro Durante (2011-present)

Nationality

- Brazilian

Work experience

- Director of America Pacific BAT, COO BAT, Regional Director of BAT group in Africa & Middle East of Companhia Souza Cruz SA, President Brazilian BAT subsidiary
- Financial director Souza Cruz Hong Kong

Education

- Bachelor's degree in Finance Economics and Business Administration from Ponteficie Universidade Catolica

GlaxoSmithKline**CEO**

- Jean-Pierre Garnier Ph.D. (2000-2008)

Nationality

- French

Work experience

- CAP, Smith Kline President of pharmaceutical business in north America
- Schering, General Manager at several overseas subsidiaries
- US Pharmaceutical Products Division serving as the Vice President of Marketing

Education

- PH.D in Pharmacology and M.S. pharmaceutical Science from University of Louis Pasteur (France)
- MBA Stanford University

CEO

- Andrew Witty (2008-present)

Nationality

- English

Work experience

- CEO GSK Consumer Nigeria
- Senior Vice President of Asia Pacific at Pharmaceutical International, Responsible for operations in Singapore, Various positions in UK,
- Managing Director Glaxo South Africa, Area Director of South and East Africa
- Economic adviser to Governor of Guangzhou, China

Education

- BA Economics from Nottingham University UK

Marubeni**CEO**

- Nobuo Katsumata (2003-2008)

Nationality

- Japanese

Work experience

- Mr. Nobuo Katsumata served as Chief Executive Officer and President at Marubeni Corporation from 2003 to 2008. Mr. Katsumata joined Marubeni-Iida Co., Ltd. in 1966 and served as its Corporate Vice President since 1999, Senior Vice President since 2001 and Corporate Executive Vice President since 2002. He served as Senior Corporate Advisor at Marubeni Corporation. Mr. Katsumata served as the Chairman of Marubeni Corporation from 2008 to April 1, 2013 and as its served as Director from 1996 to April 2013. He has been an Outside Director at Hitachi Ltd. since June 2011. He served as an Outside Director at Yokogawa Electric Corp. since 2009. Mr. Katsumata served as a Director of Sapporo Holdings Ltd. since March 2009.

Education

- Keio University Graduate

CEO

- TERUO ASADA (2008-2013)

Nationality

- Japanese

Work experience

- Mr. Asada served as Corporate Senior Vice President of Marubeni Corporation and also served as its General Manager of Finance Department. Mr. Asada also served as Executive Corporate Officer of Investor Relations of Marubeni Corp. Mr. Asada served as Senior Corporate Officer of Investor Relations and Corporate Vice President of Marubeni Corp. since 2002. He was the President at iSigma Capital Co. Ltd. He has been the Chairman of Marubeni Corporation since April 1, 2013 and has been its Director since 2005.
- LA Branch Marubeni
- Marubeni International Finance London

Education

- Keio University

8.3. Sample of MNEs

Please see excel document with the same title from USB. This is the sample of MNEs from the Transnationality Index.

8.4. Data collection

Please see folder with the same title from USB. Within the folder the four below headlines are found.

8.4.1. Performance measurement for all MNEs

Please see excel document with the same title from USB. This is the measurement of the MNE and their selected subsidiaries sales performance.

8.4.2. All annual reports

Please see folder with the same title from USB. This folder contains all the annual reports used in the data collection for reading and Nvivo analysis. The sections of the PDFs identified to be an aspect of a global mindset are outlined in yellow. For the PDFs that were locked, the sections are taken a screenshot of and added as a separate word document as “Notes”.

8.4.3. Reading of annual reports

Please see excel document with the same title from USB. The sheets contain the individual division of points given in the reading of annual reports per MNE.

8.4.4. Combined results of data collection

Please see excel document with the same title from USB. The sheets contain the combined overall points given and found in the data collection.

8.5. Data analysis

Please see excel document with the same title from USB. The sheets contain the different analysis conducted, according to the different axis intercepts, industry, nationality and year of annual report publishing.