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The impact of emerging market context and global mindset on training programmes in multinational companies

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Abstract

This study was designed to establish whether emerging market context and global mindset have impact on the effectiveness of such management training programmes in MNCs. The effectiveness of the training programme was measured by how the programme was perceived and valued by participants.

The research employed a non-experimental survey design focused on identifying the relationships between the various identified variables (i.e. global mindset, emerging market context and value placed on the training programme). The study was conducted through an anonymous web-based survey in the selected MNC. Data were gathered from 179 managers of the organisation from 51 different countries in both emerging and developed markets. A particular training programme was chosen as the reference point for the survey participants' evaluations. To enable respondents to easily recall their experiences and impressions of this particular training programme, only managers who had participated in this training between 2007 and 2009 were included in the survey.

The study showed that emerging market context and global mindset impact the effectiveness of training programmes in MNCs. Emerging market context however, had no significant impact on the global mindset of training participants. These findings were interpreted and discussed in the context of existing literature and a number of implications and recommendations were drawn.

Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon institute of business science, University of Pretoria. It has not been submitted for any degree or examination in any other university. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

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Abbreviations

EMC	Emerging market context
GM	Global mindset
HR	Human resource
MNC	Multinational Company
VTP	Value placed on training programme

CHAPTER 1: INTRODUCTION

The purpose of this research was to investigate the levels of global mindset in employees from emerging vs. developed countries and determine how global mindset and emerging market context impact the value employees place on training programmes in multinational companies (MNCs).

Maznevski and Lane (2004) define global mindset as the ability to develop and interpret criteria for personal and business performance that are independent from the assumptions of a single country, culture or context; and to implement those criteria appropriately in different countries, cultures or contexts.

As global competition continues to intensify, global mindset has emerged as a key source of long-term competitive advantage in the global market place (Levy, Beechler, Taylor and Boyaciller, 2007). The concept of global mindset bears a strong relevance for MNCs as they intrinsically seek to operate profitably across different countries, cultures and contexts. Gregerson, Morrison and Black (1998) state that a global mindset, in its simplest form will allow a manager from one part of the world to be comfortable in another part and perform well on account of knowledge and skills that are based on understanding and awareness. This means that if managers of MNCs are able to develop a global mindset, they will be better positioned to compete favourably in the global market space.

Emerging economies are assuming an increasingly prominent position in the

world economy and this is reflected by an upsurge in the research on emerging markets in recent years (Wright, Filatotchev, Hoskisson, and Peng, 2005). In line with this trend, MNCs are taking a keener interest in their emerging market operations.

Management development and training programmes are among the commonest methods that MNCs use to up skill and prepare their employees for more responsibility. MNCs however tend to have standardized training/development programmes that are rolled out to all countries where they are represented. According to the theory on emerging market context (Kostova, Roth and Dacin, 2008), there is the possibility for such standardized programmes to be perceived and valued differently by different participants depending on the context of their base country.

This research sought to examine whether emerging market context and global mindset have an influence on how management training programmes run by MNCs are valued by participants.

The results of this study is of high relevance because if emerging market context and global mindset have an impact on how management development/training programmes are perceived and valued by participants, then this is the clarion call for MNCs to critically review

- How they select and prepare participants for such training programmes
- How such training programmes could be packaged differently for

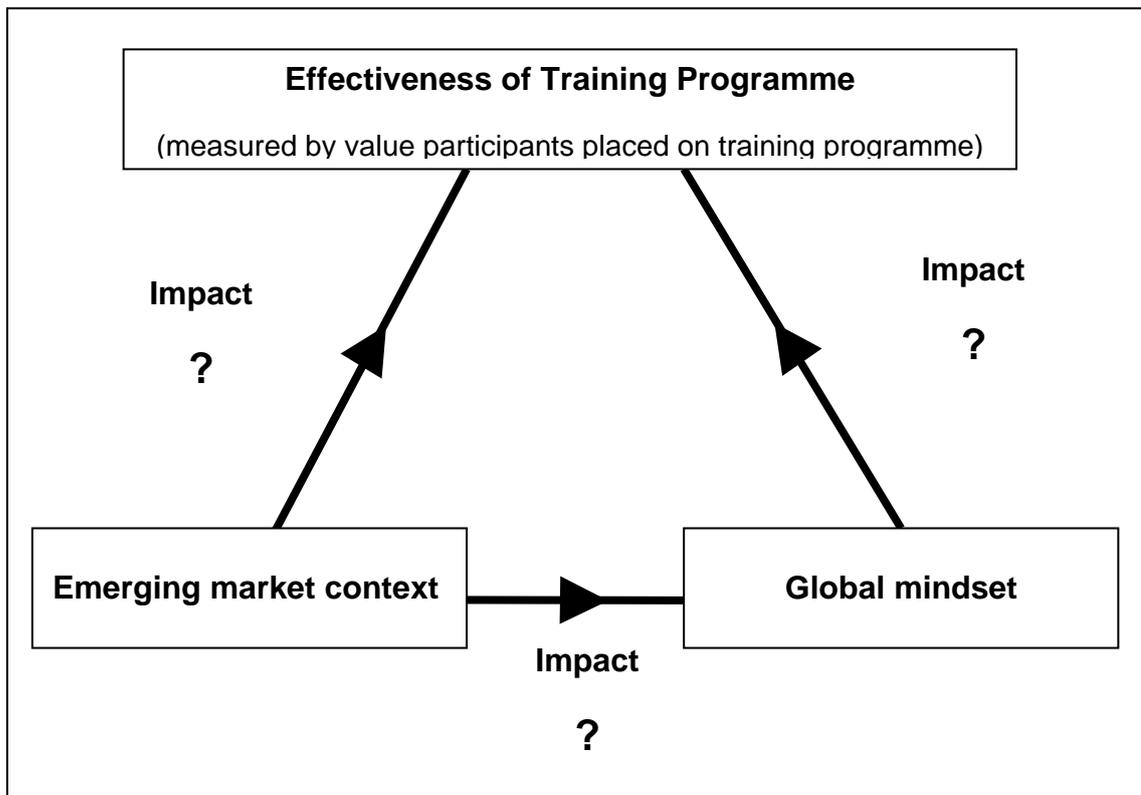
1.1 Research objective

This study aims to establish whether emerging market context and global mindset have an influence on how management development/training programmes in MNCs are valued by participants.

As demands are made on MNCs to expand their global markets, stay competitive and grow along with global industry trends, it is important for management development/training programmes to have the desired impact on participants and help the organisation grow the right leadership for future business success. In an attempt to achieve similar desired impact across participants coming from different geographical and country economic backgrounds, the question remains whether emerging market context and global mindset have an influence on how management development/training programmes in MNCs are perceived and valued by participants.

The research objective is conceptually illustrated in Figure 1.

Figure 1: Conceptual illustration of research objective



CHAPTER 2: LITERATURE REVIEW

2.1 Management development programmes

Past research suggests that an organization's employees can be a source for sustained competitive advantage and can determine the ultimate success of their organizations (Pfeffer, 1994; Prahalad, 1983).

Given the importance of people in organizations, most strategic human resource departments consider the management of the competencies and capabilities of these human assets the primary goal. Such forward-looking strategic operations contrast sharply with more bureaucratic, traditional human resource departments, which tend to manage human costs as liabilities (Hamel and Prahalad, 1994). Strategic HR departments are future-oriented and operate in a manner consistent with respect to the overall business plan in their organizations (Adler and Ghadar, 1990; Adler, 1997). Such departments tend to employ progressive HR practices in which the emphasis is on assessing the knowledge, skills and abilities needed for the future and to institute the right initiatives including training and development programmes to meet those needs (Cascio, 1995; Stroh and Reilly, 1994).

Huselid (1995) refers to these strategic HR practices collectively as 'high performance work practices' and it is worth noting that in a study of more than 1,000 organizations, he found that a relationship existed between high-performance work practices and such positive employee outcomes as lower

turnover and higher productivity, as well as better corporate financial performance.

From the empirical evidence outlined above we focus on training and development as one aspect of the 'high performance work practices' and argue that it leads to better organizational outcomes. By a similar inference, it can also be argued that a management development programme with a good focus on global mindset will lead to improved competitive advantage in the global market place. Such training focussed on creating a global mindset among employees will thus be best suited for a multinational company to remain competitive.

2.1.1 Effective management training programme

Effective management development basically looks at means of building capacity and capabilities within an organization's human resource (HR) in a manner that enables the organization to sustain its competitive edge in the present and into the future.

Pettigrew, Hendry and Sparrow (1988) argue that the way an organization interprets and responds to competitive pressures and the performance gaps they identify naturally play a key role in determining management development priorities and policies. Purcell (1995) on the other hand argues that an organization's business strategy is best geared to its current capability given the state of flux in the internal environment. Consistently, however, several theories point to the fact that the means by which a firm develops its managers in the

long-term and addresses skills gaps in the short term determine its market performance (Mabey, 2002).

Mabey (2002) further advocates that for management development training in an organization to be effective and successful, the central elements of the process must typically include:

- priority given to management development at a strategic level
- senior level endorsement via a written management development policy
- systematic mechanisms for accurately diagnosing group and individual training needs
- evaluation processes to ensure training remains high quality and business-focused
- serious attention given to the implementation of training activities

Below are more theories and further empirical evidence supporting why the five central elements listed above are necessary for a management development programme to be effective or successful.

2.1.1.1 Strategic level priority for Management Development

Seibert and Hall (1995) in their research-based study on the priority given to management development in organizations, report that the link between business strategy and executive development is very weak. Only two companies (3 M and Motorola) out of the 22 leading firms surveyed in the USA

conducted their training of managers in an outwardly focused way, where business priorities were what determined the management development plan. This report highlighted the need for strategic level alignment for management development programmes in organizations.

2.1.1.2 Formalized/written policies endorsed by senior management

Garavan (1991) suggests that when management development policies are formalized and written, it gives an indication of the strategic importance of such programmes to the organization. He argues that when such statements are formalized and written, they suggest a thoughtful rather than an *ad hoc* approach to developing managers. Gratton, Hope-Hailey, Stiles and Truss (1999) also state that the existence of a strategic human resource document in an organization signify a real and genuine communication about the future of the organisation and the role of its people in the achievement of its future goals. Drawing from the arguments above, it is obvious that having management development policies written and documented will contribute to how positively the programme is perceived within the organisation and how successful it is likely to be.

2.1.1.3 Accurate diagnosis and review of training needs

The means by which an organization diagnoses and reviews its management development activities is a meaningful reflection of the organization's attitude towards management development; the rationale being that the greater the strategic investment in developing managers, the greater the care given

to the choice of training opportunities and to their subsequent evaluation (Mabey, 2002).

In terms of how organisations diagnose developmental needs for training, both Holden (1992) and Raper, Ashton, Felstead and Storey (1997) indicate that performance appraisals were the most widely used technique for diagnosing development needs within UK organizations. One can argue that in the absence of better diagnostic tools, performance management tools offer an easy and effective means of diagnosing developmental needs.

2.1.1.4 Implementation and responsibility for management development

The literature and views are divided on who should take responsibility for management development. One school of thought argues that development is most effective when the individual manager takes, or at least shares responsibility for diagnosing needs and choosing the goals for their own self-development. This argument can be supported by the learning literature which advocates the value of more tailored, personally meaningful and timely development (Marsick and Watkins, 1997).

Opposing this, is the view that management development is best managed by the organization, accompanied by human resource audits, corporately orchestrated action plans and cost-benefit calculations (Ulrich, 1997).

The role of line managers

The role of line managers in management development is crucial as their interest in the process represents that of the organisation. According to Shipton and Shackleton (1998), however, empirical assessments of the role of line managers in the management development process show that they are typically under-confident and ill-equipped for the task. This creates the need for the individual employee to demonstrate keen interest and personally take up the challenge and responsibility for their development.

Thus, when it comes to who takes ownership and responsibility for the implementation of management development programmes in organizations, there seems to be the need for shared responsibility between the individual (employee) and the organization.

2.2 Evaluation of training programmes

On the subject of evaluation and review of the business benefits of management development activities, Mabey (2002) refers to DfEE, (1998) and states that from an analysis of 127 firms, there is a near universal inability to measure benefits that were directly attributable to the management development activity undertaken. This means that though many firms appear to place a good emphasis on management development activities and present it as being beneficial, they do not have a precise mechanism to measure the outcomes. Evaluation and review of all programmes are absolutely

necessary. The evidence above, however, proves that it is a difficult exercise to do at the organisational level. As it were, it may be a good recommendation to measure the outcomes at the level of the participating individuals rather than at the level of the entire organisation.

Evaluation is an integral and important part of most training programmes as this helps to determine the effectiveness of instructional interventions. There is, however, evidence that evaluations of training programs are often inconsistent or missing (Carnevale and Schulz, 1990; Holcomb, 1993). Among the reasons for this is the blind trust that organisations put in training solutions, methods and tools (McEvoy and Buller, 1990). Clearly, the need for a consistent and objective evaluation for training programmes can not be overstated.

2.2.1 Approaches to Evaluation of Training

Evaluation of training or educational programmes is traditionally done at the final stages of the programme with the purpose of improving interventions (formative evaluation) or making a judgment about its worth and effectiveness (summative evaluation) (Gustafson & Branch, 1997).

There are six general approaches to training/educational evaluation (Bramley, 1991; Worthen and Sanders, 1987). These are:

- Goal-based evaluation
- Goal-free evaluation
- Responsive evaluation

- Systems evaluation
- Professional review
- Quasi-legal

Goal-based and systems-based approaches are predominantly used in the evaluation of training (Philips, 1991). Various frameworks for evaluation of training programmes have been proposed in line with these two approaches. The most influential framework however has come from Donald Kirkpatrick (Carnevale & Schulz, 1990; Dixon, 1996).

Kirkpatrick's 1975 book, "Evaluating Training Programs", defined his originally published ideas of 1959. His theory has now become arguably the most widely used and popular model for the evaluation of training and learning. Kirkpatrick's four-level model is now considered an industry standard across the HR and training communities (Eseryel, 2002).

Kirkpatrick's model (1959) follows the goal-based evaluation approach and is based on four levels of evaluation.

The four levels of Kirkpatrick's evaluation model essentially measure:

1. Reaction: This is to gather data on participants' reactions at the end of a training programme reflecting basically what they thought and felt about the training

2. Learning: This is to assess whether the learning objectives for the program were met. i.e. whether the programme resulted in an increase in knowledge

and/or capability

3. Behaviour: This is to assess whether job performance and behaviour improved as a result of the training

4. Results: This is to assess the costs vs. benefits of the training programme and the resultant effects of the trainee's performance on the business. The organizational impact in terms of reduced costs, improved quality of work, increased quantity of work processed, etc., could be tracked for this assessment.

2.2.2 Key features of a good training programme

From the discussions above, a good training programme in a MNC must have certain key features and attributes both at the individual participants and the organisational levels.

At the level of the training participants, they need to enjoy the training and have good thoughts and feelings about it. Participants at the end of the training need to be certain that the learning objectives for the training were met and as a result of the learning their way of working and dealing with certain issues will change. Due to these changes in behaviour and approach to work, participants must be more effective and efficient at their jobs which in turn will translate to financial benefits for their organisations.

At the organisational level, training programmes must enjoy strategic level

priority backed by senior level endorsement and written policy guidelines to make it good and effective. There must be a systematic approach to diagnosis of training needs and evaluation of the effectiveness of the training programme. The focus on implementation needs to be very high and this needs to be taken at the strategic level of the organisation, at the training participants' level and at the level of the participants' line managers.

If such levels of engagement are guaranteed at the level of the organisation and the individual participants, training programmes in MNCs stand a better chance at being more effective.

2.3 Global Mindset

2.3.1 Evolution of the concept

As far back as in the 1960s, authors like Ahoroni (1966) and Kindleberger (1969) were discussing the concept of global mindset. They explored the impact that the cognitive capabilities of senior managers in MNCs had on firm performance. Since those early days different researchers and authors have studied and written about the concept. Different definitions of the concept have thus evolved over time. For the different definitions and concepts, however, the analyses of the subject have been done mainly at the levels of the organisation and the individual.

On the subject of global mindset, different researchers and authors have used a

wide variety of constructs to illustrate and argue their case at the individual and organisational levels of analyses.

Murtha, Lenway and Bagozzi (1998) for instance define global mindset at the individual level using the competing country, business and functional concerns as the main constructs while Paul (2002) uses cultural diversity and degree of strategic cohesion as main constructs to define and analyse the concept at an organisational level.

Gupta and Govindarajan (2002), on the other hand, define global mindset on both individual and organisational levels using openness and awareness of diversity across cultures and markets as the constructs. From quite a different perspective, Bouquet (2005) and Levy (2005) analyse global mindset at the level of top management using attention to global issues and environment as the main construct.

As this research investigates the impact of global mindset and emerging market context on training programmes in MNCs, the definition by Maznevski *et al.* (2004) becomes relevant to the discussion as it defines the concept of global mindset from a country and culture perspective.

Maznevski *et al.* (2004) define global mindset as the ability to develop and interpret criteria for personal and business performance that are independent from the assumptions of a single country, culture or context; and to implement those criteria appropriately in different countries, cultures or contexts.

As the focus of business shifts from the domestic environment to a global domain, business leaders and managers will have to increasingly look for ways to redefine their strategies and realign their organizations to the new and more complex global realities (Kedia and Murkherji, 1999). As put by Rhinesmith (1993), the conventional model for any business will no longer have the same validity. The greatest opportunities and challenges would be from the global market and its attendant challenges to operate differently. Organizations striving for success into the future will therefore need to take a global view of their business and develop the requisite global mindset to guarantee future success.

As global competition continues to intensify, global mindset has emerged as a key source of long-term competitive advantage in the global market place (Levy *et al.* 2007).

According to Doz and Prahalad (1991), multiple organizational environment, structural indeterminacy and cultural heterogeneity are common characteristics of the contemporary MNC and researchers and practitioners alike suggest that managers who develop a global mindset are better equipped to deal with this complexity. Levy *et al.* (2007) suggest that global mindset has come to stand for everything that is supposedly global or transnational, from individual attitudes, skills, competencies and behaviours, through organizational orientations, structures and strategies, to policies and practices.

Kedia *et al.* (1999) suggest that for managers to orient themselves and their priorities to the changed international realities, there is a triad consisting of global mindset, knowledge and skills that are needed. They further indicate that a global mindset is for each manager to realize his or her firm's interdependence on the global economy even when the firm's activities are seemingly confined to the domestic environment. They argue that a manager needs to have knowledge of different aspects of the interdependent world. Managers also need to have skills. They described skills as certain human and behavioural abilities that managers must have to help them to do their work more effectively in the global context. It is this unique combination of global mindset, knowledge, and skills that they suggest as being necessary and sufficient for the making of global managers.

2.3.2 Global mindset in management development programmes

The need for MNCs to develop managers with a global mindset cannot be over-emphasised. As Ricks (1993) puts it, multinational and global companies need international managers who will deal with the complexities of managing across national borders, and the failure to develop the necessary mindset, knowledge base and skills among key decision makers may pose significant risks for the organization.

According to Gregerson *et al.* (1998), the challenge is to identify which mindsets managers belong to and how their mindsets are inhibiting them from being

effective. When these issues are understood, an intervention can then be put in place to help such managers create a mindset that will help them to be more effective.

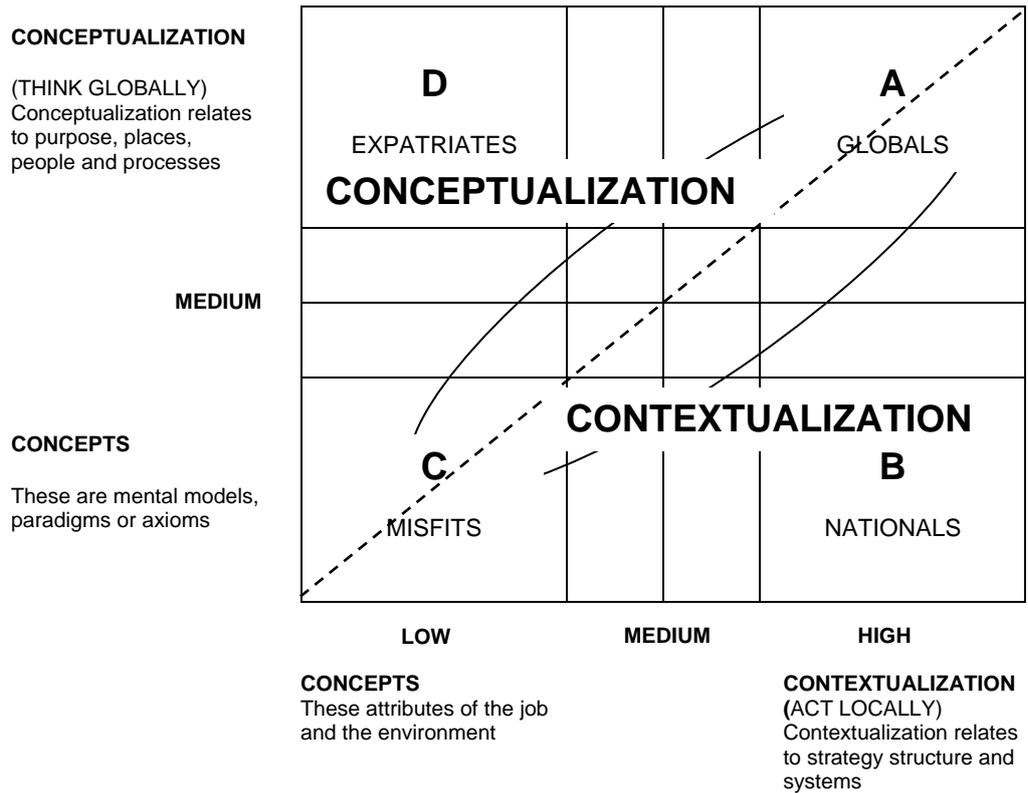
Arora, Jaju, Kefalas and Perenich (2004) indicate that attempts toward developing an operational framework for global mindset have however been sparse. This has led to different definitions and concepts of what constitutes a global mindset.

To address this challenge, Kefalas and Neuland (1997) developed a conceptual framework to define and describe the constructs of a global mindset. The conceptual framework uses two main concepts as the manifest variables of the latent variable global mindsets. The two manifest variables are 'conceptualization' and 'contextualization'. Conceptualization is defined as a person's way of thinking and the ability to comprehend oneself as a part of the global environment. Contextualization refers to a person's ability to act in a context and adapt his ideas to the local environment. This operational framework of global mindset explores the existence of some thinking traits or characteristics of a person and qualifies them as either being "globally minded" or "locally minded", based on the two dimensions of thinking or conceptualizing and acting or contextualizing.

The framework as described above postulates that people who are globally minded and locally acting will be the best candidates for global ventures as such people will need the least amount of change in both their way of thinking in

the global environment and acting in the local environment. Such people are better able to adapt their global strategies to their local context (Arora *et al.* 2004).

Figure 2: Conceptualization and contextualization framework



Adopted from Arora *et al.* (2004)

Figure 2, adopted from Arora *et al.* (2004), advances the fundamental proposition that people who have the attributes of thinking globally and acting locally are the best candidates for a global venture. It is believed that the people falling under this category are ideally suited for global ventures and require least change in their ways of thinking and acting.

As explained by Gregerson *et al.* (1998), after an organisation establishes the

mindset of its managers the next challenge is to create an appropriate environment to move managers functioning within a relatively dysfunctional mindset to one that creates a global mindset. A number of strategies are suggested for developing successful global leaders and one of these is to institute purposeful training developed around an effective and structured learning environment.

This research focuses on the aspect of training with the aim of evaluating whether global mindset and emerging market context impact the effectiveness of management training programmes in MNCs. The effectiveness of the training is gauged by how it is perceived and valued by participants.

Drawing from the discussions so far, it can be argued that managers that possess a global mindset are more likely to be open minded about issues relating to different cultures and contexts. Thus, irrespective of where the content of a training programme is developed or to which context it relates, managers with a global mindset are likely to view it from the concept of the bigger global market and look for ways to bring the content into their own local context. Based on these arguments we put up the following hypothesis:

Research Hypothesis 1:

Ho 1: Global mindset has an impact on how participants of management development/training programmes in MNCs value such programmes

Ha 1: Global mindset has **no** impact on how participants of management development/training programmes in MNCs value such programmes

2.4 Emerging market context and institutional theory

2.4.1 Emerging Markets

Emerging economies are assuming an increasingly prominent position in the world economy and this is reflected by an upsurge in the research on this topic in recent years (Wright *et al.* 2005).

Along with this emerging trend is a heightened interest in the factors that impact the performance of MNCs in these emerging markets. Among the various topics that are being researched with respect to the operations of MNCs in emerging markets is the concept of Institutional Theory and how it impacts on knowledge transfer to improve business performance of the MNC. Certain factors such as collaboration, learning, centralisation, formalization and trust have been identified to be enablers for knowledge transfer and effective management in MNCs. These enablers have been noted to improve performance. Indeed it is believed that businesses that master the effective capture and transfer of knowledge within the organisation would own the future (Lee and Choi, 2003).

2.4.2 Institutional Theory

The neo-institutional model of institutional theory indicates that organizational survival is determined by the extent of alignment with the institutional environment. Thus a MNC's alignment to the host environment's regulations and norms portrays the organisation as legitimate and enhances the chances of survival (Kostova *et al.*, 2008).

The concept of institutional environment is used to argue that when organizations spread across multiple institutional environments and try to transfer practices across units, the degree of similarity between the institutional environments of these units affects the ease and ultimate success of the transfer. This introduces the concept of institutional distance which is defined as the difference or similarity between two institutional environments. In the case of MNCs, this is usually represented by the difference or similarity between the environments of the parent company and the recipient or subsidiary unit (Kostova *et al.*, 2008).

Following from the concepts above, one can argue that the success of knowledge transfer through management development/training programmes run by MNCs can be significantly influenced by the institutional distance between the parent company and the training participant's base country. It also follows that in the case where the parent company is from a developed market, the context of emerging markets may have a significant influence on the success of such training programmes in terms of how it is valued and perceived by participants from emerging markets.

Based on the above, we put forward the following hypothesis:

Research Hypothesis 2:

Ho 2: Emerging market context has an impact on how participants of management development/training programmes in MNCs value such programmes.

Ha 2: Emerging market context has **no** impact on how participants of management development/training programmes in MNCs value such programmes.

The International Monetary Fund (IMF) listing in the World Economic Outlook Report (April, 2009) is used to classify and differentiate emerging markets from developed markets.

2.4.3 Emerging market context and global mindset

According to Arora *et al.* (2004), global mindset is a learned phenomenon which cultural experiences may influence in a positive or negative manner. Hofstede (1997) indicates that the sources of these cultural experiences lie within the social environments in which one grows. The socialization starts within the family and continues within the community through sharing and interacting with other people who live within the social environment. Factors such as gender, race, age, social classes and culture make up the social environment and this impact the individuals living in the environment in different ways to shape their mindset. If an individual's social environment contributes to shaping their

mindset, then one can argue that since the social environments in emerging markets are significantly different from developed markets, it is possible that individuals from emerging market will have a different mindset compared to individuals from developed markets. Based on the arguments above, and the fact that participants of training programmes in MNCs are usually pulled in from very varied backgrounds, countries and cultures, we put forward the following hypothesis:

Research Hypothesis 3:

Ho 3: Emerging market context has an impact on the global mindset of participants of management development/training programmes in MNCs.

Ha 3: Emerging market context has **no** impact on the global mindset of participants of management development/training programmes in MNCs.

CHAPTER 3: RESEARCH HYPOTHESES

From the literature review, the following hypotheses are put forward for this research.

Research Hypothesis 1:

Ho 1: Global mindset has an impact on how participants of management development/training programmes in MNCs value such programmes

Ha 1: Global mindset has **no** impact on how participants of management development/training programmes in MNCs value such programmes

Research Hypothesis 2:

Ho 2: Emerging market context has an impact on how participants of management development/training programmes in MNCs value such programmes.

Ha 2: Emerging market context has **no** impact on how participants of management development/training programmes in MNCs value such programmes.

Research Hypothesis 3:

Ho 3: Emerging market context has an impact on the global mindset of participants of management development/training programmes in MNCs.

Ha 3: Emerging market context has **no** impact on the global mindset of participants of management development/training programmes in MNCs.

CHAPTER 4: RESEARCH METHODOLOGY

4.1 Introduction

This chapter discusses the research method employed to address the research problem of this study. The chapter specifies the aim and objectives of the study and the main features of the research design. The research variables are also defined and described. Hypotheses on the research problem are revisited and the attributes of the participants are described. The data collection and ethical issues are also presented. The measuring tools used in this study are examined and discussed.

4.2 Problem statement revisited

The purpose of this research is to investigate the level of global mindset in employees from emerging vs. developed countries and determine how global mindset and emerging market context impact the value employees place on training programmes in multinational companies (MNCs).

The problem statement was presented in the introductory chapter. Management training programmes are commonly used by MNCs to up skill and prepare employees for leadership roles. Allusions were made to the effect that the global mindset of participants may impact how they value and appreciate such training programmes, thus impacting its effectiveness.

According to the theory on emerging market context (Kostova *et al.*, 2008), it was argued that such standardized training programmes run by MNCs could be

perceived and valued differently by different participants depending on their base country.

Following from theory on institutional distance, there was also the possibility for emerging market context to impact the global mindset of participants of such training programmes.

4.3 Aim and objectives revisited

This study aims to establish whether emerging market context and global mindset have an influence on how management development/training programmes in MNCs are perceived and valued by participants.

To enhance their global competitiveness, MNCs continue to use management development/training programmes to help grow the right leadership for future business success. In such programmes, however, it is important to achieve similar impact across all participants. In line with this, it is important to know if the different geographical, cultural and country economic backgrounds and the mindsets (global vs. local) of the various participants impact how the training is valued or appreciated.

This research thus sought to establish whether

- Global mindset has an impact on how management training and development programmes in MNCs are valued by participants;
- Emerging market context has an impact on how participants value

management training and development programmes in MNCs;

- Emerging market context impacts on the mindset (global vs. local) of participants of management development and training programmes in MNCs.

4.4 Research hypotheses

The following hypotheses were made in accordance with the objectives of the study:

Ho 1: Global mindset has an impact on how participants of management development/training programmes in MNCs value such programmes

Ha 1: Global mindset has **no** impact on how participants of management development/training programmes in MNCs value such programmes

Ho 2: Emerging market context has an impact on how participants of management development/training programmes in MNCs value such programmes.

Ha 2: Emerging market context has **no** impact on how participants of management development/training programmes in MNCs value such programmes.

Ho 3: Emerging market context has an impact on the global mindset of participants of management development/training programmes in MNCs.

Ha 3: Emerging market context has **no** impact on the global mindset of participants of management development/training programmes in MNCs.

4.5 Research design

This research employed a non-experimental survey design, focusing on identifying the relationships between the various identified variables. The value participants placed on the identified training programme represented the dependent variable of this study and was measured using the Training Programme Evaluation Questionnaire (TPEQ) developed from Kirkpatrick's four level model (Kirkpatrick, 2007). The Base Country Questionnaire (BCQ) was used to assess emerging market context (Kostova *et al.*, 2008) which was determined primarily by the participants' base country. The participants' level of global mindset was assessed using the Global Mindset Assessment Tool (GMAT) which was developed from the concepts of Kefalas *et al.* (1997) in Arora *et al.* (2004). Emerging market context and global mindset represented the independent variables of this study.

For the third hypothesis, however, emerging market context was the independent variable and global mindset was the dependent variable.

The assessment tools/questionnaires were designed in consultation with an expert researcher and statistician.

4.5.1 Management training programmes

Although the literature projects the importance of management development and training programmes in MNCs, there is substantial evidence that evaluations of such training programmes are often inconsistent or missing (Carnevale and Schulz, 1990; Holcomb, 1993). This highlights the need for consistent and objective evaluation for such training programmes to ensure that participants and organisations alike derive the utmost benefits. Kirkpatrick's four-level model (Kirkpatrick, 1998), which has now become a standard in HR and training communities offers a good solution to this need (Eseryl, 2002).

4.5.2 Emerging market context

Drawing from the concepts of institutional theory, institutional distance has the potential of impacting on the success of knowledge transfer within MNCs. In MNCs, institutional distance is usually represented by the difference or similarity between the environments of the parent company and the subsidiary company (Kostova *et al.*, 2008).

One may then argue that in cases where the parent company is from a developed market, emerging market context may have a significant influence on

the success of such training programmes and how such programmes are valued by participants.

4.5.3 Global mindset

Ricks (1993) argues that multinational and global companies need international managers who will deal with the complexities of managing across national borders, and the failure to develop the necessary mindset, knowledge base and skills among key decision makers may pose significant risks for the organization.

Gregerson et al. (1998) suggest a number of strategies for developing successful global leaders. One of these is to institute purposeful *training* developed around an effective and structured learning environment.

The question remains whether the mindset (global vs. local) of training participants has an impact on how they appreciate and value such training programmes; and this research aims to answer that.

4.6 Measuring instruments

Based on the theoretical considerations discussed in the preceding chapters, three instruments were used to measure the variables identified in the research design of this study. Participants completed the Global Mindset Assessment Tool (GMAT; Arora *et al.*, 2004), the Training Programme Evaluation Questionnaire (TPEQ; Kirkpatrick, 2007) and the Base Country Questionnaire

(BCQ) which helped to gauge emerging market context (Kostova *et al.*, 2008). They also completed a biographical questionnaire. The instruments and their psychometric properties are discussed in the sections that follow.

4.6.1 Training Programme Evaluation Questionnaire (TPEQ)

The TPEQ (Kirkpatrick, 1998) was developed to provide a measure of how participants valued the training programme. The tool used a set of simple questions to measure the valuation which was done on the following four levels:

1. Reaction: This measured what participants thought and felt about the training.
2. Learning: This measured whether the learning objectives for the programme were met. i.e. whether the programme resulted in an increase in participants' knowledge or capability
3. Behaviour: This measured whether participants' job performance and behaviour improved as a result of the training
4. Results: This measured the costs vs. benefits of the training programme with respect to the participants' performance on the business. The organizational impact in terms of reduced costs, improved quality of work, increased quantity of work processed, etc. were tracked for this assessment.

The TPEQ was a normative instrument consisting of 7 items with a Likert-type scale (1 = strongly agree to 5 = strongly disagree). Item 1 covered

level 1 – Reaction; item 2 covered level 2 – Learning; items 3 and 4 covered level 3 – Behaviour; and items 5, 6 and 7 covered level 4 – Results (Kirkpatrick, 1998).

4.6.2 Global Mindset Assessment Tool (GMAT)

The GMAT was developed to provide an assessment of the respondents' level of global mindset. The tool used a set of simple questions drawn from the concepts of 'contextualisation' and 'conceptualisation' as employed by Arora *et al.* (2004) to evaluate the respondents' level of global mindset. The concept, as employed by Arora *et al.*, was originally developed by Kefalas and Neuland (1997).

The GMAT was a normative instrument consisting of 20 items with a five-point Likert-type scale (1 = strongly agree to 5 = strongly disagree). 10 items in the questionnaire related to 'contextualisation' while the other 10 items related to 'conceptualization'. Higher scores on the conceptualization scale represent respondents who think more globally whereas higher scores in contextualisation represent respondents who act locally (Arora *et al.*, 2004).

4.6.3 Base Country Questionnaire (BCQ)

The BCQ basically sought to establish the respondent's base country.

It also collected information on the number of other countries respondents had worked in for a cumulative of four weeks in a year.

4.6.4 Reliability

As shown in the table below, the subscales for the measurement tools showed acceptable Cronbach's alpha internal consistency reliabilities. The Cronbach's α was 0.32 for the GMAT and 0.85 for the TPEQ.

Table 1: Cronbach's alpha for GMAT and TPEQ

Assessment Tool	α	No. of items
GMAT	0.32	20
TPEQ	0.85	7

4.7 Participants

The population of relevance for this research were all employees of the selected MNC who had participated in the identified management development / training. This population covered participants from both emerging and developed countries. Participants for the survey were obtained by means of non-random convenience sampling. The sample was restricted to participants who had attended the identified training programme between 2007 and 2009. This approach was chosen to facilitate accessibility and create a common point of reference regarding the management training programme being assessed. The sample consisted of 179 participants who had attended the identified training programme between 2007 and 2009.

4.8 Data collection process

The Head of Competence Development and the Human Resource Director in the identified MNC were approached for permission to administer the questionnaires among employees who had attended the identified training programme between 2007 and 2009. A structured questionnaire (on a 5-point Likert scale) was used to elicit responses. The questionnaires for the survey were non-proprietary.

4.8.1 Pilot Questionnaires

The questionnaires were tested to ensure that the questions were unambiguous and capable of evoking specific and relevant answers. Target respondents had ready access to the internet and a combination of e-mails and a web-based survey was used to administer the questionnaire.

Due to the potential high rate of non-response in internet-based surveys, the questionnaire was sent out to 502 potential respondents. The target respondents were sent a notice and information on the survey before it is sent out. The questionnaires were then sent out to 502 target respondents. Of these 502 target respondents, only 179 completed and submitted their questionnaire for the survey. The response rate for this research was 36%. Questionnaires were accompanied by a cover letter describing the purpose of the study as well as relevant ethical and practical issues. The participants were supplied with standardized instructions to self-administer the questionnaires in their own time. A reminder was sent out to all target respondents before the survey was closed.

4.8.2 Confidentiality

All participants were notified of their rights according to the University of Pretoria research ethics process. It was made clear to the participants that their participation in this research was both voluntary and anonymous. To ensure confidentiality, the process for data gathering and processing was anonymous. Respondents were not required to indicate their name or email addresses. Further, the data was analyzed without identifiers.

4.9 Sample description

The participants' demographics are presented in the tables below:

The demographics relevant to this study are age, gender, base country and number of countries where respondents have worked for at least four weeks cumulative in a particular year.

Table 2: Gender distribution

Gender	Frequency	Percent
Female	80	44.7
Male	99	55.3
Total	179	100.0

Table 3: Age bands

Age bands (years)	Frequency	Percent
18-29	17	9.5
30-39	115	64.2
40-49	41	22.9
49+	6	3.4
Total	179	100.0

Table 4: Base country distribution

Country	Frequency	Percent
Austria	5	2.8
Bangladesh	1	0.6
Belgium	3	1.7
Bosnia and Herzegovina	1	0.6
Bulgaria	4	2.2
Canada	1	0.6
CH	1	0.6
Croatia	2	1.1
Czech Republic	1	0.6
Denmark	3	1.7
Ecuador	1	0.6
Egypt	3	1.7
Estonia	3	1.7
Finland	2	1.1
France	3	1.7
Georgia	2	1.1



Germany	22	12.3
Greece	13	7.3
Iran	1	0.6
Ireland	4	2.2
Israel	2	1.1
Italy	3	1.7
Jordan	2	1.1
Kenya	1	0.6
Kuwait	1	0.6
Lebanon	1	0.6
Lithuania	5	2.8
Macedonia	1	0.6
Morocco	3	1.7
Norway	4	2.2
Pakistan	3	1.7
Philippines	2	1.1
Poland	3	1.7
Portugal	6	3.4
Romania	3	1.7
Russia	4	2.2
Saudi Arabia	2	1.1
Serbia	1	0.6
Slovakia	1	0.6
Slovenia	1	0.6
South Africa	6	3.4
Spain	10	5.6
Sweden	9	5.0
Switzerland	9	5.0
Syria	1	0.6

Thailand	5	2.8
The Netherlands	3	1.7
Turkey	8	4.5
UAE	1	0.6
United Arab Emirates	1	0.6
United Kingdom	1	0.6
Total	179	100.0

Table 5: No. of respondents from emerging vs. developed countries

Emerging vs. Developed	Frequency	Percent
Emerging countries	79	44.1
Developed countries	100	55.9
Total	179	100.0

Table 6: No. of countries lived or worked in

No. of countries	Frequency	Percent
1 country only	100	55.9
2-3 countries	71	39.7
4-6 countries	7	3.9
6+ countries	1	0.6
Total	179	100.0

4.10 Statistical analyses

The statistical analyses of the data were undertaken using the Statistical Package for the Social Sciences (SPSS) Version 17.2 (2009). Frequencies and descriptive statistics aimed at describing the sample were also done. Cronbach alpha coefficients were used to determine the internal consistency reliabilities of the measuring instruments (Clark & Watson, 1995). Pearson's product-moment correlation coefficients were obtained to determine the direction and strength of the relationships between the identified variables.

Linear regression analyses (with the value participants placed on the identified training programme being the dependent variable and global mindset and emerging market context as independent variables respectively) were conducted to investigate whether the independent variables have an impact on the dependent variable. A third linear regression analysis was done with emerging market context as the independent variable and global mindset as the dependent variable. These analyses further provided for the interaction between the various variables. The levels of significance of the relationships were considered at the $p < 0.05$ and $p < 0.01$ levels.

4.11 Ethical issues

In a study involving human participants, a number of ethical considerations need to be addressed. The crucial and important issue of participants' informed

consent was attended to first. The safety of the participants was not compromised in any way and the nature of this study was explained to the participants in a consent form attached to the research questionnaires. It was left to the discretion of the participants to decide whether they wished to participate in the research, making this research voluntary. If they so wished, participants were given the choice to withdraw from this research at any point in time.

The second ethical consideration was that, since the information requested by the researcher was of a personal nature, participants were assured of confidentiality and anonymity. This was achieved by communicating to the participants that they did not have to identify themselves on the research questionnaires and that their data would not be given to or shared with any person or organisation. It was made clear to the participants that all data collected was for research purposes only. Regarding the issue of feedback, participants would not receive feedback individually but the results of this research would be available in dissertation format in the University of Pretoria library and the GIBS Information Centre.

4.12 Summary

This chapter discussed the methodology of this research. Included in this chapter were the objectives and aims, hypotheses, construct definitions and sample descriptives. The three questionnaires used in this research, namely the GMAT, TPEQ and BCQ, were also discussed. The sample descriptives

included age, gender, base country and number of countries where respondents have worked for at least four weeks cumulative in a particular year.

Statistical analyses used were mentioned and ethical issues were highlighted.

In the next chapter the results of the study are discussed.

CHAPTER 5: RESULTS

5.1 Introduction

The purpose of this chapter is to present the results obtained. The results are presented according to the three hypotheses.

5.2 The relationship between the stated variables

The first null hypothesis (Ho 1) stated that global mindset has an impact on how participants of management development/training programmes in MNCs value such programmes. The alternative hypothesis (Ha 1) stated that global mindset has no impact on how participants of management development/training programmes in MNCs value such programmes. The second null hypothesis (Ho 2) stated that emerging market context has an impact on how participants of management development/training programmes in MNCs value such programmes, while the alternative hypothesis (Ha 2) stated that emerging market context has no impact on how participants of management development/training programmes in MNCs value such programmes. The third null hypothesis (Ho 3) stated that emerging market context has an impact on the global mindset of participants of management development/training programmes in MNCs, and the alternative hypothesis (Ha 3) stated that emerging market context has no impact on the global mindset of participants of management development/training programmes in MNCs.

5.2.1 Hypothesis 1:

Predictive relationship between global mindset and the value participants place on training programmes in MNCs

A linear regression analysis was performed for global mindset, with value participants place on training programmes as the dependant variable. The independent variable was global mindset. The results are reported in Table 7.

Table 7: Predictive effect of global mindset on value participants placed on training programme

Model	R	R ²	Adjusted R ²	Change Statistics				
				R ² Change	F Change	df1	df2	Sig. F Change
	0.722 ^a	0.521	0.518	0.521	189.053	1	174	0.000

a. Predictors: (Constant), Global Mindset
Dependent variable: value placed on the training programme

The results in Table 7 show a statistically significant relationship between global mindset and the value participants placed on the training programme. With global mindset as the predictor of value placed on the training programme, $R^2 = 0.521$, $F(1, 174) = 189.053$, $p = < 0.001$. Global mindset explained approximately 52% of the variance in the value individuals placed on the training programme. These results confirm that the null hypothesis (Ho 1) that global mindset has an impact on how participants of management development/training programmes in MNCs value such programmes should not

be rejected. The alternative hypothesis ($H_a 1$) that global mindset has no impact on how participants of management development/training programmes in MNCs value such programmes should be rejected. The standardised regression weights, t -values, p -levels, and semi-partial correlations of the predictor variable (global mindset) with value placed on training the programme are summarised in Table 8.

Table 8: Regression weights, t-tests and effect sizes in the prediction of value placed on training programme

Model	Standardized Coefficients			Correlations		
	β	t	p	Zero-order	Partial	Part
Global Mindset	0.722	13.750	0.000	0.722	0.722	0.722

Dependent variable: value placed on the training programme

Inspection of Table 8 shows that global mindset ($\beta = 0.722$, $r = -0.722$, $t = 13.750$, $p < 0.001$) was statistically significantly related to the value that participants placed on the training the programme.

5.2.2 Hypothesis 2:

Predictive relationship between emerging market context and the value participants place on training programmes in MNCs

A linear regression analysis was performed for emerging market context, with

value participants placed on the training programme as the dependant variable. The independent variable was emerging market context. The results are reported in Table 9.

Table 9: Predictive effect of emerging market context on value participants placed on training programme

Model	R	R ²	Adjusted R ²	Change Statistics				
				R ² Change	F Change	Df1	df2	Sig. F Change
	0.203 ^a	0.041	0.036	0.041	7.615	1	177	0.006

a. Predictors: (Constant), emerging market context
Dependent variable: value placed on training programme

The results in Table 9 show a statistically significant relationship between emerging market context and the value participants placed on the training programme. With emerging market context as the predictor of value placed on the training programme, $R^2 = 0.036$, $F(1, 177)$, = 7.615, $p < 0.05$. Emerging market context accounts for approximately 4% of the variance in the value individuals placed on the training programme. These results confirm that the null hypothesis (Ho 2) that emerging market context has an impact on how participants of management development/training programmes in MNCs value such programmes should not be rejected. The alternative hypothesis (Ha 2) that emerging market context has no impact on how participants of management development/training programmes in MNCs value such programmes should be rejected. The standardised regression weights, t -values, p -levels, and semi-

partial correlations of the predictor variable (emerging market context) with value placed on the training programme are summarised in Table 10.

Table 10: Regression weights, t-tests and effect sizes in the prediction of value placed on training programme

Model	Standardized Coefficients			Correlations		
	<i>B</i>	<i>t</i>	<i>P</i>	Zero-order	Partial	Part
Emerging market context	0.203	2.760	0.006	0.203	0.203	0.203

Dependent variable: value placed on the training programme

Inspection of Table 10 shows that emerging market context ($\beta = 0.203$, $r = 0.203$, $t = 2.760$, $p < 0.05$) was statistically significantly related to the value that participants placed on the training the programme.

5.2.3 Hypothesis 3:

Predictive relationship between emerging market context and global mindset

A linear regression analysis was performed for emerging market context, with global mindset of participants as the dependant variable. The independent variable was emerging market context. The results are reported in Table 11.

Table 11: Predictive effect of emerging market context on global mindset of training participants

Model	R	R ²	Adjusted R ²	Change Statistics				Sig. F Change
				R ² Change	F Change	df1	df2	
	0.103 ^a	0.011	0.005	0.011	1.900	1	177	0.170

a. Predictors: (Constant), Emerging market context
Dependent variable: Global mindset

The results in Table 11 show no statistically significant relationship between emerging market context and the global mindset of the participants of the training programme. With emerging market context as the predictor of global mindset, $R^2 = 0.011$, $F(1, 177) = 1.900$, $p = 0.170$. There were no differences observed between Emerging Market Context and Global Mindset. These results confirm that the null hypothesis (Ho 3) that emerging market context has an impact on the global mindset of participants of management development/training programmes in MNCs should be rejected. The alternative hypothesis (Ha 3) that emerging market context has no impact on the global mindset of participants of management development/training programmes in MNCs should not be rejected. The standardised regression weights, t -values, p -levels, and semi-partial correlations of the predictor variable (emerging market context) with global mindset of the participants of the training programme are summarised in Table 12.

Table 12: Regression weights, t-tests and effect sizes in the prediction of global mindset of training participants

Model	Standardized Coefficients			Correlations		
	<i>B</i>	<i>t</i>	<i>p</i>	Zero-order	Partial	Part
Emerging market context	0.103	1.378	0.170	0.103	0.103	0.103

Dependent variable: global mindset

Inspection of Table 12 shows that emerging market context ($\beta = 0.103$, $r = 0.103$, $t = 1.378$, $p > 0.05$) was not statistically significantly related to the global mindset of participants of the training the programme.

5.3 Summary of results

In summary, the above results indicate that there is a statistically significant relationship ($r = -0.722$, $p < 0.001$) between global mindset and the value participants placed on the training programme, with global mindset as the predictor of value placed on the training programme. Global mindset explained approximately 52% of the variance in the value individuals placed on the training programme.

The analysis also showed a statistically significant relationship ($r = 0.203$, $p < 0.05$) between emerging market context and the value participants placed on the training programme with emerging market context as the predictor of value placed on the training programme. Emerging market context accounted for

approximately 4% of the variance in the value individuals placed on the training programme.

When it came to the relationship between emerging market context and global mindset with emerging market context as the predictor of global mindset, the analyses showed no statistically significant relationship ($r = 0.103$, $p > 0.05$).

This chapter presented findings pertaining to the relationships between global mindset, emerging market context and the value that training participants placed on the training programme. The following chapter presents a discussion of these findings and integrates the results with previous research.

CHAPTER 6: DISCUSSION OF RESULTS

6.1 Introduction

The purpose of this chapter is to discuss the results presented in Chapter five. The results of this study indicated that global mindset and emerging market context have a significant impact on how the training participants valued the training programme. Emerging market context however did not have significant impact on the global mindset of the training participants.

The results obtained are discussed in terms of the research objectives, literature reviewed and hypotheses posited. The discussion is structured as follows:

- Research objective revisited
- Variables of the study revisited
- Discussion of results according to hypotheses
- Summary of discussions

6.2 Research objective revisited

The purpose of this research was to investigate how global mindset and emerging market context impact the value employees place on training programmes in multinational companies (MNCs).

This was done by investigating the relationships between the variables stated above.

The growing trend toward a globalized world economy has brought corporate giants from developed countries to the growing (emerging) markets of the Third World (Arora *et al.*, 2004). These emerging economies are assuming an increasingly prominent position in the world economy and this is reflected by an upsurge in the research on emerging markets in recent years (Wright *et al.*, 2005). As global competition continues to intensify, global mindset has emerged as a key source of long-term competitive advantage in the global market place (Levy *et al.*, 2007). According to Gregerson *et al.* (1998) global mindset will allow a manager from one part of the world to be comfortable in another part and perform well on account of knowledge and skills.

Management development and training programmes are among the commonest methods that MNCs use to up skill and prepare their employees for more responsibility. MNCs however tend to have standardized training/development programmes that are rolled out to all countries where they are represented. According to the theory on emerging market context (Kostova *et al.*, 2008), there is the possibility for such standardized programmes to be perceived and valued differently by different participants depending on the context of their base country. From the literature discussed, it is also clear that managers of MNCs should not only have skills and knowledge but must have a global mindset as well. The question remains whether managers' mindset has an impact on the effectiveness of their management training programmes.

As there exist the possibility for global mindset and emerging market context to impact on how management training programmes in MNCs are valued and perceived, there is also a possibility that the mindset of managers from

developed markets are different from that of their colleagues from emerging markets. An understanding of such differences, if they do exist, will help MNCs to better select managers for development into global and international managers.

In sum, this study basically sought to establish whether relationships exist between the identified variables i.e. global mindset, emerging market context and the value training participants placed on management training programmes.

If there were relationships and the variables did impact each other, then understanding the nature of the relationship will go a long way to help MNCs to be more effective at

- Selecting and preparing participants for such training programmes
- Packaging these training programmes differently for emerging vs. developed markets

6.3 Variables of the study revisited

The three variables used in the hypotheses posited for this study were

- Global mindset
- Emerging market context
- Value participants placed on training programme

The measure of global mindset was used to evaluate respondents' level of global thinking and how they are able to apply global concepts to their local context. The concepts of 'contextualisation' and 'conceptualisation' used in this

study were originally developed by Kefalas *et al.* (1997).

To assess emerging market context, the respondents were basically categorized according to their base countries. The countries were classified as either emerging or developed based on the International Monetary Fund (IMF) classification in the World Economic Outlook Report, April 2009.

6.3.1 Value participants placed on training programme

According to Gustafson *et al.* (1997), evaluation of training or educational programmes is traditionally done at the final stages of the programme with the purpose of improving interventions or making a judgment about its worth and effectiveness. Various frameworks for evaluation of training programmes have been proposed but the most influential framework has come from Donald Kirkpatrick (Carnevale & Schulz, 1990; Dixon, 1996). Kirkpatrick's four-level model is now considered an industry standard across the HR and training communities (Eseryel, 2002).

This model which takes a comprehensive overview of the value of the training (ranging from the perceptions of participants to the benefits accrued to the organisation) was used in this study to assess the value that participants placed on the training programme. The evaluations as recorded entailed the participants' perceptions, the actual learning that took place, the resultant change in behaviours and the ultimate benefits that accrued to the organisation as a result of the training.

6.4 Discussion of results according to hypotheses

6.4.1 Hypothesis 1

The relationship between global mindset and the value participants placed on training programmes

This section discusses the relationship between global mindset and the value participants placed on training programmes in MNCs.

The first null hypothesis (Ho 1) stated that global mindset has an impact on how participants of management development/training programmes in MNCs value such programmes; and the first alternative hypothesis (Ha 1) stated that global mindset has no impact on how participants of management development/training programmes in MNCs value such programmes.

This research yielded a statistically significant relationship ($r = -0.722$, $p < 0.001$) between global mindset and the value participants placed on the training programme, with global mindset as the predictor of value placed on the training programme. From the results, global mindset explained approximately 52% of the variance in the value individuals placed on the training programme.

Based on the results presented in Chapter Five, the first null hypothesis (Ho 1) was not rejected. The alternative hypothesis (Ha 1) was rejected.

The results thus indicate that global mindset has an impact on how participants of management development/training programmes in MNCs value such programmes.

According to Mabey (2002), several theories point to the fact that the means by which a firm develops its managers in the long-term and addresses skills gaps in the short term determine its market performance. The argument advocates for management development training as an effective means of addressing this challenge but further advocates for the need for effective evaluation processes to ensure that the training remains high quality and business focussed.

Researchers and practitioners alike suggest that managers who develop a global mindset are better equipped to deal with the complexity of the contemporary MNC which usually entails multiple organisational environments and cultural heterogeneity (Doz and Prahalad, 1991).

To enable managers to orient themselves and their priorities within these changed international realities, Kedia *et al.* (1999) suggested that a unique combination of global mindset, knowledge and skills are needed. Ricks (1993) argued the same point and went on to state that failure on the part of a multinational to develop the necessary mindset, knowledge base and skills among key decision makers may pose significant risks for the organization. The literature thus clearly highlights the need for managers of MNCs to have the unique combination of global mindset, knowledge and skills. Most management training programmes in MNCs however focus mainly on building knowledge and skills with little or no focus on creating a global mindset. In line with this Gregerson *et al.* (1998) argued that it is important to identify which mindsets managers belong to and how it is inhibiting them from being effective so that appropriate interventions can be instituted to create a more effective mindset.

Attempts toward developing an operational framework for determining global mindset have however been sparse resulting in different definitions and concepts of what constitutes a global mindset (Arora *et al.* 2004). The conceptual framework developed by Kefalas *et al.* (1997) has however helped to define and describe the constructs of a global mindset. This operational framework of global mindset explores the existence of some thinking traits or characteristics of a person and qualifies them as either being “globally minded” or “locally minded”, based on the two dimensions of conceptualizing and contextualizing. The framework postulates that people who are globally minded and locally acting will be the best candidates for global ventures.

As indicated earlier, managers of MNCs require a combination of global mindset, skills and knowledge to be successful global or international managers. MNCs would usually use management training programmes to equip the managers with the requisite skills and knowledge. The results of this study however show that the mindset of training participants has an impact on how they perceive such skills and knowledge training. By inference, the success or effectiveness of such training programmes depend on the mindset of participants.

One can then argue that MNCs can improve the effectiveness/value of their training programmes if they start by helping participants to first create and possess a global mindset before putting them on skills and knowledge training programmes.

To succeed with such an intervention, a structured rather than *ad hoc* approach is required. Following the approach advocated by Mabey (2002), may be very effective. This basically entails ensuring that the strategic level priority is given to global mindset in the organisation's management training programmes. Putting formal written policy guidelines in place on the importance of global mindset to the organisation and its managers helps communicate the strategic intent. Systematic mechanisms for accurate diagnosis of training needs and the global mindset of potential training participants have to be instituted. This approach could combine performance appraisals and other proven tools for assessing global mindset like the one by Kefalas *et al.* (1997). Most importantly, serious focus and attention needs to be given to implementation. Responsibility for implementation of the programme should be at the organisational level, led by the HR department, at the level of the individual potential trainees and at the level of the trainee's line manager.

6.4.2 Hypothesis 2

The relationship between emerging market context and the value participants placed on training programmes

This section discusses the relationship between emerging market context and the value that participants put on training in MNCs.

The second null hypothesis (Ho 2) stated that emerging market context has an impact on how participants of management development/training programmes

in MNCs value such programmes; and the second alternative hypothesis (Ha 2) stated that emerging market context has no impact on how participants of management development/training programmes in MNCs value such programmes.

This research yielded a statistically significant relationship ($r = 0.203$, $p < 0.05$) between emerging market context and the value participants placed on the training programme, with emerging market context as the predictor of value placed on the training programme. From the results, emerging market context explained approximately 4% of the variance in the value individuals placed on the training programme.

Based on the results presented in Chapter Five, the second null hypothesis (Ho 2) was not rejected. The alternative hypothesis (Ha 2) was rejected.

The results of this research thus indicate that emerging market context has an impact on how participants of management development/training programmes in MNCs value such programmes.

Emerging economies are assuming an increasingly prominent position in the world economy and this is reflected by an upsurge in the research on this topic in recent years (Wright et al. 2005). Developing along the same trend is the concept of Institutional Theory and how it impacts on knowledge transfer to improve business performance of MNCs. In line with this, the concept of

institutional environment is used to argue that when organizations spread across multiple institutional environments and try to transfer practices across units, the degree of similarity between the institutional environments of these units affects the ease and success of the knowledge transfer. This brings in the concept of institutional distance, defined as the difference/similarity between two institutional environments. In the case of MNCs, this is usually represented by the difference or similarity between the environments of the parent company and the subsidiary unit (Kostova *et al.*, 2008)

From the concepts above, one can argue that the success of knowledge transfer through management development/training programmes run by MNCs can be significantly influenced by the institutional distance between the parent company and the training participant's country. This means that in the case where the parent company from a developed market designs and develops the training, emerging market context may have a significant influence on how the training is valued and perceived by participants, especially those from emerging markets, thus impacting the effectiveness of the training.

Inferring from the concept of institutional distance and the fact that the results of this study showed that emerging market context has an impact on how management training programmes in MNCs are valued by participants, one can argue that such training programmes may be more effective and value-adding if the institutional distance and emerging market context is taken into

consideration in the design and roll out of the training programme. A good way of going about this will be to design the content of the training to reflect issues pertaining to both emerging and developed markets.

6.4.3 The relative impact of global mindset and emerging market context on the value participants placed on training programmes

From the results, global mindset explained 52% of the variance in the value participants placed on the training programme. Emerging market context accounts for approximately 4% of the variance in the value participants placed on the training programme. Based on these results, one can argue that the impact of global mindset on the value participants placed on the training programme was significantly stronger than the impact of emerging market context.

Maznevski *et al.* (2004) define global mindset as the ability to develop and interpret criteria for personal and business performance that are independent from the assumptions of a single country, culture or context; and to implement those criteria appropriately in different countries, cultures or contexts.

Following from the research results and definition above, one can argue that having global mindset among training participants can mitigate the impact of emerging market context on the perceptions and value participants

place on training programmes in MNCs. It thus follows that the effectiveness of training programmes in MNCs can be significantly improved by enrolling participants who possess a global mindset. To address issues pertaining to the impact of emerging market context, developing training contents that cover issues pertaining to both developed and emerging markets may be an effective solution.

6.4.4 Hypothesis 3

The relationship between global mindset and emerging market context

This section discusses the relationship between emerging market context and global mindset of the participants of the training programme.

The third null hypothesis (Ho 3) stated that emerging market context has an impact on the global mindset of participants of management development/training programmes in MNCs; and the third alternative hypothesis (Ha 3) stated that emerging market context has no impact on the global mindset of participants of management development/training programmes in MNCs.

This research did not yield a statistically significant relationship ($r = 0.103$, $p > 0.05$) between emerging market context and the global mindset of the participants of the training programme, with emerging market context as the predictor global mindset.

Based on the results presented in Chapter Five, this null hypothesis (Ho 3) was rejected. The alternative hypothesis (Ha 3) was not rejected.

The results of this research thus indicate that emerging market context had no significant impact on the global mindset of the training participants.

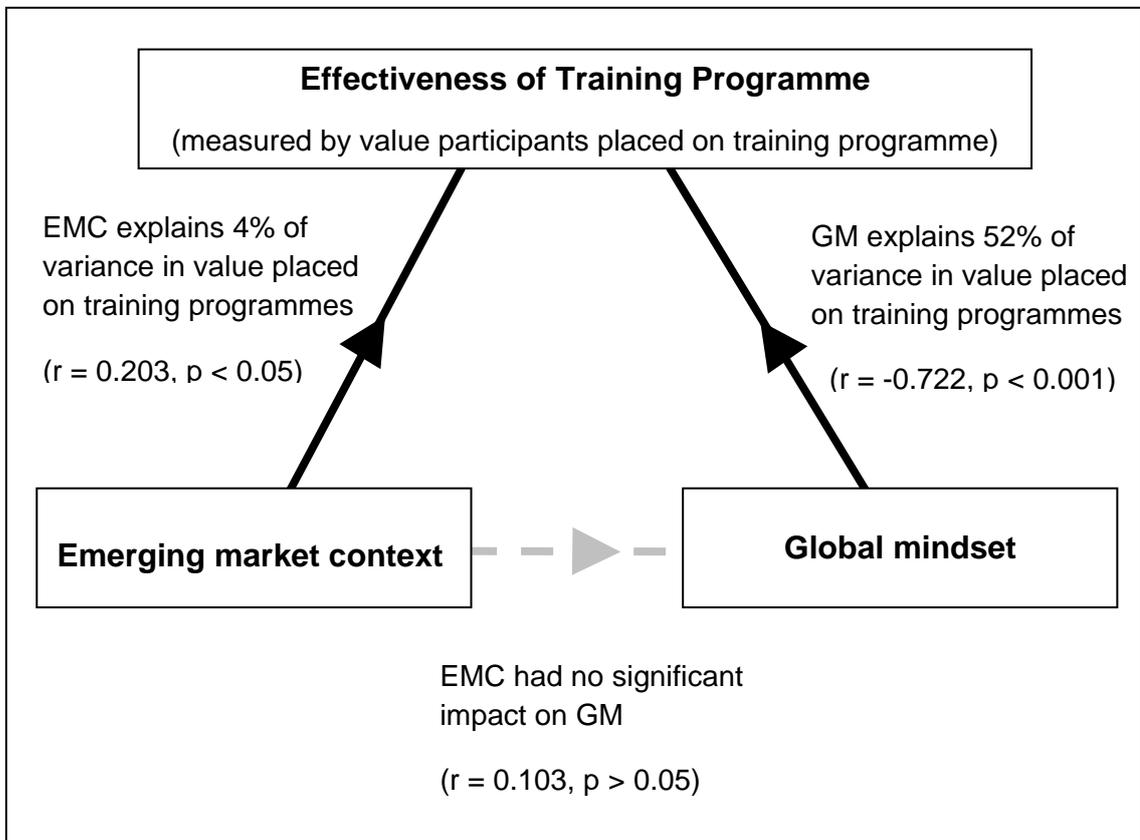
According to Arora *et al.* (2004), global mindset is a learned phenomenon which is influenced by cultural experiences in a positive or negative manner. Hofstede (1997) indicated, the sources of these cultural experiences lie within the social environments in which one grows, starting from the family through to sharing and interactions within the social community. As the literature indicates, an individual's social environment contributes to shaping their mindset. One can then argue that since the social environments in emerging markets are significantly different from developed markets, it is probable that the mindsets of individuals from emerging market will be significantly different from that of individuals from developed markets. The results of this study however did not support those assumptions. Further studies may have to be conducted to establish the reasons why despite the very different socialisation within emerging and developed markets there does not seem to be any significant difference in the global mindset of managers coming from these two very different contexts.

On the basis of this research finding, emerging market context cannot be used to gauge the global mindset of potential training participants. Thus as proposed in section 6.5.1 of this report, if global mindset is to be used as a criteria for

assessing and selecting potential participants for management training programmes in MNCs, then emerging market context cannot be used as a decision criteria for determining the global mindset of potential training participants.

6.5 Summary of discussions

Figure 3: Conceptual illustration of research findings



Key: EMC = Emerging market context; GM = Global mindset; VTP = Value placed on training programme

Global mindset had an impact on how the training programme was perceived and valued. Thus to create the best value out of such training programmes, it may be useful to:

- Assess the global mindset of potential participants
- Select potential participants on the basis of their global mindsets
- Help potential participants without global mindset to develop a more effective mindset before embarking on such management development training (Gregerson *et al.*, 1998)

Emerging market context was found to have an impact on how the training programme was valued by participants. This means that depending on whether a participant was coming from an emerging market or a developed country, the effectiveness and ultimate benefit of the training to the participant and the organisation may be different. For organisations to have a better impact and benefits from such training programmes, it may be relevant to incorporate concepts from both developed and emerging markets into the contents of their training programmes. The usefulness and validity of this proposition will however need to be properly investigated before being considered for implementation.

The literature indicated that a global mindset was necessary for managers of MNCs. The results of the study however showed no statistically significant relationship between emerging market context and the global mindset of the participants of the training programme. This basically means that a manager could be globally minded regardless of the country where they are based and its social and cultural context. Following from the above one could argue that a within a MNC, global managers could be selected and developed from both emerging and developed markets without necessarily compromising the

desired outcomes of the development programme. As the results showed no significant differences in the level of global mindset between managers from emerging markets and managers from developed market, there are fairly equal chances of getting globally minded managers either from an emerging market or a developed market. This means that globally minded managers from any of these markets, given the right training for knowledge and skills, could be developed into a good global or international manager. To make the training and development of such managers more effective both market contexts (i.e. emerging and developed) can be factored into the content and design of the training programme. This may help the programme to be better appreciated from a global perspective, thus driving better value for both participants and the organization.

CHAPTER 7: CONCLUSION

7.1 Introduction

In chapter 1 of this research report, the research problem was discussed. The purpose of the research was to investigate the levels of global mindset in employees from emerging vs. developed countries and determine how global mindset and emerging market context impact the value employees place on training programmes in multinational companies.

The results of this research are set out in chapters 5 and 6 and they relate to the posited hypotheses in chapter 3. Specifically, the research findings showed that global mindset and emerging market context impact on how participants value training programmes in MNCs and by inference the effectiveness of such training programmes. Emerging market context however did not impact the global mindset of the training participants.

7.2 Review of research background and objectives

The literature review (Wright *et al.*, 2005) highlighted the increasing importance and interest that emerging markets are presenting to the business world and MNCs in particular. It also emphasised that MNCs will need to develop leaders with a global mindset and the necessary skills and knowledge if they have to remain competitive in the global market space (Kedia *et al.*, 1999; Levy *et al.*, 2007). MNCs tend to have standardised training programmes for developing global and international managers. This research was set up to investigate the

impact of global mindset and emerging market context on the effectiveness of such management training programmes. For this study, the effectiveness of the training programme was gauged by the value participants placed on the training.

7.3 Research findings

The results of the research showed that in the training of managers in MNCs, the global mindset of training participants impact significantly on value participants place on the training programme ($r = -0.722, p < 0.001$). Global mindset accounts for approximately 52% of the variance in the value participants placed on the training programme. This means that the effectiveness of such training programmes is not dependent on the design, structure and content only. To a very significant extent the effectiveness of such training is dependent on the mindset of participants as well. Thus, ensuring that potential participants of such training programmes possess global mindset before putting them on training for skills or knowledge will significantly improve the effectiveness of the training programme.

Emerging market context impacts the value that training participants place on training programme ($r = 0.203, p < 0.05$). Emerging market context accounts for approximately 4% of the variance in the value participants placed on the training programme. This means that beyond the design, structure and content of the training programme, the base country of participants has significant impact on

the effectiveness of the training programme. Thus to improve the effectiveness of such training programmes, it may be important to consider emerging market context in the design and content of the training programme.

The results of this study also showed that emerging market context had no significant impact on the global mindset of training participants ($r = 0.103$, $p > 0.05$). This means that the global mindsets of participants are not significantly affected or determined by whether they come from emerging or developed markets. As global mindset has been shown to impact the effectiveness of training programmes in MNCs, one can argue that to enhance the effectiveness of training programmes the country of origin of potential participants should not be used as a basis of selection with the intention that it will impact on the global mindset of participants and hence the effectiveness of the programme.

7.4 Implications & Recommendations

7.4.1 Global mindset and effectiveness of management training programmes

Kedia *et al.* (1999) indicate that global and international managers in MNCs need to possess the unique combination of global mindset, knowledge and skills to make them competitive in the global market space. Management training programmes in MNCs however tend to be standardised and aimed at equipping managers with knowledge and skills for their roles rather than

creating a global mindset. As global mindset has been identified as one of the three key attributes necessary for successful global managers, it is important for MNCs to start focussing on creating such mindset among their managers. The results of this research show that the global mindsets of training participants impact the effectiveness and value they place on the training programme. It therefore stands to reason that for management training programmes in MNCs to be more effective, organisations may have to screen and enrol potential participants who possess a global mindset. Potential training participants without global mindset may have to be helped to develop it before being enrolled for the usual management training that focuses on knowledge and skills building. This means that MNCs that do not have training focussed on helping managers to develop global mindset may have to invest in creating one.

Drawing from the literature, it is known that an organisation's employees can be a source of sustained competitive advantage (Pfeffer, 1994; Prahalad, 1983). Global mindset among employees is a key source of long-term competitive advantage in the global market place (Levy *et al.*, 2007). For global and international managers to be successful, they need to possess global mindset, together with knowledge and skills (Kedia *et al.*, 1999).

The results of this research add an important piece to these facts. The results indicate that in the MNC's effort to equip managers with skills and knowledge through training programmes, global mindset among training participants impact

the effectiveness of the training programme. MNCs may therefore need to focus on creating global mindsets among their managers if they seek to enhance the effectiveness of their management development/training programmes.

7.4.2 Emerging market context and effectiveness of management training programmes

According to institutional theory and the concept of institutional distance (Kostova *et al.*, 2008), operating from different countries and living in different family, social and cultural contexts impact how individuals perceive and react to different environments and situations. The social and cultural contexts of an individual's base country are thus expected to shape their perceptions and opinions on issues.

In this study, the impact of emerging market context (represented by participants' base countries) on the effectiveness of training programmes in MNCs was investigated. The study showed that emerging market context impacts the value that participants place on the training.

To enhance the effectiveness of management training programmes in MNCs, organisations may have to consider designing and delivering training programmes that are better aligned to the situations and contexts of the different countries. In line with this, if management training programmes are

designed for developed countries, they may need to be duly adapted to suit the context of the emerging markets before roll out.

7.4.3 The relative impact of global mindset and emerging market context on value participants placed on training programme

The impact of global mindset on the effectiveness of the training programme was significantly stronger than the impact of emerging market context. Global mindset and emerging market context accounted for 52% and 4% of the variances in the value participants placed on the training programme. One can thus argue that employing global mindset as a basis for participation in management training programmes will significantly enhance the effectiveness of such training and may be able to compensate for the impact that emerging market context may have on the effectiveness of the training programme. The accuracy and validity of the latter assertion will however need to be further investigated.

7.4.4 Impact of emerging market context on global mindset of training participants

Drawing from the literature (Kostova *et al.*, 2008), operating from different countries and living in different family, social and cultural contexts impact how individuals perceive and react to different environments and situations. Emerging market context was thus expected to impact the global mindset of the

training participants in this research.

The results of the research however showed that emerging market context did not impact the global mindset of the training participants. This means that if global mindset is to be used as a basis for selecting managers for development into global and international roles, then the country of origin or base country should not be used as criteria for determining global mindset as this does not tend to impact or reflect the global mindset of the individuals.

Lastly, but not in anyway the least, managers who intend to develop into global or international managers in MNCs should proactively seek ways of developing a global mindset. This will enable them think globally and act locally in a manner that will drive their performance to higher levels within the competitive global market space.

7.5 Recommendations for future research

In view of these research findings the following questions are suggested for possible future research:

1. Can global mindset in training participants adequately compensate for the impact of emerging market context on effectiveness of the training programme in MNCs?
2. Can the impact of emerging market context on the effectiveness of

training programmes in MNCs be significantly mitigated solely by adapting the training content to reflect emerging market issues?

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Appendix

Questionnaire

Respondent's inform



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This questionnaire is part of a research on “The impact of Emerging Market Context and Global Mindset on training programmes in multinational companies”

With specific reference to Roche, this research will help to establish whether the base country (developed or emerging market) and participant's global mindset has an impact on how they perceive and value management development programmes. The point of reference for this research shall be the **Marketing Planning Training** held in Basle, Switzerland. You are kindly requested to respond to the questionnaire below. This is not expected to take longer than 10 minutes of your valued time.

NB: Your participation is voluntary and you can withdraw at any time without penalty. All data will be kept confidential. By completing the survey, you indicate that you are voluntarily participating in this research, and give permission for further use of the data.

If you have any concerns or queries, please feel free to contact me or my supervisor as per our details below:

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QUESTIONNAIRE



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This survey requires you **ng statements.**

There are no right or wrong answers but your perception of the statement is very important for this survey.

Gender: Male Female

Age (years): 18 – 29 30 – 39 40 – 49 >49

In which country do you live and work? _____

In how many countries have you worked or stayed?

(for at least 4 weeks cumulative in a particular year)

1 only 2 – 3 4 – 6 >6 countries

Please tick the most appropriate rating on a scale of 1 to 5.

1= Strongly Disagree; 2= Disagree; 3= Neutral; 4= Agree; 5= Strongly Agree

EVALUATION OF MINDSET	1	2	3	4	5
I think it is necessary today to develop strategic alliances with organisations around the globe					
I take pride in belonging to an international organisation					
I believe that in the next 10 years the world will be the same as it is today					
We really live in a global village					
In discussions, I always drive for bigger, broader picture					
I believe life is a balance of contradictory forces that are to be appreciated and managed.					
I consider it to be a disgrace when foreigners buy our land and buildings					
I feel comfortable with change, surprise, and ambiguity					
I believe I can live a fulfilling life in another culture					

Five years is too long					
I enjoy trying food from other countries					
I get anxious around people from other cultures					
I mostly watch and/or read the local news					
I am at my best when I travel to foreign places					
I enjoy reading foreign books or watching foreign movies					
Travelling in lands where I can't read the street names makes me anxious					
I become impatient when people from other cultures seem to take a long time to do something					
I prefer to live and work in my local environment, community or organization					
I find diversity and multicultural teams play a valuable role in organisations					
I have close friends from other cultural backgrounds					
EVALUATION OF "THE MARKETING PLANNING TRAINING" YOU ATTENDED IN BASEL, SWITZERLAND	1	2	3	4	5
I enjoyed the course					
The training covered everything I was expecting to learn					
The training has a significant impact on the way I work now					
I use the information and ideas from the training in my everyday work					
Due to the training, I am able to do far more work with less budget					
Due to the training, I am able to do far more work in less time					
Due to the training, the overall performance of my portfolio has significantly improved					

Thank you for your valued time and input.