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The Key Global Mindset Factors Affecting Competitiveness and Performance of South African Soft Drinks Companies

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Abstract

The dominance of global markets has created a need for organisations to search for a new set of competences to enable them to survive into the future. Whether they operate in local or international markets, global challenges are felt in every business. Research posits global mindset as a prerequisite for internationalisation, but there is emerging debate about whether global mindset is also a competence required for companies perform and compete in a local context as well.

This is a qualitative and largely descriptive study that was conducted in two companies. The primary research was undertaken using electronic surveys. These were structured questionnaires used to obtain data to ascertain global mindset maturity, performance and competitiveness. Secondary data was used for actual performance and competitiveness measures.

Two propositions out of the three were supported. The global mindset factors in a local context fall within the bounds of the three core global mindset themes. Global mindset maturity was found to be significant in the performance of an organisation in a local context. However, the relationship between global mindset and competitive was not explained by the results. Contextual global mindset was the most significant variable in explaining the variation in performance.

Keywords: Global Mindset, Performance, Competitiveness

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 before 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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1.1 Introduction to the Research Problem

1.1.1 Research Title

The key Global Mindset Factors Affecting Competitiveness and Performance of South African Soft Drinks Companies

1.1.2 The Need for Doing This Research

"…certain conditions of the new competitive landscape, including the expectation that the world's economy will grow substantially during the first 20 years of the next century, also create opportunities for companies to improve their financial performance" (Ireland and Hitt, 1999, p.44).

Ireland and Hitt (1999) are highlighting the fact that the global economy certainly creates a global platform for companies to improve their financial performance, which might have been historically constrained by narrow market opportunities. This new economic landscape does not only present opportunities but also presents relentless competition. The World Competitiveness Scoreboard 2010 suggests that the emerging economies are gradually gaining edge by taking advantage of the global economic platform to improve their competitiveness. South Africa improved its competitive position from the 48th spot to 44th in 2010 from last year, whilst the US has lost out on its first spot to Singapore coming from position three (IMD World Competitiveness Yearbook, 2010). The competitiveness factors used in the report

are economic performance, government efficiency, business efficiency, and infrastructure. The imperative of this study is to assess the impact of global mindset to business efficiency, which by implication, is assumed to result into competitiveness of an economy.

Countries like the US have always been leaders in developing companies that have winning global strategies; companies built locally but with a global competitive edge that has allowed their dominance over the past century. The American companies listed in the Fortune 500 companies, represents eighty percent of the World's largest companies by revenue and profits (Fortune 500, 2009). These companies have been able to remain competitive in diverse markets, have subsequently been able to enhance their financial performance and continue to add value to their shareholders. The Johnson & Johnson for an example ranks 29th on Fortune 500 companies and has been to deliver returns above the industry average for the past 48 years and have never lost shareholder money for the past 76 years, which is a phenomenal feat (Johnson & Johnson Investor Factsheet, 2009). More of these types of multinational companies operate in South Africa. Similarly, local companies that have embraced the global economic landscape have gone on to become global forces in their industries. For an example, the SABMiller is now the World's second largest brewer by revenue; its ability to nudge off its competitors in the global stage has translated to good performance (SABMiller Annual Report, 2010). These two companies epitomise adept global mindset.

This research is therefore both timely and important if the competitiveness of the South African companies has to be on par with those of the developed world. South African companies need to have the aptitude to compete at a global stage and win. Secondly, research positions global mindset as key competence for internationalisation, thus providing an opportunity to explore the concept further into local context as an integral part of competitiveness and performance of companies (Nummela, Saarenketo and Puumalainen, 2004). It follows logic then that South African companies should not only be good at competing outside of the country, but should also be adept at fending off competition in their own turf. Lastly, it is hoped that this research will demystify the concept and nullify myths and hopefully position it as a key competence that needs to be built to ensure survival of companies in the global economy into the future, provided the essential economic fundamentals are in place. This is pertinent since the lack of competitiveness and performance is often narrowly attributed to lack of technical skills and financial support.

1.1.4 Research Objectives

Global mindset is considered to be an essential corporate competence in a globalised economy as it allows not only managers, but also employees to operate in diverse markets and to be able to meet the needs of a global consumer. This research aims to contribute to existing work on the subject from a South African perspective by fulfilling the following three objectives:

Objective 1 – to explore the key factors in developing a global mindset at a local South African level

Objective 2 – to study the relationship between global mindset and competitiveness of South African soft drinks companies

Objective 3 – to study the relationship between global mindset and performance of South African soft drinks companies

1.2 Research Problem

In the recent past there have been an unprecedented number of innovations within the soft drinks sector due to **rapidly** changing consumer demands, motivated by lifestyle and health reasons and environmental challenges; these forces have forced soft drinks bottlers and distributors to seek new products and markets in their quest for continued relevance, growth and profitability. The accelerated pace of change of the economy and relevance of most businesses across different sectors has been generally shortened (Julien, 2006). This is a common reality across different industries. According to Julien (2006), increasing competition in consumer markets results in products reaching the end of their life very quickly. Alternatively, companies need to search for new markets in order to extend their products' lifecycle (Nummela et al., 2004). The new markets are not always in foreign markets.

It is without a doubt that companies that are agile and have a global vision will be less impacted by the challenges alluded to; in fact they are more likely have an appropriate response and speed to innovate a solution and adapt to a new market environment, be it local or abroad. Global vision requires a global mindset, which allows companies to have high integration in a highly diverse or differentiated setting in terms of cultures and markets, thence be in a position to form a mental frame of where the company wants to go (Gupta and Govindarajan, 2002).

1.2.1 Relationship between Research Objectives and the Research Problem

"…as global competition continues to intensify, global mindset has emerged as a key source of long-term competitive advantage in the global marketplace" (Levy, Beechler, Taylor and Boyacigiller, 2007, p. 231).

Companies looking at expanding their operations in foreign markets and remain competitive, require more that just the same set of competences that suffice to yield results at a local level. Global mindset has been cited as the necessary competence to have and a prerequisite for successful internationalisation of companies (Nummela et al., 2004). The global mindset competence is built gradually over time by most Multi-National Companies (MNCs) in their quest to enter and succeed in foreign markets. However, an increasing number of companies are 'born global' from inception (Nummela et al., 2004). Due to three interrelated factors; new market conditions, technological developments and capabilities of people, the companies' management see the world as its market place right from conception (Madsen and Servais, 1998). These factors have really redefined the economic landscape of every economy; global is the new local.

The pressures brought onto companies by a global consumer and global competition, found at both local and international markets have forced companies into developing the global mindset that is shaping their strategies. It is essential to the understanding of today's business dynamics and developing suitable growth

strategies (Raghavan, 2008). Companies going global are confronted with the reality of power shift away from them towards the consumer. This is largely attributed to the customer's instant access to wealth of information about any product or service. Furthermore the supply chain efficiencies to get products or services to the customers at competitive prices have also played onto the customers hands (Raghavan, 2008). While these pressures are often looked upon as too distant realities, only applicable to companies operating at the global stage, especially MNCs; it is contested that these forces are as formidable and just as real for any company be it a local or a global one.

1.3 Research Scope

1.3.1 Global Mindset in Successful Introduction of New Products and Identifying New Markets

The scope of this study is not limited to the performance of new markets, products and services, but will also cover performance related to sales of well established products, services and markets. Some of the important benefits of global mindset are; an early mover advantage in identifying imminent opportunities and faster roll out of new product concepts and technologies (Gupta and Govindarajan, 2002). These strategies are also crucial in the speed of identifying the changes in consumption trends on established products and services.

1.3.2 Global Mindset at Individual's and The Organisation's Level

The study will be limited to leadership and the cultural aspects for bottlers and distributors. It will not attempt to cover specific functions within the business at group level. Although global mindset has always been considered as key competence for managers, the focus has shifted to the entire organisation that needs to be competent in dealing with the global challenges (Kedia and Mukherji, 1999).

1.4 Research Motivation

1.4.1 The Case for Exploring Global Mindset at a Local Level

Research around global mindset has been done in the context of internationalisation of companies. Research on the global mindset and its relationship on performance has been particularly limited (Harveston et al., 2000). Nummela et al. (2004) talk of the relationship in a context of export performance, which they have concluded to be subjective. The argument in the proposed research is that global mindset and performance relationship should not be looked at in the context of foreign markets or internationalisation as the challenges mentioned above are as diverse and of a global nature but within the realm of a local context. As much as Walsh (1995) asserts that global mindset is multidimensional construct, incorporating global and local levels, no studies have been found that talks about global mindset in a local context. The question is: although not part of this research; is the ability of the companies to be sampled to deal with these challenges in a local context indicative of their potential success in foreign markets?

The growth in alternative beverages like bottled water, energy drinks, and iced tea is attributed to the consumer drive towards convenience, health and wellness in South Africa and internationally. The iced tea category grew at 9.1% between 2006 and 2007, whilst the bottled water category grew at a whopping 30% during the same period (Business Market Intelligence, 2007). These consumption patterns mirror an image of a global consumer or cosmopolitan citizen defined by Merton (1957) as individual oriented towards the outside world. It is therefore imperative that the relevant strategies are applied in satisfying such a consumer.

1.4.2 The Case for Exploring Global Mindset in Terms of Individual and Organisation Dimensions

The individual denotes the leadership within the organisations, whereas the organisation denotes the cultural aspect. Global mindset is defined at an individual level as a cognitive construct, but it can be considered an attribute of groups and organisations (Walsh, 1995; Schneider and Angelmar, 1993). Therefore the primary dimensions of global mindset covers two aspects; cultural and strategic, which should be reflected in the conceptualisation and measures of global mindset (Levy, et al., 2007). The question of whom and how many people within the organisation need to have global mindset to extract the effects and benefits associated with it, has not been answered (Levy et al., 2007).

1.4.3 The Case for Exploring Global Mindset as an Antecedent for Performance and Competitiveness

The arrival of MNCs in the developing markets means that for local companies to remain competitive, they have to be able to beat these giants in their backyard. According to Sirkin, Hemerling and Bhattacharya (2008), most companies will have to deal with unrelenting competition from businesses everywhere and for every product or service. They went on to say that local companies evolve into formidable rivals against the industry leaders in their domestic markets. This in turn revolutionises their businesses into acceptable global standards and practices (Sirkin et al., 2008). This is the new global reality which has not prepared anyone. Companies that are effective are those that are led by a global manager who is an integrator. An integrator is a manager with global perspective knowledge and skills to understand the external world with its unique challenges and opportunities (Kedia and Mukherji, 1999).

2. Theory and Literature Review

2.1 Introduction

The focus of the study will be on the key attributes of the generally accepted principle of global mindset and then its relationship to competitiveness and performance, which will be based on local context. Part this research is to assert to the reality that global challenges are well within South Africa's business boundaries and part of our daily reality of the global economy (Sirkin et al., 2008). The diversity of local markets, consumers and cultures, warrants a fresh perspective of the local context to that of the global context. Therefore global mindset is no longer a prerequisite for internationalisation only; local businesses need to have a global perspective to remain competitive. The situation is further exacerbated by the advent and proliferation of multinational companies in our shores. According to Rhinesmith (1993), for organisations to be viable, they need to have a global outlook in their operations, whether domestic or international.

Global mindset forms the foundation for global management competencies such as managing competitiveness and managing uncertainty. In this chapter, the researcher will explore the dimensions of global mindset and its core properties. Furthermore the theory behind the development of global mindset as a competence and its linkage to competitiveness and performance as a theoretical framework to local business environment will be investigated.

2.2 The Concept of Global Mindset and Its Implications

The general principle of global mindset encompasses the ability to stretch our highly diverse geographic and cultural cognitive filters through which one sees the world to a level where we can integrate them into a hybrid perspective (Mansour, 2009). An enterprise is considered to have a global mindset when it has insights of diverse markets and cultures and can integrate across this diversity to gain new perspectives (Gupta and Govindarajan, 2002). This is where opportunities for new markets and products emerge.

The first of the key characteristics of global mindset for a manager is that there is a genuine connection with people throughout the entire organisation. Secondly is the capacity to manage under the ever changing circumstances. The third is the ability to strike a balance between global integration and local responsiveness. Finally, it relates to the ability to exhibit business savvy and organisational savvy (Kedia and Mukherji, 1999).

The duo, Kedia and Mukherji (1999) admit that the target has shifted from an individual manager to the entire organisation that needs to be reoriented to face the emerging global challenges. Kedia and Mukherji (1999) went on to say that intimate knowledge of the firm's capability within a set business context, current and future, and skills to put the knowledge into action are the two most fundamental attributes any organisation should focus on in order to advance their cause of cultivating global mindset maturity. Therefore the focus of this study will be at an organisation level but

the competence of management will be considered to be an integral part of the organisation's global mindset aptitude.

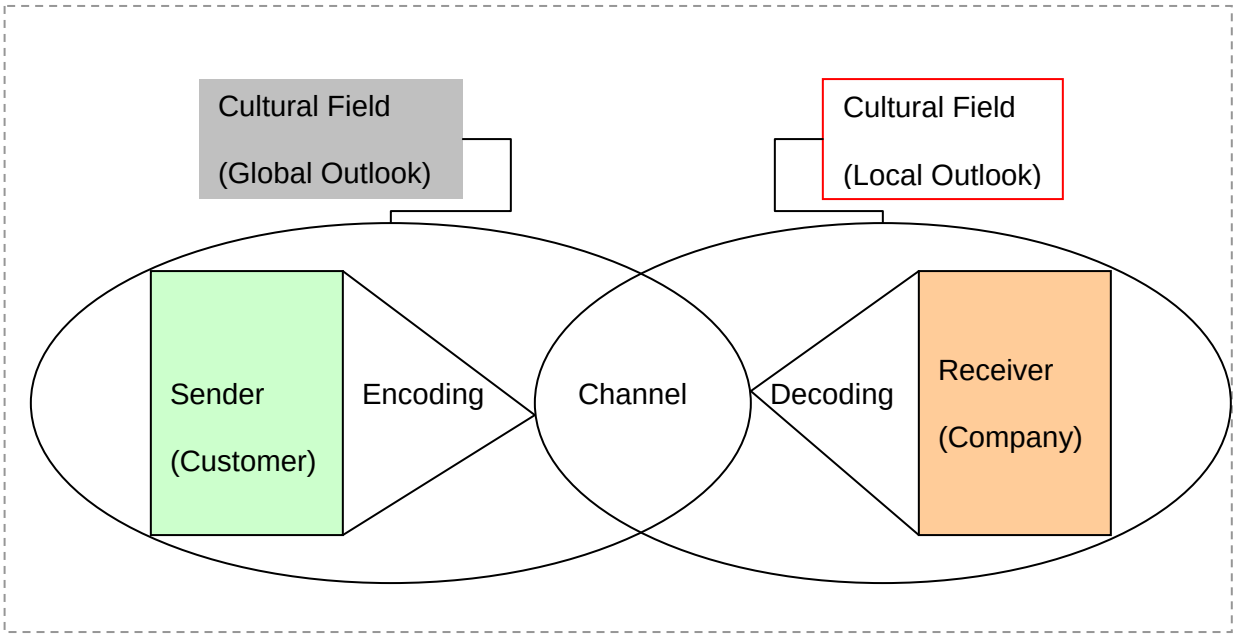
According to Gupta and Govindarajan (2002), the significant value of global mindset lies is enabling the company to combine speed and accurate response to imminent changes in the market place. Some of the resultant benefits cited are:

- Understanding of global and local market and ability to build cognitive bridges across the two (Levy et al., 2007).
- Appreciation of the fact that global consumers are within the reach of local context, they reside locally but have a global outlook, thus very demanding (Merton, 1957).
- Managers and employees develop a cultural awareness and openness that is essential in dealing with different values, assumptions and beliefs (Cant, 2004).
- An early mover advantage in identifying emerging opportunities (Gupta and Govindarajan, 2002).
- Efficient cross border collaboration and sharing of best practices (Gupta and Govindarajan, 2002).
- Anticipate change long before it can happen by observing global trends and integrating them into local markets (Kedia and Mukherji, 1999).

2.2.1 Global Mindset as a Competitiveness Issue within an Industry

Some of the benefits cited by Gupta and Govindarajan (2002), which will constitute performance and are relevant to this research, is an early mover advantage in identifying emerging opportunities and faster roll-out of new product concepts and technologies (Gupta and Govindarajan, 2002). In general, performance measures that will give an objective view to the concept of global mindset have to deal with issues of adaptability, reliability and speed in dealing with changes like market segments and product portfolio.

2.2.2 Developing global mindset as a key competence



Adapted from: Thomas and Inkson (2004), Cross-cultural communication process

Figure 1. Consumer - company communication process in a global context

The cultural dimension of global mindset is considered to be critical in defining the global mindset competence of companies (Levy et al., 2007). Thomas and Inkson (2004) argue that the cultural field creates the ciphers used in the encoding and decoding process and the cultural principles that affect the communication process. This analogy of cross-cultural communication by Thomas and Inkson (2004) in figure 1 above can be used in defining the defunct relationship companies have with their cosmopolitan customers who have different demands shaped by their global outlook, whilst the companies lacking a global outlook are still under the illusion of servicing a local customer. Language is the most common code into which senders encode messages and from which receivers decode and act upon them (Thomas and Inkson, 2004). Cognitive structures like global mindset affect the processes of attention and interpretation or *decoding and encoding*, which subsequently triggers a response (Abrahamson and Hambrick, 1997).

Global mindset can be acquired formally and informally. The formal path involves learning of new language skills and building knowledge about diverse cultures and markets. The latter can also be acquired through informal means (Gupta and Govindarajan, 2002). Expatriate assignments, cross-border collaborations and utilisation of diverse location for team functions or meetings are some of the few informal ways that companies could choose to integrate within their learning and development needs.

2.2.3 The Core Properties of Global Mindset

There are numerous descriptions and literature on global mindset which when put together does not yield conclusive definition of a global mindset. The problem is further exacerbated by the fact that there are some fundamental inconsistencies with the literature as well. In trying to resolve this, Levy et al. (2007) came up with the subject's core properties which are divided into three distinct main set of terms. The three terms are cognitive, existentialist, and behavioural. Table 1 below extrapolates these terms into their broad categories.

Term	Description	Underpinning Expressions
Cognitive	Relating to the thought process of acquiring knowledge by use of reasoning, intuition, or perception	knowledge structure, cognitive structure, ability to develop and interpret, attention, sense making, conceptualisation and contextualization abilities (Levy et al., 2007)
Existentialist	Reflects the process through which one take responsibility and shape their own destiny	way of being, state of mind, orientation, openness and awareness (Levy et al., 2007)
Behavioural	Relating to a manner in which one acts and predisposition	propensity to engage, ability to adapt, curiosity, and seeking opportunities, (Levy et al., 2007)

Table 1. Core properties of global mindset

2.2.4 The Concept of Competition and Its Implication

Competition is one of the few concepts that are never defined in isolation. The binary approach is often used to contextualise its meaning. Competitiveness is the ability to do better than competitors and it requires one to reinvent their skill to constantly surpass competitors. Reinvention requires innovativeness. Tang (2006) talks of competition as an integral part of innovation; he argues that the relationship can either be negative or positive depending on specific competition perception and specific innovation activity. Aghion, Bloom, Blundell, Griffith, and Howitt (2005) argue that the relationship between competition and innovation is non-monotonic. The same sentiments are shared by Boone (2001). The second common binary definition of competition is in conjunction with performance. An empirical study by Ten Raa and Mohnen (2008) reconciled the different roles of capital and labour competition to performance. As it is there case of innovation and competition, the relationship is influenced by specific competition activities and specific performance drivers or outcomes. The assumption of this study is that a positive impact on competitiveness will lead to performance improvement of enterprises, where performance is defined as financial performance. This assumption is supported by some theoretical foundation (Nickell, Nicolitsas and Dryden, 1997).

2.3.1 Competition as an Effectiveness or Efficiency Issue

Hunt and Duhan (2002) argue against the neoclassical view of competition being about profit maximisation in production of homogeneous products with perfect

information. They envisaged that competition will be about both effectiveness and efficiency seeking. They went on the say that effectiveness is pro-social against the popular view that it drives poor social welfare due to differentiation. Any product produced at lower cost but with superior quality or at parity provides companies with a competitive advantage in the form of efficiency. Those that are able to produce more value efficiently, thus they are effective (Hunt and Duhan, 2002). Therefore to be competitive, one needs both effectiveness and efficiency. In the context of this study, effectiveness will relate to monopolistic competition, whilst efficiency will relate to pure competition, where marginal cost is equivalent to marginal revenue.

2.3.2 Competition as an Issue of Rivalry or Collaboration

The traditional view on competition is that where there is competition there is rivalry. This view looks at competition as a zero sum game, which can be summed up as rush to deliver value to customer before the rivals (Wonglimpiyarat, 2005). Hamel and Prahalad (1994) take a pragmatic view of competition by considering it to be a win-win game. They state that if collaboration ties are well managed they would yield more returns than industry rivalry in the competitive approach advocated by Porter (1980), in his five force model (Wonglimpiyarat, 2005). The question is whether collaboration forms part of the global outlook towards business and if global mindset promotes collaboration in a face of growing shortage of resources and related constraints to implement strategies with success?

This is feasible in spatially dispersed activities, where alliances can be formed to exploit corporative synergies (Hertz, 2004). Research in industrial organisation economics shows that companies can use joint ventures in multiple forms to attenuate competition, including in foreign market entry (Tong and Reuer, 2010). However all traditional measures views competition in light of rivalry; competitiveness denotes that global mindset has been integrated into their core competences to gain competitive advantage over their competitors. Therefore by implication, global mindset becomes their distinctive competence, which allows companies to be profitable better that their competitors or industry average (Jones and Hill, 2009).

2.3.3 The Different Types of Competition

Tang (2006) distinguishes between four types of competition, namely easy substitution of products, constant arrival of competing products, quick obsolescence of products and rapid change production technologies. The first one relates to the ease at which customers make the decision to purchase a substitution of the product. The second one is industry invasion with directly competing products. The third type is about the products that quickly reaches the end of their lifecycle. Lastly, the rapid production technologies relates to capability to produce a differentiated product or to produce the product quicker or efficiently. The last type is about the production process, whilst the rest are product related. An aseptic filling technology

is an example of the production process, which enables bottlers to produce juice, tea or sports drinks without having to add preservatives.

2.4 The Concept of Performance and Its Implication

Performance is a measure that defines the end; it always has a connotation of goal or reaching a specific defined point or destiny. Businesses measure their success based on a number of performance criteria. The theoretical framework on performance includes performance theory and measurement and control. Historically business performance has been measured purely along the lines of financial performance. Since the early nineties, the tools used to measures performance have undergone a fundamental change (Kennedy, 2000); the focus on income statements, balance sheets and bottom line profits has shifted towards Economic Value Add or EVA (CIMA, 2001).

The limitation of performance to only those measures expressed in financial terms motivated a lot of managers to focus exclusively on cost reduction and overlook other important variables which are necessary to compete in the global competitive environment that emerged in the 1980s (Drury, 2005). A new era for performance reporting had to emerge, which included sustainability and employee engagement. However for the purpose of this study, performance will be limited to financially related measures.

2.4.1 Dimensions of Business Performance

The balance scorecard was introduced as an integrated set of performance measures that refined the proliferation of management reporting systems, which seek to incorporate non-financial measures (Drury, 2005). Drury (2005) claims that businesses needed non-financial measures that provided feedback on key variables that are a prerequisite to compete successfully in a global economic environment. Kaplan and Norton (1996a) proposed the inclusion of four balanced perspectives, namely: customer perspective, internal business process perspective, learning and growth perspective and financial perspective.

The ultimate goal of the scorecard is to provide a complete framework for translating a company's strategy into a consistent set of performance measures (Drury, 2005). Norrie and Walker (2004) have shown that through the use of a balance scorecard, a strategic measurement system can be created, which will eventually lead to a better communication of results to both internal and external stakeholders. The balance scorecard suffices for the soft drinks industry and has been widely used across different companies and industries. However, Fitzgerald et al. (1991) suggest that a six dimensional scorecard should be used to monitor performance within the service industries. This is just some of the common challenges within the realm of performance measurement.

Kaplan and Norton (1996b) described the factors that need to be considered in the balanced scorecard for all four perspectives:

(i) The Financial Perspective

This is a perspective shared by the shareholders about the business results or performance. The measurement for success is the traditional bottom line improvements, which is stated in terms of profitability, growth and shareholder value (Kaplan and Norton, 1996b). The profitability within the soft drinks industry is reported in operating profit margin, whilst the company growth is reported in terms of net asset value and sometimes in market capitalisation for listed companies. The former will be used as some of the companies to be surveyed are not listed directly. Lastly the shareholder value can be measured in terms of EVA and Return on average Assets (ROA).

(ii) The Customer Perspective

This is a perspective through which the customers see the organisations they are dealing with. It can be simplified as an indication of whether customers feel that they derive value or not through the interaction they have with the organisation. The customers include both direct customers or wholesalers and retailers and consumers. The traditional measures for performance against this dimension are quality, functionality, service and cost (Kaplan and Norton, 1996b). Drury (2005) explicate these measures as determinants of competitive success. These measures are all relevant and applicable with the soft drinks industry.

(iii) Internal Business Process Perspective

This perspective is about the business processes that are necessary to ensure that the customer's expectations are met and that all the other perspectives are realised. This perspective is about a set of business processes that are critical to performance output and those that the organisation should excel on for smooth running of the business (Kaplan and Norton, 1996b). Some of the examples include on time delivery as one of the key measures for reliability.

(iv) Learning and Growth

This is a perspective that shows dynamism with the organisation and provides a perspective about whether there is development and learning taking place to ensure that customers are satisfied and that their ever changing needs are met with enthusiasm. This perspective stresses the focus in future other than just assets (Norton and Kaplan, 1996b). They identified the three categories for learning and growth, they are: employee capability, information systems capabilities and motivation, empowerment and alignment.

"When people in organisations focus only on their position, they have little sense of responsibility for the results produced when all positions interact." (Senge, 2004, p. 18).

Peter Senge (2004) talks about the pattern of behaviour that is created by systemic structures like performance measurement systems, as the evil that can compromise

the performance of an entity when individuals or are in pursuit of their own functional gains not geared to benefit the whole system. It is therefore imperative that performance measures are aligned across an organisation, where individuals reach an untenable position in which they are compelled to see one another elements of a complete system (Senge, 2006). Functional scorecards undermine the performance of a company even though there might be pockets of individual brilliance, where sometimes improvement in one area might be happening at the expense of another area.

The balanced scorecard has been criticised for lacking in business performance against sustainability measures (Drury, 2005). It is on this basis that the balance scorecard should be used as a framework instead of a ‘gospel truth’.

2.5 Conclusion: The Academic Case for This Study

The aim of this research is to study the relationship between the global mindset of companies and their respective performance, thereby understanding the salient features that companies can leverage to be competitive in a diverse economic landscape that requires agility and faster customer responsiveness. The relevance of the study to South Africa is on the basis of the fact that South Africa is an integral part of the global economy. Within the country itself there are diverse markets, customers and cultures all of which exhibit a global economy; hence the need to look at global mindset as a prerequisite for localisation, which few researchers have looked at this perspective.

Furthermore, the study will explore the key global mindset factors for localisation, which might be different for internationalisation, its relationship to competition and thus provide an opportunity to evaluate the global mindset competence of South African companies. It is hoped that the research outcomes will provide pointer on what companies can do to develop and leverage the competence in the global economy.

3. Research Questions/ Propositions/ Hypothesis

3.1 Purpose of This Research

The phenomenon of global mindset as a competence at local level is being studied in order to establish whether key global mindset factors lead to competitiveness, which companies can leverage to achieve superior performance, particularly within the South African soft drinks industry.

Considering the literature review and the motivating reasons for this research, one can induce certain propositions on the state of competitiveness of South African soft drinks companies and the influence of global mindset as competence has had on their performance. The following propositions were formed:

3.2 Research Propositions

a) The key global mindset factors required in a local context fall within the bounds of the three main clusters; namely cognitive, existentialist, and behavioural.

- Cognitive is about the thought process used in acquiring and interpreting knowledge and often determines how we make sense of the world people live in.
- Existentialist relates to the state of being and one's openness to new information, ideas and cultures.

- Lastly, Behavioural is about the manner in which one acts; it is his or her natural predisposition.

b) Companies with a high maturity level of the global mindset are the most competitive.

- The operational framework for global mindset is used to determine the global mindset maturity; the higher the results or score the higher the maturity with a company.
- Competitiveness is measured using three variables, namely quality, reliability and productivity.

c) Each element of the global mindset makeup has a positive contribution to the performance of the South African soft drinks companies.

4. Proposed Research Methods

4.1 Research Methodology

The research was qualitative and descriptive in form. Descriptive research is designed to describe characteristics of a population or a phenomenon (Zikmund, 2003). In this study the relationship between global mindset, performance and competitiveness of local soft drinks companies answered the descriptive questions. Zikmund (2003) asserts that the basis of a descriptive study is when some previous understanding on the nature of the problem has been conducted. Zikmund (2003) went on to say that this initial understanding enables one to migrate from absolute ambiguity to uncertainty; however this study was not able to reach a level of complete certainty on the decision making continuum. The migration towards a higher order of certainty in this case was meant to answer the descriptive questions below:

- Do the global mindset factors at a local level fall within the bounds of cognitive, existentialist, and behavioural clusters?
- Is there a relationship between competitiveness of those companies to their level global mindset?
- Do the elements of the global mindset makeup have a contribution or influence on these companies' relative performance at a local level?

The notion of global mindset having an impact on performance and competitiveness was illuminated in the literature review. For the purpose of this study performance

was measured using the financial perspective from the balanced scorecard. The complete balanced scorecard normally looks at four perspectives, namely customer, financial, internal processes and learning and growth (Kaplan & Norton, 1996b). The variables that were considered are profitability, growth, value add and market share as illustrated in table 2, below. Secondly competitiveness was measured using product quality, reliability in terms of orders delivered on time and in full, whilst flexibility is about the companies' ability to ramp up or down its distribution footprint to different channels based on demand in their quest to compete for the customer's share of throat. Flexibility proved to be difficult to quantify, yet it is the purest form of a company's measure to compete for all seasons (Sull, 2009). Lastly, the productivity measure in sales per employee was used at the true measure of competitiveness.

Zikmund (2003) makes an analogy that many measurement problems in business research are like a ruler, with its multiple scales of measurement. In this study the same was true as one variable could be measured using different sets of operational definitions or measures in different companies. Therefore only common measures between the organisations were used for each variable, for the performance and competitiveness constructs. The common measures between the two organisations used are highlighted in italics per variable in table 2 below.

Construct	Variables	Measures or Operational Definition
Performance	Profitability	Operating Margin, *Gross Margin*
	Growth	NAV, Volume Growth, *Net Revenue growth*
	Value Add	*Asset Turnover*, Economic Value Add
	Market Share	*Percentage of Total Market*, Percentage Growth
Competitiveness	Quality	*Product Quality*
	Reliability	*Out of Stocks*, Order Fill Rate
	Productivity	*Sales per employee*

Table 2. Performance Measurement: Financial Perspective variables and related measures

4.2 Scope and Unit of Analysis

The reality of globality is a pull factor which necessitates the cultivation of global mindset for both local and international companies. Globality is the new and different global reality, in which every business will be faced with inexorable competition from everywhere and for everything (Sirkin et al., 2008). It is therefore obvious that when faced with these circumstances, companies are forced to change their coping strategies and adapt their product or services and processes in order to wrestle out competition. The scope of this study was focused primarily on the competitiveness and performance of companies with regard to sales and distribution of products and services and its relationship to global mindset.

The global mindset aspects have been covered in two levels of analyses; individual and organisational level. The two levels of analyses are considered to be both cultural and strategic, and constitute the two primary dimensions that should be considered in conceptualisation and measures of global mindset (Levy et al., 2007). Therefore the unit of analysis used is both the mindsets of individual managers at executive level and a proportional amount of their workforce across all levels, which collectively were considered to constitute their organisations. Mouton (2009) defines unit of analysis as the *'what'* or object or phenomenon that you are trying to study.

4.3 Population

The population for this study was described by the definition of the following relevant terms:

(a) The primary unit of analysis was South African companies that sell sparkling soft drinks (formerly known as carbonated soft drinks) and alternative beverages as their core business. The alternative beverages include fruit juices, water and energy drinks. The unit of analysis could be described as:

- Direct distributors or third party distributors and,
- Wholesalers who perform both functions above, however they were not considered for the purpose of this study.

(b) For the purpose of this study the companies chosen have an annual turnover of R100 million and their core business is distribution of soft drinks, but are

bottlers at the same time. Bottling is an integral part of the supply chain process.

4.4 Sample Size and Method

Since not all companies within the South African soft drinks industry were going to be sampled due to convenience, then the sampling method uses was non probability. Non probability describes a sampling method where members of the population's probability of being chosen is not known or limited (Zikmund, 2003). The convenience samples were used to obtain a large number of completed questionnaires optimally, in terms of cost and speed. The framework of questionnaires developed by Govindarajan and Gupta (2001) and Gupta and Govindarajan (2002) was adapted to conduct to survey respondents at individual and organisation levels. *See appendix 3.*

The respondents were notified of the intent of this study telephonically, after which a link to an online questionnaires for individual and organisation level assessments was emailed to them. The details of individual respondents were not be required but they were required to mention the name of their companies in order to deduce any relationship between global mindset and their company's performance out of it. The organisation level part of the survey was completed predominantly by the management and employees at a supervisory level as they were deemed to have a deeper understanding of the organisational context required to complete it.

4.5 Data Gathering and Research Instrument

4.5.1 Research Instrument

The questionnaires were administered electronically via internet. An 'agent' with access to the companies' local network was requested to monitor and encourage respondents to complete the survey, once the initial letter positioning the research was emailed in each company. The instrument was an electronic survey.

The two sets of questionnaires have been be directed to two set of respondents; firstly management only and then management and the employees together. The former deals with individual level assessment and the latter deals with organisation level assessment. The statements were measured on a five-point Likert scale ranging from 'strongly agree' to 'strongly disagree'. The weights assigned to the attitudinal scale were from 1 to 5 since the statements are positive (Zikmund, 2003). The respondents' perception about performance and competitiveness of their company was asked at the end of each questionnaire.

The framework for assessing the global mindset of individuals and organisations developed by Gupta and Govindarajan (2002) uses factors that enhance the global mindset for individual managers and organisations. *See appendix 3*. The two set of questionnaires form a conceptual and contextual framework respectively. For the purpose of this study the latter was used and adapted to the correct level of content to suite the context, i.e. local or domestic context. The framework is essentially a set

of 8 questions, which are qualitative in nature and assess attitudinal behaviours of organisations and how well the concept of global mindset is being cultivated. A concept is a generalised idea about a set of object, attributes and events (Zikmund, 2003). In addition to this framework, the respondents were also requested to give their perception about the performance and competitiveness of their companies.

Two questions were added in the organisational level part of the questionnaire, where the ninth question asked the numbers of languages spoken or if people are encouraged to speak within the organisation. Korzenny (1979) found that poor intercultural communication posed a major bottleneck in management. The tenth was about overseas visits offered to employees as part of their work, for example expatriate programme, benchmarking visits amongst others. Black and Mendenhall (1990) found that cross-cultural differences were the cause of many deadlocked negotiations, resulting in an annul loss of more than US$2 billion to the U.S. companies for failed expatriate assignments. Language and foreign travel are two of the key ingredients of global mindset (Bowen and Inkpen, 2009). The 10 questions therefore made up the independent variables.

4.6 Method of Analysis

4.6.1 Proposition 1: Diagnostic Analysis

To determine the key factors of global mindset in terms of the core properties described in table 1 in section 2.2.3, the diagnostic analysis was used to clarify the research findings narrowing them to a higher order of abstraction, which includes the three main core properties. Diagnostic analysis is used to clarify research findings, such as qualitative responses given about the respondents' attitude or behaviour (Zikmund, 2003). The description of each of the three terms in table 1 was used to group the variable responses from the questionnaire; however that did not limit other factors or themes that could have emerged as contributors towards global mindset.

Numeric values were assigned to each of the responses, with a score of 5 *being most global* and a score of 1 *being least global*. The scale was appropriately reversed for negative questions. The average value of a response for each respondent was used as the dependant variable, which is a measure of global mindset. The use of the three core properties of global was to ensure that the ambiguities associated with the inconsistent literature on global mindset are eliminated. Therefore the results of the survey can be trusted.

4.6.2 Proposition 2: Simple Linear Regression Analysis

A simple linear regression method was then used to determine the relationship between the dependant variables (perceived competitiveness and performance) and the independent variable (global mindset). The measure or correlation was determined by using the correlation coefficient (r). Perceived competitiveness was chosen over the actual performance of the companies in order to variability across different respondents.

4.6.3 Proposition 3: Multiple Linear Regression and Stepwise Regression Analysis

The multiple linear regression analysis was used to test if the factors or variables making up global mindset have a relationship to performance and competitiveness. This method is used to investigate the effects of two or more independent variables on a single scale interval or ratio scaled dependant variable (Zikmund, 2003). The coefficient of multiple determination was investigated to determine the percentage of variance in performance that is explained by the variation in the global mindset (Zikmund, 2003). The factors with the highest coefficients indicated that global mindset had a relatively greater influence on the variance of performance, in this case profitability, growth, asset turnover and market share. Lastly, the stepwise regression was conducted to validate the influence of each variable or factor on one another when others are added or deleted.

4.7 Research Limitations

As discussed in section 4.4, the limitations of this study, being a non probability sample is subjective and its results cannot be generalised. Some of the limitations of this study included:

- Respondent bias or non response bias since it was a self administered survey.
- Within each organisation the number of respondents may not be representative of the sample frame.
- Although a well researched tool was used as a framework for the questionnaires, global mindset assessment requires expertise on the part of the researcher.
- The relationship between global mindset and performance can not be conclusive
- The three (cognitive, behavioural and existentialist) core properties used to conceptualise global mindset may be expanded over time.
- The critical mass required for an organisation level global mindset was not apparent in the studies, therefore a subjective and convenience number of employees were used due to cost and time limitations.
- The measurement for flexibility for the unit of analysis was difficult to quantify and a common operational definition could not be found.

5. Results

In this chapter, the results from the survey and secondary data are analysed to see if the research objectives are met. The proposal that global mindset is an essential corporate competence in a globalised economy as it allows entities to perform and compete better than their competitors by meeting the needs of a global consumer in diverse markets is analysed. In the results, macro descriptive statistics, the maturity level of the two companies that were surveyed is compared. The detailed descriptive statistics is used to test the robustness of the data in testing the propositions. Then the diagnostic analysis is used to ascertain the key factors contributing to global mindset in a local context. Finally the relationship of the maturity level to performance and competitiveness is analysed, using simple linear regression and multiple regression to test the explanatory variables that have the biggest influence to the dependent variables.

5.1 Macro Descriptive Statistics

The figure below, figure 2 shows the average global mindset maturity level between two companies that were sampled for this study. Company A has a Global Mindset maturity which is 21% higher. The total maturity is made up of conceptual mindset and contextual mindset.

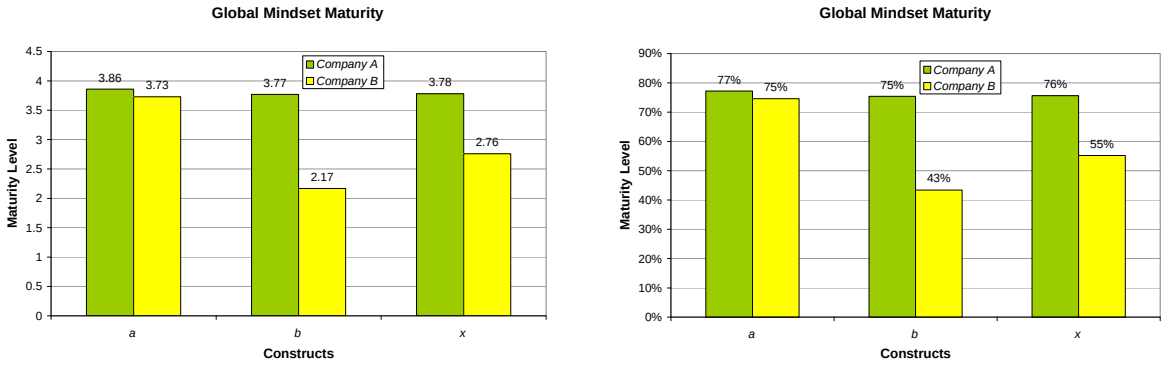


Figure 2. Global Mindset maturity level comparison for companies A and B

Figure 3 below shows the relative comparison of perceived performance and competitiveness. The perceived performance and competitiveness are used as dependent variables, where the Global Mindset constructs serve as independent variables. These perceptions are compared against actual performance figures of the two companies to see if they could be used as yardstick to gauge how well companies are doing.

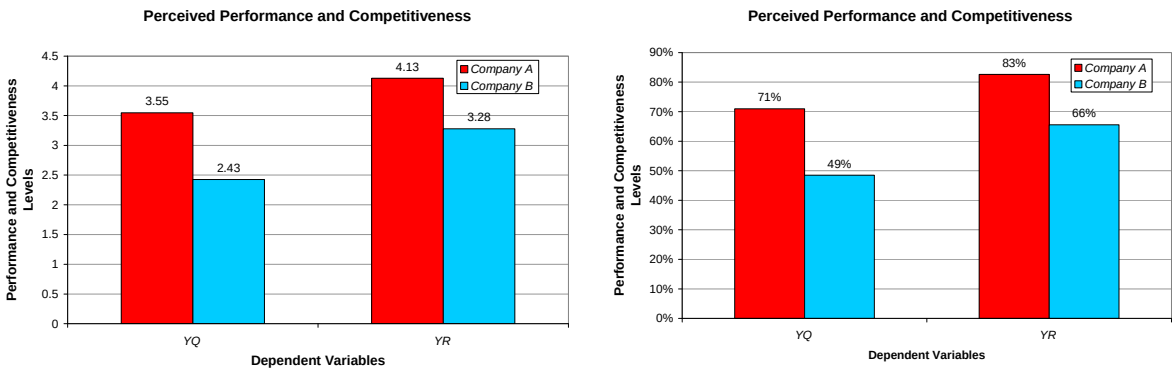


Figure 3. Perceived performance and competitiveness comparison for companies A and B

The perceived performance and competitiveness measures for company A are relatively higher than those of Company B at 22% and 17% respectively.

5.2 Detailed Descriptive Statistics

5.2.1 Layout of the Descriptive Data

Table 3 below shows the layout of descriptive data used to conduct the analysis. The input into Global Mindset set are conceptual Global Mindset and Contextual Global Mindset, herein described as independent variables. The dependent variables are composed of competitiveness and performance, both which are defined by the measures described on the table.

Independent Variables	Dependent Variables
(*a*) Conceptual Global Mindset	(Y_R) Performance, - measured in Gross Margins, Net Revenue Growth, Asset Turnover and Market Share
(*b*) Contextual Global Mindset	
($x = a + b$) Total Global Mindset	
(*a*) Conceptual Global Mindset	(Y_Q) Competitiveness, - measured in Product Quality, Reliability and Sales per Employee
(*b*) Contextual Global Mindset	
($x = a + b$) Global Mindset	

Table 3. Summary layout of descriptive data

5.2.2 Descriptive Statistics per variable

Tables 4 and 5 below present the descriptive statistics for the main variables per company. The mean score represents what a typical score per variable looks like per variable. The 25th percentile represents a value in the data set where 25% of all the values were less than or equal to the percentile value and 75% of the values are greater than the percentile value. The median represents a value in the data set where 50% of the values were less than or equal to the percentile value and 50% of the values are greater that the median value. The 75th percentile represents a value in the data set where 75% of the values were less than or equal to the percentile value and 25% of the values are greater than the percentile value. Only the main variables described 5.2.1 are included in the results; for details on each variables used in the research instrument refer to appendix 5 for results and appendix 4 for description.

Number of Observation	Variable	Std Dev	Mean	25th Percentile	Median	75th Percentile
37	a	0.86	3.86	3.50	4.00	4.50
	b	0.93	3.77	3.44	4.00	4.33
	x	0.67	3.78	3.47	3.93	4.27
	Y_Q	1.20	3.55	3.25	3.625	4.75
	Y_R	1.00	4.13	3.67	4.17	5.00

Table 4. Summary of descriptive statistics for company A

Number of Observation	Variable	Std Dev	Mean	25th Percentile	Median	75th Percentile
30	a	0.46	3.73	3.5	3.75	4.00
	b	0.68	2.17	1.67	2.00	2.56
	x	0.44	2.76	2.47	2.60	3.07
	Y_Q	1.08	2.43	1.75	2.25	3.00
	Y_R	1.12	3.27	2.33	3.33	4.33

Table 5. Summary of descriptive statistics for company B

From the summary of descriptive statistics, table 4 and 5, company A appears to have higher values for both explanatory variables and dependent variables, whereas company B appears to have lower values. However the variability of responses is higher for explanatory variables for company A compare to that of company B; for instance the standard deviation for x or global mindset maturity is 0.67 for company A, whereas it is 0.44 for company B. This may be considered to a factor of diversity within company A; where company B may be considered to be having more homogeneous views.

5.2.3 Reliability of the Data

The Cronbach's alpha is a measure of the *internal consistency* or *reliability* of a set of items. This is a measure based on the correlations between different items on the same scale. As a rule of thumb, an alpha of between 0.6 and 0.7 is regarded as acceptable reliability and 0.8 or higher indicated good reliability. A reliable instrument (questionnaire) is one with scores on similar items to be internally consistent, but it is still required that each of the items contribute unique information to the proposed construct. See appendix 4, *variable description.*

Simple Statistics							
Variable	**N**	**Mean**	**Std Dev**	**Sum**	**Minimum**	**Maximum**	**Label**
v4	61	3.27869	1.25341	200.00000	1.00000	5.00000	v4
v5	61	4.09836	0.67589	250.00000	2.00000	5.00000	v5
v7	61	3.70492	1.00572	226.00000	1.00000	5.00000	v7
v8	61	4.29508	0.69148	262.00000	2.00000	5.00000	v8

Table 6. Correlation of Conceptual Global Mindset variables on the same scale

Cronbach's Coefficient Alpha	
Variables	**Alpha**
Raw	0.539157
Standardized	0.572157

Cronbach's Coefficient Alpha with Deleted Variable					
Deleted Variable	**Raw Variables**		**Standardized Variables**		**Label**
	Correlation with Total	**Alpha**	**Correlation with Total**	**Alpha**	
v4	0.389394	0.427970	0.413914	0.451472	v4
v5	0.303654	0.495637	0.303105	0.541205	v5
v7	0.243429	0.542055	0.253402	0.579077	v7
v8	0.469922	0.390706	0.458152	0.413535	v8

Table 7. Correlation of Conceptual Global Mindset with deleted variables

These four variables were used to form the construct **Conceptual Global Mindset** even though the Cronbach's alpha is not at the required level of 0.6. This construct proved not to be significant in the subsequent regression analyses, therefore the way in which the individual items were measured will have to be reviewed.

The variable is described as follows:

Conceptual Global Mindset (a) $= \frac{\sum_{i=1}^{n} V_i}{n}$, …*where* $V_i = V_{4,5,7,8}$

Pearson Correlation Coefficients, N = 61 Prob > |r| under H0: Rho=0				
	v4	**v5**	**v7**	**v8**
v4	1.00000	0.28188	0.17210	0.40351
p		0.0277	0.1848	0.0013
v5	0.28188	1.00000	0.11697	0.25781
p	0.0277		0.3693	0.0449
v7	0.17210	0.11697	1.00000	0.27109
p	0.1848	0.3693		0.0346
v8	0.40351	0.25781	0.27109	1.00000
p	0.0013	0.0449	0.0346	

Table 8. Individual correlation coefficients between variables for Conceptual Global Mindset

Table 8 above represents the individual correlation coefficients between the variables used to calculate the construct, by examining these correlation coefficients it is clear that these variables are only slightly correlated. Only those variables highlighted in green are strongly correlated since their p-value is less than 0.05, which is statistically significant.

Simple Statistics							
Variable	**N**	**Mean**	**Std Dev**	**Sum**	**Minimum**	**Maximum**	**Label**
v10	65	3.10769	1.54235	202.00000	1.00000	5.00000	v10
v11	65	3.40000	1.47691	221.00000	1.00000	5.00000	v11
v12	65	2.46154	1.49035	160.00000	1.00000	5.00000	v12
v13	65	3.01538	1.36350	196.00000	1.00000	5.00000	v13
v14	65	2.78462	1.47365	181.00000	1.00000	5.00000	v14
v15	65	2.83077	1.47446	184.00000	1.00000	5.00000	v15
v16	65	4.16923	0.99325	271.00000	1.00000	5.00000	v16
v17	65	2.98462	1.63451	194.00000	1.00000	5.00000	v17
v18	65	2.52308	1.32415	164.00000	1.00000	5.00000	v18

Table 9. Descriptive statistics for the Contextual Global Mindset construct

Cronbach's Coefficient Alpha	
Variables	**Alpha**
Raw	0.931143
Standardized	0.926869

Cronbach's Coefficient Alpha with Deleted Variable					
Deleted Variable	**Raw Variables**		**Standardized Variables**		**Label**
	Correlation with Total	**Alpha**	**Correlation with Total**	**Alpha**	
v10	0.884457	0.913979	0.874736	0.909356	v10
v11	0.781802	0.920865	0.783045	0.915287	v11
v12	0.800029	0.919689	0.793488	0.914619	v12
v13	0.744500	0.923259	0.743260	0.917817	v13
v14	0.863778	0.915596	0.859371	0.910360	v14
v15	0.899673	0.913247	0.896045	0.907956	v15
v16	0.438521	0.938123	0.440456	0.936207	v16
v17	0.837943	0.917207	0.827440	0.912433	v17
v18	0.421138	0.940901	0.417338	0.937550	v18

Table 10. Correlation coefficient for the Contextual Global Mindset construct with deleted variables

These variables on table 10 were used to calculate the construct **Contextual Global Mindset.**

The variable is described as follows:

Contextual Global Mindset (b) $= \frac{\sum_{i=1}^{n} V_i}{n}$, *…where* $V_i = V_{10,11,12,\ldots,18}$

Pearson Correlation Coefficients, N = 65 Prob > |r| under H0: Rho=0									
	v10	**v11**	**v12**	**v13**	**v14**	**v15**	**v16**	**v17**	**v18**
V10	1.00000	0.72161	0.74615	0.66046	0.80781	0.86011	0.35510	0.86838	0.45398
p		<.0001	<.0001	<.0001	<.0001	<.0001	0.0037	<.0001	0.0001
v11	0.72161	1.00000	0.71697	0.62538	0.74376	0.71321	0.45375	0.64985	0.33876
p	<.0001		<.0001	<.0001	<.0001	<.0001	0.0001	<.0001	0.0058
v12	0.74615	0.71697	1.00000	0.68847	0.76452	0.76137	0.35807	0.71494	0.27164
p	<.0001	<.0001		<.0001	<.0001	<.0001	0.0034	<.0001	0.0286
V13	0.66046	0.62538	0.68847	1.00000	0.69376	0.72411	0.40186	0.64511	0.29837
p	<.0001	<.0001	<.0001		<.0001	<.0001	0.0009	<.0001	0.0158
V14	0.80781	0.74376	0.76452	0.69376	1.00000	0.82432	0.43094	0.77703	0.34690
p	<.0001	<.0001	<.0001	<.0001		<.0001	0.0003	<.0001	0.0046
V15	0.86011	0.71321	0.76137	0.72411	0.82432	1.00000	0.44663	0.82229	0.43819
p	<.0001	<.0001	<.0001	<.0001	<.0001		0.0002	<.0001	0.0003
V16	0.35510	0.45375	0.35807	0.40186	0.43094	0.44663	1.00000	0.29036	0.19301
p	0.0037	0.0001	0.0034	0.0009	0.0003	0.0002		0.0190	0.1235

Pearson Correlation Coefficients, N = 65 Prob > |r| under H0: Rho=0									
	v10	**v11**	**v12**	**v13**	**v14**	**v15**	**v16**	**v17**	**v18**
V17	0.86838	0.64985	0.71494	0.64511	0.77703	0.82229	0.29036	1.00000	0.44415
p	<.0001	<.0001	<.0001	<.0001	<.0001	<.0001	0.0190		0.0002
V18	0.45398	0.33876	0.27164	0.29837	0.34690	0.43819	0.19301	0.44415	1.00000
p	0.0001	0.0058	0.0286	0.0158	0.0046	0.0003	0.1235	0.0002	

Table 11. Individual correlation coefficient for the Contextual Global Mindset construct

By examining the correlation coefficients in table 11 above, one can see that the majority of the variables used to develop the construct are highly correlated with one another. Almost all the variables except for the two highlighted in red have p-values less than the statistical significance level of 0.05.

5.3 Analysis of Results

5.3.1 Diagnostic Analysis

The diagnostic analysis method is used to clarify research findings, such as qualitative responses given about the respondents' attitude or behaviour on the research constructs. In this case the common themes that are attributed to Global Mindset maturity were evaluated against the key themes globally accepted for global mindset, which are cognitive, existentialist and behavioural. The diagnostic analysis method is used to group the responses from the questionnaire into the core themes that characterises global mindset.

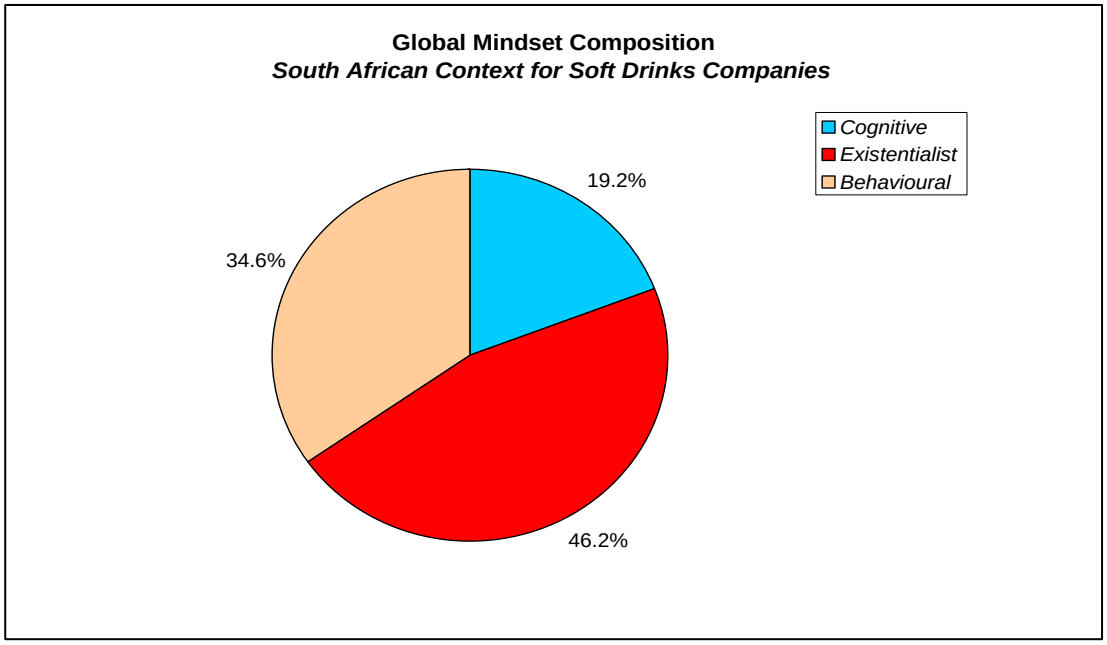


Figure 4. Diagnostic results for Global Mindset

The respondents' responses are grouped into the core global mindset themes to determine the make up of the themes in a local context. It emerged that the existentialist (46.2%) makes up the biggest portion of global mindset, with behavioural (34.6%) being second and cognitive having the least influence (19.2%). These themes are based on responses received on the conceptual global mindset survey.

5.3.2 Simple Linear Regression Analysis

The regression analysis method was used to determine the relationship between the dependant variables (perceived competitiveness and performance) and the explanatory variable (global mindset). It was run with the explanatory variable as:

$$x = a + b$$

For the purposes of the regression analysis a dummy variable was created to measure the effect of the company on each of the dependent variables.

The dummy variable description is given below:

i. dum = 0 when Company is Company B (reference group)

ii. dum = 1 when Company is Company A

All the regressions were multiple regression analyses, since the variable ***dum*** was also included to test whether there were differences between the two companies involved in the analysis. The one way ANOVA method is used to compare variances in order to make inferences about the means between two independent samples, in this case company A and B.

(a) Simple linear regression for gross margin against global mindset maturity

Number of Observations Read	67
Number of Observations Used	66
Number of Observations with Missing Values	1

Analysis of Variance					
Source	**DF**	**Sum of Squares**	**Mean Square**	**F Value**	**p > F**
Model	2	3.10376	1.55188	1.20	0.3084
Error	63	81.56291	1.29465		
Corrected Total	65	84.66667			

Table 12. Analysis of variance summary for regression of gross margins (Y_{Q1}) on global mindset maturity (x)

The analysis of variance measures the overall model fit:

H_0: Slope coefficients are simultaneously equal to zero.

H_1: At least one of the coefficients is not equal to zero.

The rule of thumb is that if the p-value is less than 0.05, the null hypothesis will be rejected, which will indicate that the model as a whole is regarded as a significant model.

In this regression result, in table 12, the p-value (0.3084) is greater than 0.05, therefore the null hypothesis cannot be rejected; there is not enough statistical evidence to suggest that this relationship between global mindset maturity (x) and gross margins (Y_{Q1}) of soft drinks companies can be regarded as a significant relationship statistically.

Root MSE	1.13783	**R-Square**	0.0367
Dependent Mean	2.33333	**Adj R-Sq**	0.0061
Coeff Var	48.76400		

Table 13. Proportion of variance in gross margins (Y_{Q1}) explained by global mindset maturity (x)

By examining the adjusted R-squared value, in table 13 above, it can be seen that less than 1% (0.6%) of the variation in the gross margins (Y_{Q1}) or dependent variable is explained by the explanatory variables in the model, namely global mindset maturity (*x)* and *dum*.

Parameter Estimates							
Variable	**Label**	**DF**	**Parameter Estimate**	**Standard Error**	**t Value**	**p > |t|**	**Variance Inflation**
Intercept	Intercept	**1**	1.57280	0.70231	2.24	0.0287	0
x		**1**	0.20342	0.24347	0.84	0.4066	1.78167
dum		**1**	0.15889	0.37545	0.42	0.6736	1.78167

Table 14. Population parameter estimates for gross margin (Y_{Q1}) on the regression results

The t-test for the individual variables in the analysis tests the following hypotheses:

H_0: Individual slope coefficient is equal to zero.

H_1: Individual slope coefficient is not equal to zero.

If the p-value is less than 0.05 the null hypothesis will be rejected. In both cases the p-value is larger than 0.05 therefore the null hypothesis cannot be rejected, therefore it can be concluded that there is no statistical evidence to suggest that either one of the variables are significant in explaining the gross margins (Y_{Q1}) or dependent variable.

The presence of multicollinearity was also tested for (correlation between the explanatory variables) by calculating the variance inflating factor (VIF). In all the cases the VIF was less than 10. Multicollinearity becomes a problem when the VIF is greater than 10.

(b) Simple linear regression for net revenue growth and global mindset maturity

Number of Observations Read	67
Number of Observations Used	66
Number of Observations with Missing Values	1

Analysis of Variance					
Source	**DF**	**Sum of Squares**	**Mean Square**	**F Value**	**p > F**
Model	2	18.35795	9.17898	8.47	0.0006
Error	63	68.30871	1.08427		
Corrected Total	65	86.66667			

Table 15. Analysis of variance summary for regression of global mindset maturity (x) on net revenue growth (Y_{Q2})

In table 15 above it can be seen that the overall model fit is significant, since the p-value is less than 0.05.

Root MSE	1.04128	**R-Square**	0.2118
Dependent Mean	3.66667	**Adj R-Sq**	0.1868
Coeff Var	28.39856		

Table 16. Proportion of variance in net revenue growth (Y_{Q2}) explained by global mindset maturity (x)

In table 16 above, 18.68% of the variation in the net revenue growth (Y_{Q2}) or dependent variable is explained by the explanatory variables, namely global mindset maturity (x) and *dum* in the regression model.

Parameter Estimates							
Variable	**Label**	**DF**	**Parameter Estimate**	**Standard Error**	**t Value**	**p > |t|**	**Variance Inflation**
Intercept	Intercept	**1**	2.16207	0.64272	3.36	0.0013	0
x		**1**	0.35248	0.22281	1.58	0.1187	1.78167
dum		**1**	0.61775	0.34359	1.80	0.0770	1.78167

Table 17. Population parameter estimate for net revenue growth (Y_{Q2}) on the regression results

Only the variable *dum* is significant in the model, which suggests that there are differences in the Y_{Q2} measure compared across the companies. In table 17 above, the average score for Y_{Q2} for the reference group (Company B) is equal to the intercept (2.16). The average score for Y_{Q2} for Company A is 2.16 + 0.62 = 2.78.

The rest of the regression results can be interpreted in a similar fashion. Where the results are significant with p-value less than 0.05, the values are indicated with green, similarly with coefficient of determination (Adjusted R^2). Results that are insignificant are depicted with red. Only the results where there is significant difference are given values for both companies under the parameter estimate section.

(c) Simple linear regression for asset turnover and global mindset maturity

Number of Observations Read	67
Number of Observations Used	66
Number of Observations with Missing Values	1

Analysis of Variance					
Source	**DF**	**Sum of Squares**	**Mean Square**	**F Value**	**p > F**
Model	2	10.93455	5.46728	3.89	0.0256
Error	63	88.59575	1.40628		
Corrected Total	65	99.53030			

Table 18. Analysis of variance summary for regression of global mindset maturity (x) on asset turnover (Y_{Q3})

Root MSE	1.18587	**R-Square**	0.1099
Dependent Mean	3.28788	**Adj R-Sq**	0.0816
Coeff Var	36.06786		

Table 19. Proportion of variance in asset turnover (Y_{Q3}) explained by global mindset maturity (x)

In table 19 above, 8.16% of the variation in the asset turnover (Y_{Q3}) or dependent variable is explained by the explanatory variables in the regression model.

Parameter Estimates							
Variable	**Label**	**DF**	**Parameter Estimate**	**Standard Error**	**t Value**	**p > |t|**	**Variance Inflation**
Intercept	Intercept	**1**	2.22713	0.73197	3.04	0.0034	0
x		**1**	0.23209	0.25375	0.91	0.3639	1.78167
dum		**1**	0.53516	0.39130	1.37	0.1763	1.78167

Table 20. Parameter estimate for asset turnover (Y_{Q3}) on the regression results

Both p-values for global mindset (x) and the *dum* are higher than 0.05 in table 20 above, therefore the regression model is insignificant for asset turnover (Y_{Q3}).

(d) Simple linear regression for market share and global mindset maturity

Number of Observations Read	67
Number of Observations Used	66
Number of Observations with Missing Values	1

Analysis of Variance					
Source	**DF**	**Sum of Squares**	**Mean Square**	**F Value**	**p > F**
Model	2	92.86844	46.43422	25.46	<0.0001
Error	63	114.90429	1.82388		
Corrected Total	65	207.77273			

Table 21. Analysis of variance summary for regression of global mindset maturity (x) on market share (Y_{Q4})

Root MSE	1.35051	**R-Square**	0.4470
Dependent Mean	2.86364	**Adj R-Sq**	0.4294
Coeff Var	47.16067		

Table 22. Proportion of variance in market share (Y_{Q4}) explained by global mindset maturity (x)

In table 22 above, 42.9% of the variation in the market share (Y_{Q4}) or dependent variable is explained by the explanatory variables in the regression model.

Parameter Estimates							
Variable	**Label**	**DF**	**Parameter Estimate**	**Standard Error**	**t Value**	**p > |t|**	**Variance Inflation**
Intercept	Intercept	**1**	1.21721	0.83359	1.46	0.1492	0
x		**1**	0.12682	0.28898	0.44	0.6623	1.78167
dum		**1**	2.24824	0.44563	5.05	<0.0001	1.78167

Table 23. Population parameter estimates for market share (Y_{Q4}) on the regression results

Only the variable *dum* is significant in the model, which suggests that there are differences in market share (Y_{Q4}) measure compared across the companies. In table 23 above, the average score for market share (Y_{Q4}) for the reference group (Company B) is equal to the intercept (1.22). The average score for market share (Y_{Q4}) for Company A is 1.22 + 2.25 = 3.47

(e) Simple linear regression for product quality and global mindset maturity

Number of Observations Read	67
Number of Observations Used	66
Number of Observations with Missing Values	1

Analysis of Variance					
Source	**DF**	**Sum of Squares**	**Mean Square**	**F Value**	**p > F**
Model	2	0.31386	0.15693	0.22	0.8025
Error	63	44.77705	0.71075		
Corrected Total	65	45.09091			

Table 24. Analysis of variance summary for regression of global mindset maturity (x) on product quality (Y_{R1})

Root MSE	0.84306	**R-Square**	0.0070
Dependent Mean	4.27273	**Adj R-Sq**	-0.0246
Coeff Var	19.73115		

Table 25. Proportion of variance in product quality (Y_{R1}) explained by global mindset maturity (x)

In table 25 above the coefficient of determination indicates that there is no variation in product quality (Y_{R1}) that can be explained by a change in global mindset maturity.

Parameter Estimates							
Variable	**Label**	**DF**	**Parameter Estimate**	**Standard Error**	**t Value**	**p > |t|**	**Variance Inflation**
Intercept	Intercept	**1**	4.28932	0.52037	8.24	<0.0001	0
x		**1**	-0.03241	0.18039	-0.18	0.8580	1.78167
dum		**1**	0.16644	0.27818	0.60	0.5518	1.78167

Table 26. Population parameter estimates for product quality (Y_{R1}) on the regression results

Both p-values for global mindset (x) and the dump are higher than 0.05 in table 26 above, therefore the regression model is insignificant for product quality (Y_{R1}).

(f) Simple linear regression for reliability and global mindset maturity

Number of Observations Read	67
Number of Observations Used	66
Number of Observations with Missing Values	1

Analysis of Variance					
Source	**DF**	**Sum of Squares**	**Mean Square**	**F Value**	**p > F**
Model	2	10.45095	5.22547	3.87	0.0261
Error	63	85.13996	1.35143		
Corrected Total	65	95.59091			

Table 27. Analysis of variance summary for regression of global mindset maturity (x) on reliability (Y_{R2})

Root MSE	1.16251	**R-Square**	0.1093
Dependent Mean	3.77273	**Adj R-Sq**	0.0811
Coeff Var	30.81350		

Table 28. Proportion of variance in reliability (Y_{R2}) explained by global mindset maturity (x)

In table 28 above, 8.1% of the variation in the reliability (Y_{R1}) or dependent variable is explained by the global mindset maturity (x) and *dum* or explanatory variables in the regression model.

Parameter Estimates							
Variable	**Label**	**DF**	**Parameter Estimate**	**Standard Error**	**t Value**	**p > |t|**	**Variance Inflation**
Intercept	Intercept	**1**	2.23717	0.71755	3.12	0.0027	0
x		**1**	0.43409	0.24875	1.75	0.0858	1.78167
dum		**1**	0.17883	0.38359	0.47	0.6427	1.78167

Table 29. Population parameter estimates for reliability (Y_{R2}) on the regression results

Only the global mindset (*x*) is marginally significant at p=0.0858 in the model which suggests that there are no differences in the reliability (Y_{R2}) measure compared across the companies. In table 29 above, the average score for reliability (Y_{R2}) for the reference group (Company B) is equal to the intercept (2.24). The average score for Y_{R2} for Company A is 2.24 + 0.18 = 2.42.

(g) Simple linear regression for productivity and global mindset

Number of Observations Read	67
Number of Observations Used	66
Number of Observations with Missing Values	1

Analysis of Variance					
Source	**DF**	**Sum of Squares**	**Mean Square**	**F Value**	**p > F**
Model	2	53.27360	26.63680	19.85	<0.0001
Error	63	84.54458	1.34198		
Corrected Total	65	137.81818			

Table 30. Analysis of variance summary for regression of global mindset maturity (x) on profitability (Y_{R3})

Root MSE	1.15844	**R-Square**	0.3865
Dependent Mean	3.18182	**Adj R-Sq**	0.3671
Coeff Var	36.40804		

Table 31. Proportion of variance in productivity (Y_{R3}) explained by global mindset maturity (x)

In table 31 above, 36.7% of the variation in the productivity (Y_{R3}) or dependent variable is explained by the explanatory variables in the regression model.

Parameter Estimates							
Variable	**Label**	**DF**	**Parameter Estimate**	**Standard Error**	**t Value**	**p > |t|**	**Variance Inflation**
Intercept	Intercept	**1**	2.49799	0.71504	3.49	0.0009	0
x		**1**	-0.10814	0.24788	-0.44	0.6641	1.78167
dum		**1**	1.91046	0.38225	5.00	<0.0001	1.78167

Table 32. Population parameter estimates for reliability (Y_{R3}) on the regression results

Only the variable *dum* is significant in the model, which suggests that there are differences in productivity (Y_{R3}) measure compared across the companies. In table 32 above, the average score for productivity for the reference group (Company B) is equal to the intercept (2.49). The average score for Y_{R3} for Company A is 2.49 + 1.91 = 4.40.

5.3.3 Multiple Linear Regression Analysis

The multiple linear regression analysis method was used to investigate the variables that best explains the variation in the dependent variables, in this case the effects of conceptual and contextual global mindset constructs on a single scale interval of performance and competitiveness. The regression results below are based on the following explanatory variables:

i. a = Conceptual Global mindset
ii. b = Contextual Global Mindset
iii. dum = 0 when company is Company B
iv. dum = 1 when company is Company A

The dependent variables (Y_Q) or Performance and (Y_R) or Competitiveness are calculated as follows:

Y_Q = mean of standardised or normalised (Y_{Q1}-Y_{Q4})

Y_R = mean of standardised or normalised (Y_{R1}-Y_{R3})

(a) Multiple regression analysis for performance against conceptual and contextual global mindset

Number of Observations Read	67
Number of Observations Used	61
Number of Observations with Missing Values	6

Analysis of Variance					
Source	**DF**	**Sum of Squares**	**Mean Square**	**F Value**	**P > F**
Model	3	11.56429	3.85476	10.97	<0.0001
Error	57	20.02987	0.35140		
Corrected Total	60	31.59416			

Table 33. Analysis of variance summary for multiple regressions of conceptual global mindset (a) and contextual global mindset (b) on performance (Y_Q)

Root MSE	0.59279	**R-Square**	0.3660
Dependent Mean	-0.03271	**Adj R-Sq**	0.3327
Coeff Var	-1812.30609		

Table 34. Proportion of variance in performance (Y_Q) explained by global mindset maturity (x)

In table 34 above, 33.3% of the variation in the performance (Y_Q) or dependent variable is explained by the explanatory variables in the regression model.

Parameter Estimates						
Variable	**DF**	**Parameter Estimate**	**Standard Error**	**t Value**	**p > |t|**	**Variance Inflation**
Intercept	**1**	-1.39257	0.47234	-2.95	0.0046	0
a	**1**	0.13847	0.11626	1.19	0.2386	1.03124
b	**1**	0.20817	0.09352	2.23	0.0300	1.90063
dum	**1**	0.42787	0.20846	2.05	0.0447	1.88531

Table 35. Population parameter estimates for performance (Y_Q) on the regression results

Overall the model shows that that only contextual global mindset (b) and the *dum* are the only independent variables that best explains the variation in performance (Y_Q) at p-values on 0.03 and 0.04 respectively as indicated in table 35 above.

(b) Multiple regression analysis for competitiveness against conceptual and contextual global mindset

Number of Observations Read	67
Number of Observations Used	61
Number of Observations with Missing Values	6

Analysis of Variance					
Source	**DF**	**Sum of Squares**	**Mean Square**	**F Value**	**p > F**
Model	3	7.64031	2.54677	8.45	<0.0001
Error	57	17.18186	0.30144		
Corrected Total	60	24.82217			

Table 36. Analysis of variance summary for multiple regression of conceptual global mindset (a) and contextual global mindset (b) on competitiveness (Y_R)

Root MSE	0.54903	**R-Square**	0.3078
Dependent Mean	-0.01398	**Adj R-Sq**	0.2714
Coeff Var	-3927.99568		

Table 37. Proportion of variance in competitiveness (Y_R) explained by conceptual global mindset (a) and contextual global mindset (b)

In table 37 above, 27% of the variation in the competitiveness (Y_R) or dependent variable is explained by the explanatory variables in the regression model.

Parameter Estimates						
Variable	**DF**	**Parameter Estimate**	**Standard Error**	**t Value**	**p > |t|**	**Variance Inflation**
Intercept	**1**	-1.09088	0.43747	-2.49	0.0156	0
a	**1**	0.13376	0.10767	1.24	0.2192	1.03124
b	**1**	0.11330	0.08662	1.31	0.1961	1.90063
dum	**1**	0.45636	0.19307	2.36	0.0215	1.88531

Table 38. Population parameter estimates for competitiveness (Y_R) on the regression results

Only the *dum* variable is significant in the model at p-value of 0.02 as shown in table 38 above. Therefore neither conceptual global mindset nor contextual global mindset was able to explain any variation in competitiveness ((Y_R) in the multiple regression model. Therefore the 27% variation in competitiveness is insignificant as it is only explained by the *dum* variable in the model.

5.3.4 Components of Multiple Linear Regression Analysis – Stepwise Regression Analysis

The stepwise regression is used to ascertain the variations in the dependent variable attributable to changes in a single independent variable. Stepwise regression ensures an automatic selection of independent variables by making use of a number of different measures. The approach followed was a forward selection approach, where initially no variables were included in the model and one by one the variables are included if they are statistically significant in explaining the variation in the dependent variable. The variable which explains the majority of the variation in the dependent variable was selected first and subsequent variables included will explain less of the variation in the dependent variable, but still regarded as statistically significant variables.

(a) Stepwise Selection: Step 1 (Variable *b* entered: R-Square = 0.3011)

Number of Observations Read	67
Number of Observations Used	61
Number of Observations with Missing Values	6

Analysis of Variance					
Source	**DF**	**Sum of Squares**	**Mean Square**	**F Value**	**p > F**
Model	1	9.51427	9.51427	25.42	<0.0001
Error	59	22.07989	0.37424		
Corrected Total	60	31.59416			

Table 39. Analysis of variance summary for multiple regressions of global mindset maturity (x) performance (Y_Q)

Variable	**Parameter Estimate**	**Standard Error**	**Type II SS**	**F Value**	**p > F**
Intercept	-1.07236	0.22057	8.84589	23.64	<0.0001
b	0.35298	0.07001	9.51427	25.42	<0.0001

Table 40. Retained variables on the stepwise regression results

All variables left in the model are significant at the 0.1500 level in table 41 above, which only the conceptual global mindset (b). No other variable met the 0.1500 significance level for entry into the model.

(b) Stepwise Selection: Step 2 (Variable *dum* entered: R-Square = 0.3502)

Analysis of Variance					
Source	**DF**	**Sum of Squares**	**Mean Square**	**F Value**	**p > F**
Model	2	11.06577	5.53288	15.63	<0.0001
Error	58	20.52840	0.35394		
Corrected Total	60	31.59416			

Table 41. Analysis of variance summary for multiple regressions of global mindset maturity (x) on competitiveness (Y_Q)

Variable	**Parameter Estimate**	**Standard Error**	**Type II SS**	**F Value**	**p > F**
Intercept	-0.90042	0.22969	5.43930	15.37	0.0002
b	0.21909	0.09341	1.94714	5.50	0.0224
dum	0.43767	0.20904	1.55150	4.38	0.0407

Table 42. Retained variables on the regression results for global mindset maturity

All variables left in the model are significant at the 0.1500 level in table 42 above. No other variable met the 0.1500 significance level for entry into the model.

Summary of Stepwise Selection								
Step	**Variable Entered**	**Variable Removed**	**Number Vars In**	**Partial R-Square**	**Model R-Square**	**C(p)**	**F Value**	**p > F**
1	b		1	0.3011	0.3011	5.8339	25.42	<0.0001
2	dum		2	0.0491	0.3502	3.4187	4.38	0.0407

Table 43. Summary of stepwise regression analysis results

Only two variables are retained in the analysis in table 43 above. The explanatory variable which explains the majority of the variation (30.11%) in the dependent variable is explanatory variable ***b*** and the variable that explains the second largest part of the variation (4.91%) in the dependent variable is explanatory variable ***dum***. The total variation explained by the two variables which are retained in the model is 35.02% of the variation in the dependent variable.

(c) Stepwise Selection: Step 1 (Variable dum Entered: R-Square = 0.2640)

Number of Observations Read	67
Number of Observations Used	61
Number of Observations with Missing Values	6

Analysis of Variance					
Source	**DF**	**Sum of Squares**	**Mean Square**	**F Value**	**p > F**
Model	1	6.55292	6.55292	21.16	<0.0001
Error	59	18.26926	0.30965		
Corrected Total	60	24.82217			

Table 44. Analysis of variance summary for stepwise regression of global mindset maturity (x) on competitiveness (Y_R)

Variable	**Parameter Estimate**	**Standard Error**	**Type II SS**	**F Value**	**P > F**
Intercept	-0.34715	0.10160	3.61545	11.68	0.0012
dum	0.65560	0.14251	6.55292	21.16	<0.0001

Table 45. Retained variables for the stepwise regression results

All variables left in the model are significant at the 0.1500 level, in this case only the *dum* was retained in table 45 above. No other variable met the 0.1500 significance level for entry into the model.

Summary of Stepwise Selection								
Step	**Variable Entered**	**Variable Removed**	**Number Vars In**	**Partial R-Square**	**Model R-Square**	**C(p)**	**F Value**	**p > F**
1	dum		1	0.2640	0.2640	3.6074	21.16	<0.0001

Table 46. Summary of stepwise regression analysis results

In table 46 above, the only variable retained in the analysis is explanatory variable ***dum*** which explains 26.4% of the variation in the competitiveness (Y_R).

6. Discussion of Results

6.1 General Commentary on the Unit of Analysis

The descriptive data on global mindset maturity level, competitiveness and performance, as well as standard deviation are analysed at a macro level. The intention is not to measure fluctuations but also to establish on which variables do these fluctuations occur, in order to allow the researcher to test the proposition with variables that are reliable measured in Cronbach's alpha. Two variables that were not correlated to the rest of the variables were then excluded in the results for conceptual global mindset in order use the research instrument successfully. Therefore for global mindset only four variables were considered out of six. *See appendix 4 for list and description*.

When looking at global mindset maturity it can be seen that company A has the highest maturity level in the overall global mindset with an overall maturity level of 76% against 55% for company B. The difference in the conceptual global mindset maturity level is marginal with company A at 77% and company B at 75%. However the biggest contributor the difference in the overall score was the contextual global mindset maturity level with an overall difference of 32%. Contextual global mindset is a measure of a person's ability to act in a context and adapt his or her ideas to the local environment (Arora, Jaju, Kefalas and Perenich, 2004). It is attributed to company framework that allows individuals and groups to transcend diversity barriers and be able to see the world with an integrating perspective. It therefore

means that company A or companies with the highest level of global mindset maturity are likely to cope better in a different setting, in integrating diverse perspectives, markets and cultures. This is where opportunities for new markets emerge. So it is important to look global mindset as an input into making an organisation competitive, hence the relationships between perceived performance, perceived competitiveness and global mindset maturity were investigated.

The results show that company A had the highest score for both variables performance (Y_Q) and competitiveness (Y_R), which are used to measure perceived performance and competitiveness. Company A score 71% and 83% for perceived performance and competitiveness respectively, whilst company B scored 49% and 66% respectively. The differences across both companies for both depended variables or performance (Y_Q) and competitiveness (Y_R) and competitiveness are 22% and 17%. The difference in the independent variable or global mindset (*x)* was 21%.

When looking at secondary data for the depend variables for the period of 2009 to 2010 or F10, both companies had the same gross margin of 39.3% for company A and 39.5% for company B, but company A had the highest operating profit or EBIT of 15.4%, whilst company B had 14.0%. EBITDA was also high at 18.1% compared to 17% for company B. Revenue growth was 6.2% for company A, whilst that of B was 5.5%. *See appendix 6 for performance data.* Lastly, Company A has over 60% market share compared to 13% market share, however this may be due to territorial

distribution rights from the their licensing agreements more than performance related.

The secondary data used to measure competitiveness is product quality. Company A had the highest product quality at 93.4% compared to 89.2% for company B. *See appendix 7.* From the results it is observed that there is a consistency between perceived performance and competitiveness and the actual performance and competitiveness of the companies. The perceived performance and competitiveness were used as dependent variables in order to allow regression analyses to be conducted as it would have been impractical to do this over two companies unless the study was done using thirty plus companies, of which currently do not exist in the sector. Sirkin et al. (2008) assert that local companies evolve into formidable rivals against the industry leaders in their domestic markets, which revolutionises them into world class organisations. Therefore global mindset can be used to measure not only the preparedness of an organisation to internationalise its business but how well will it perform in a local setting against other role players.

The maturity level results cannot be compared with global benchmarks as there is no evidence of any studies done to measure the comparative advantages companies have against one another in global mindset maturity level. However it is assumed that any results above 75% should be considered to be good since global mindset should be considered as one of the qualifiers for preparedness to perform and compete in a global arena.

6.2 Detailed Descriptive Analysis

The detailed descriptive statistics in section 5.2 show that company A has an overall global mindset maturity index of 3.78, whereas the index for company B is 2.76. The factor that weighs low on the score for company B is variable (*b)*, which is used to measure contextual global mindset. The standard deviation for the overall independent variable (*x)* is 0.67 indicating a strong correlation of the variables with a p-value of less than 0.05 on all of them. In the case of conceptual global mindset only 4 of the 6 variables in the research instrument due to inconsistencies discussed in section 6.1 were used.

The low internal consistency or reliability of the conceptual global mindset data in section 5.2, table 6 indicates suitability of the data to be used in variance of component analysis. The Cronbach's alpha for conceptual global mindset was found to be ranging between 0.41 and 0.57, which is lower than the recommended range of above 0.6, which means that the manner in which individuals were measured revealed a weak correlation within the independent variables.

The high internal consistency or reliability of the contextual global mindset in section 5.2, table 9 indicates suitability of the data to be used in variance of component analysis. The Cronbach's alpha for the contextual global mindset was found to be between 0.91 and 0.94, which is in the recommended range of above 0.6. This means that the manner in which organisational settings and structure were measured through the research instrument revealed a strong correlation within the

individual independent variables. It therefore means the instrument for contextual global mindset was reliable in testing the maturity level of organisations.

6.3 Discussion of Propositions

6.3.1 Proposition 1: Key Global Mindset Factors In a Local Context

The results in figure 4 show that over 46% of the global mindset maturity is attributed to the way people are or ‘a state of being’. The manner in which people think and make logic of situations had the lowest composition score of the three themes. About 73% of the respondents cited tolerance and respect under behavioural theme as a strong element. Empowerment and learning were mentioned by more than 66% of the respondents as a key element under the cognitive them. Therefore *Tolerance & Respect* and *Empowerment and Learning* can be defined as two new themes that emerged in the local context for global mindset globalisation, but since they are not at a higher order of abstraction they were left under the common themes described on the results. It should be however noted that these factors play a critical role in assessing global mindset in a local context.

6.3.2 Proposition 2: Correlation between Global Mindset, Performance and Competitiveness

An explanatory variable of *x – global mindset* maturity, which is made up of *a – conceptual global mindset* and *b – contextual global mindset* was used to explain the relationship to performance and competitiveness. The dependent variables are *Performance* (Y_Q) and *Competitiveness* (Y_R). Performance measures used are margins (Y_{Q1}), net revenue growth (Y_{Q2}), asset turnover (Y_{Q3}) and market share (Y_{Q4}). Competitiveness measures used are product quality (Y_{R1}), reliability of delivery (Y_{R2}) and productivity (Y_{R3}).

The regression analysis results show that only 0.6% of variation in the margins (Y_{Q1}), 18.7% variation in net revenue growth (Y_{Q2}), 8.2% variation in asset turnover (Y_{Q3}), and 42.9% variation in market share (Y_{Q4}), is explained by the explanatory variables or global mindset maturity in the model. The correlation in asset turnover to global mindset maturity is low, but they have both statistical and practical significance. The relationship in margins and global mindset maturity is not correlated, but the rest are. One would expect this to be significantly different as an obvious differentiator between high performers and poor performing companies, but some companies might simply choose a strategy of low margins by capitalising on market share. In the context of the two companies evaluated their profitability is constrained by their licensee agreement which almost dictates the price to their customers, but that does

not mean the companies are constrained from improving their operating profits by being low cost producers.

When looking at competitiveness, the regression results show that 2.5% of variation in product quality *(Y_{R1})*, 8.1% of variation in reliability *(Y_{R2})*, and 36.7% of variation in productivity *(Y_{R3})*, is explained by the explanatory variables or global mindset maturity. The correlation in product quality and reliability is positive and low. Hunt and Duhan (2002) assert that competition is about effectiveness and efficiency. In this context it can be assumed that product quality and reliability of delivery are effectiveness inputs or order qualifiers and productivity is an efficiency input or an order winner. According to Kaplan and Norton, (1996b), product quality and reliability provide a customer and business process perspectives respectively.

Although the relationship between competition and performance against global mindset maturity is being evaluated separately, effectiveness of competition is assumed to lead to good financial performance (Nickell et al., 1997). It can be observed in this case of the two separate regression results that the theory holds true, as there is a correlation established between global mindset and performance and competitiveness. In some areas the coefficient of determination showed weak correlations, which might be attributed to the measures used but overall is cannot be disputed that there is a relationship between the dependent variables and explanatory variables used in the regression model.

6.3.3 Proposition 3: Each Element of the Global Mindset Makeup Has a Positive Contribution to the Performance of South African Soft Drinks Companies

Two explanatory variables conceptual global mindset *(a)* and contextual global mindset *(b)* are used to establish which variable in the stepwise regression model explains the majority of the variation in the dependent variables. The depended variables are measured in Performance *(Y_Q)* and Competitiveness *(Y_R).*

In the first stepwise regression model, contextual global mindset *(b)* explains 30.1% of variation in the performance *(Y_Q)* or dependent variable. Therefore it shows that in the relationship established between the global mindset maturity and performance and competitiveness, the contextual global mindset component had the biggest influence. It implies that conceptual global mindset has little or no influence in the performance of companies. The correlation of the variables in the construct for conceptual global mindset was low, indicated by the Cronbach's alpha below 0.6 as discussed in section 6.2, which could be the reason not being retained in the model.

In the second stepwise regression model, neither the conceptual global mindset nor the contextual global mindset variables were retained, thus indicating that none of the two variables had a strong correlation to competitiveness.

6.4 Implications of Theory and Results to Business

The consolidated view of theory on global mindset suggests that global mindset should be considered as an integral part of doing business as it enhances companies' flexibility, speed and innovativeness in identifying new opportunities, which ultimately leads to a healthy business results. Global mindset provides companies with an edge over their competitors, therefore it should be considered as a skill set that needs to be acquired by the companies' executives. It must be embodied as a key capability across a company or organisation as it no longer just a prerequisite for internationalisation only; it is equally important in a local context.

The qualitative data proposes that there are key elements outside of the three themes that characterises global mindset maturity, namely cognitive, existentialist, and behavioural. Tolerance and respect and empowerment and learning emerged as two strong elements that need to be considered for global mindset in a local context, although they lie within the confines of the three established themes. Companies need to ensure that these two factors are an integral part of their approach in building the competence within their businesses.

Finally, the results indicate that there is a relationship between global mindset and performance. However, the organisational setting has a biggest influence rather than the individual's way of thinking, which bodes well for organisations.

6.5 Summary of Discussion of Results

The results presented in Chapter 5 were discussed to see if the research propositions have been supported. The first proposition is supported as the global mindset factors at a conceptual level in a local context fell within the bounds of cognitive, existentialist and behavioural clusters. Two strong themes emerged with a lower level of abstraction; these are tolerance and respect and empowerment and learning. The second proposition could not be proven in the aggregated analysis, where neither the conceptual nor the contextual global mindset variables could be retained in the stepwise regression analysis results. Lastly, only contextual global mindset was found to have an influence in performance in a local context, but not competitiveness.

7. Conclusion

7.1 Background

Global mindset has been long accepted as one of the business concepts in the context of a global economy. The question of whether there is a relationship to global mindset and competitive advantage and successful internationalisation, have been long debated as early as the 1960's. Through this period global mindset has almost been made to be synonymous with internationalisation by organisations in pursuit of growth in the global markets and a distant reality for many. However, in the recent past there has been emerging evidence that the pressures of global competition and demands from global consumers presented a new and different reality everywhere that forces everyone to look at global mindset with a local perspective.

In South Africa, some companies face reality of globality as they venture into new markets beyond the borders of the country, but the majority battle against MNCs as they try to defend their own turf everyday. Furthermore the pressures of global consumers exacerbate the situation and require a new set of competences for companies to survive. Very few have woken up to this reality. The importance of bringing about awareness and assessing the importance of global mindset to performance and competitiveness in a local context was therefore quite opportune for this study, since none has been done before.

This research was done to look at the key global mindset factors affecting performance of South African soft drinks companies and the relationship of global mindset to performance and competitiveness.

7.2 Findings

The research was conducted on two of the major bottlers in South Africa with a turnover in excess of R100 million. Three research propositions needed to be answered, the first was about establishing if the construct of global mindset has the same factors in a local context, the second looked at the relationship of global mindset to performance and the last one looked at the influence of global mindset to competitiveness.

A research instrument made up of conceptual and contextual global mindset was used to assess the maturity level of both companies and their perceived view towards performance and competitiveness. The perceived results were then compared to actual performance measures (gross margins, net revenue growth, asset turnover and market share) and competitiveness measures (product quality, reliability and productivity) of both companies to establish consistency between the perceived and actual data for analysis purposes. Good consistency prevailed. The perceived results were therefore used to carryout the regression analysis. However, the reliability of the conceptual global mindset construct results was not good, due to the fact that there were low correlation of the research instrument variables, with a

Cronbach's alpha of less than 0.6. Two variables had to be discarded as they were not correlated at all with all the other variables.

In the Levy et al. (2007) exploratory study, it shows that there are three key themes that make the global mindset construct; these are cognitive, existentialist and behavioural. The diagnostic analysis conducted on the conceptual global mindset shows that the global mindset factor in a local context falls within the bounds of these three themes. Existentialist make up 46.2%, whilst behavioural was 34.6% and cognitive was 19.2%. Two themes with a low level of abstraction emerged as important themes in a local context; 73% of the respondents cited tolerance and respect as an important theme and 66% alluded to empowerment and learning.

Due to reliability of the research instrument, some of the explanatory variables (global mindset) could explain the variation in the performance and competitiveness, but the statistical significance was marginal or at times below the significance level in the simple linear regression analysis. Gross margin was not correlated at all with a coefficient of determination of 0.6%, about 18.7% variation in net revenue growth could explained by a change in global mindset, only 8.2% variation in asset turnover could be explained by a variation in global mindset but the model was insignificant, so is the market share at 42.3%. In the case of market share there is practical significance to counter the statistical results.

In the case of competitiveness, there was no correlation to product quality and global mindset maturity; about 8.1% variation in reliability could be explained by a change in global mindset maturity although the significance level was marginal; about 36.7% variation in productivity could be explained by a change in global mindset maturity with a good level of statistical significance.

In the stepwise regression the only variable that could be retained that best explained the variation in performance was contextual global mindset. Competitiveness could be explained by neither conceptual global mindset nor the contextual global mindset. This could again be attributed to the robustness of the model as when the simple linear regression was conducted, productivity, which is a measure of competitiveness, had a strong positive correlation.

7.3 Summary

Two of the three research propositions were positively supported. The global mindset factors in a local context fall within the bounds of the three core themes, namely cognitive, existentialist and behavioural. Tolerance and respect and empowerment and learning are key variables that emerged to be dominant in a local context that should be taken into consideration when cultivating global mindset within an organisation. It was established that there is a correlation between global mindset maturity and performance of entities, in this case South African soft drinks companies. The relationship of global mindset to competitiveness could not be

proven. It can therefore be concluded that through this research it has been demonstrated that global mindset is a competence that is essential for managers and also employees to operate in diverse markets and to be able to meet the needs of a global consumer. Contextual global mindset was shown to be the most important variable.

7.4 Recommendations

The study was done with an intention of establishing the business relevance of global mindset in a local context. It has been show that it is a competence that is viable for companies within South Africa to build as part a set of competences that will allow companies to competence in a global arena, in tough and forever changing business environment and towards satisfying the diverse needs of a global consumer.

During the process of cultivating global mindset competence in South Africa, tolerance and respect and empowerment and learning should be considered as key components. The variables that constitute contextual global mindset should be formalised and be made an integral part of an organisations competence matrix with the appropriate level of support for its managers and employees, because companies that have high maturity level perform better than their counterparts with a lower maturity level in a local context too. Finally, global mindset should be considered positive light as it is a good preparation for internationalisation.

Further investigation into why there was no correlation between global mindset and the aggregated performance construct is recommended. The first area to look for answers could be to try and build a new research instrument that will be able to deliver robust results with good correlation of variables. The study can have more impact if it can be done over different sectors with a minimum of over 30 companies, so that the regressions could be run with actual data as opposed to perceived values from surveys in order to build a database that can be used for collaboration, sharing and learning in order to build the competitiveness profile of South African in different economic sectors.

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Appendix 2: Consistency Matrix

Title: The Key Global Mindset Factors Affecting the Performance and Competitiveness of South African Soft Drinks Companies

Propositions	Literature Review	Data Collection Tool (Research Methodology)	Proposed Method of Analysis
The global mindset factors key required in a local context are cognitive, existentialist, and behavioural.	Arora et al. (2004) Bowen and Inkpen (2009) Govindarajan and Gupta (2001) Gupta and Govindarajan (2002) Julien (2006) Kedia and Mukherji (1999) Levy et al. (2007) Mansour (2009) Nummela et al. (2004) Raghavan (2008) Schneider and Angelmar (1993)	Electronic self administered survey *(see appendix 3*	Diagnostic analysis

The global mindset factors key required in a local context are cognitive, existentialist, and behavioural.	Sirkin et al. (2008) Thomas and Inkson (2004) Walsh (1995)	Electronic self administered survey *(see appendix 3)*	Diagnostic analysis

Companies with a high level maturity level of the global mindset with the South African soft drinks companies are the most competitive	Abrahamson and Hambrick (1997) Boone (2001) Business Marketing Intelligence (2007) Hamel and Prahald (1994) Harveston et al. (2000) Hunt and Duhan (2002) Ireland and Hitt (1999) Levy et al. (2007) Nickell et al. (1997) Rhinesmith (1993) Sull (2009) Tang (2006) Tong and Reuer (2010) Wonglimpiyarat (2005)	Electronic self administered survey *(see appendix 3)* Secondary data	Simple linear regression analysis

All of the key factors of global mindset have a positive contribution to the performance of the South African soft drinks companies.	Cant (2004) Drury (2005) Fitzgerald et al. (1991) Kennedy (2000) Kaplan and Norton (1996b) Senge (2004)	Electronic self administered survey *(see appendix 3)* Secondary data	Multiple linear regression analysis

Appendix 3: Research Instrument – Global Mindset Questionnaire

(a) Background on the research instrument

The conceptual framework uses two main concepts as the manifest variables of the latent variable global mindsets. These two manifest variables are individual level or conceptualization and organizational level or contextualization. Conceptualization refers to a person's way of thinking and his ability to comprehend oneself as a part of the world. Contextualization refers to a person's ability to act in a context and adapt his or her ideas to the local environment (Arora, Jaju, Kefalas and Perenich, 2004).

Individual level	**Organisation level**
Adapted from: Govindarajan and Gupta (2001) and Gupta and Govindarajan (2002)	*Adapted from*: Govindarajan and Gupta (2001) and Gupta and Govindarajan (2002)
(1) In interacting with others, does national origin have an impact on whether or not you assign equal status to them? In which way? (2) Do you consider yourself as equally open to ideas from other countries and cultures as you are to ideas from your	(1) Is your company a leader (rather than a follower) in your industry in discovering and pursuing emerging market opportunities in all corners of the world? Give examples (2) Do you regard each and every customer, wherever they live in the

own country and culture of origin? Explain… (3) Does finding yourself in a new cultural setting cause excitement or fear and anxiety? Explain why? (4) When visiting or living in another culture, are you sensitive to the cultural differences without becoming a prisoner of these differences? Give reasons for your response… (5) When you interact with people from other cultures, what do you regard as more important: understanding them as individuals or viewing them as representatives of their national cultures? Please elaborate… (6) Do you regard your values to be a combination of values acquired from multiple cultures as opposed to just one culture? Give reason for your response…	world, as being as important as a customer in your own domestic market? Why? (3) Do you draw your employees from the worldwide talent pool? Is this across all levels? (4) Do employees of every nationality have the same opportunity to move up the career ladder all the way to the top? (5) In scanning the horizon for potential competitors, do you examine all economic regions of the world? (6) In selecting a location for any business activity, do you seek to optimise the choice on a truly global basis? (7) Do you view the global arena not just as a playground (that is, a market to exploit) but also as a school (that is, a source of new ideas and technology)? (8) Do you perceive your company as having a universal identity and as a

	company with many homes or do you instead perceive your company as having a strong national identity? (9) Do most of the employees in your company speak more that three languages to accommodate diversity within your company? What are the three most spoken languages? (10) Does your company promote and sponsor business benchmarking to foreign countries? Is this done by exception or part of common practices in your company?

Appendix 4: Variables Descriptions

Variables Descriptions		
(a) Conceptual Global mindset The highlighted variables were deleted from the analysis, since these two variables did not correlate with the rest of the variables to measure this construct.	In interacting with others, does national origin have an impact on whether or not you assign equal status to them?	v_4
	Do you consider yourself as equally open to ideas from other countries and cultures as you are to ideas from your own country and culture of origin?	v_5
	Does finding yourself in a new cultural setting cause excitement or fear and anxiety?	v_6
	When visiting or living in another culture, are you sensitive to the cultural differences without becoming a prisoner of these differences?	v_7
	When you interact with people from other cultures, do you regard understanding them as individuals as more important than viewing them as representatives of their national cultures?	v_8
	Do you regard your values to be a combination of values acquired from multiple cultures as opposed to just one culture?	v_9

(b) Contextual Global Mindset	Is your company a leader (rather than a follower) in your industry in discovering and pursuing emerging market opportunities in all corners of the world?	v_{10}
	Do you regard each and every customer, wherever they live in the world, as being as important as a customer in your own domestic market?	v_{11}
	Do you draw your employees from the worldwide talent pool?	v_{12}
	Do employees of every nationality have the same opportunity to move up the career ladder all the way to the top?	v_{13}
	In scanning the horizon for potential competitors, do you examine all economic regions of the world?	v_{14}
	Does your company promote and sponsor business benchmarking to foreign countries?	v_{15}
	Do you view the global arena not just as a playground (that is, a market to exploit) but also as a school (that is, a source of new ideas and technology)?	v_{16}
	Do you perceive your company as having a universal identity and as a company with many homes instead of a company having a strong national identity?	v_{17}
	Do most of the employees in your company speak more that three languages to accommodate diversity within your company?	v_{18}

Y_Q = Performance	Margins have been at least averaging 20% for the past 3 years in our company.	Y_{Q1}
	Net Revenue grows at average rate of 5% every year, for the past three years.	Y_{Q2}
	Asset Turnover (sales/assets) has been greater than 2 in the past three years.	Y_{Q3}
	My company has the biggest market share in the beverage sector in South Africa.	Y_{Q4}
Y_R = Competitiveness	Product Quality produced by my company has been greater than 95% for the past two years.	Y_{R1}
	Occasions where our customers experience out of stock situation have been less than 1 out 10 events for the past 2 years.	Y_{R2}
	We have the highest sales per employee in the beverage sector in South Africa.	Y_{R3}

Note: *Variables highlighted in yellow were deleted on the analyses due to low correlation to the rest of the variables*

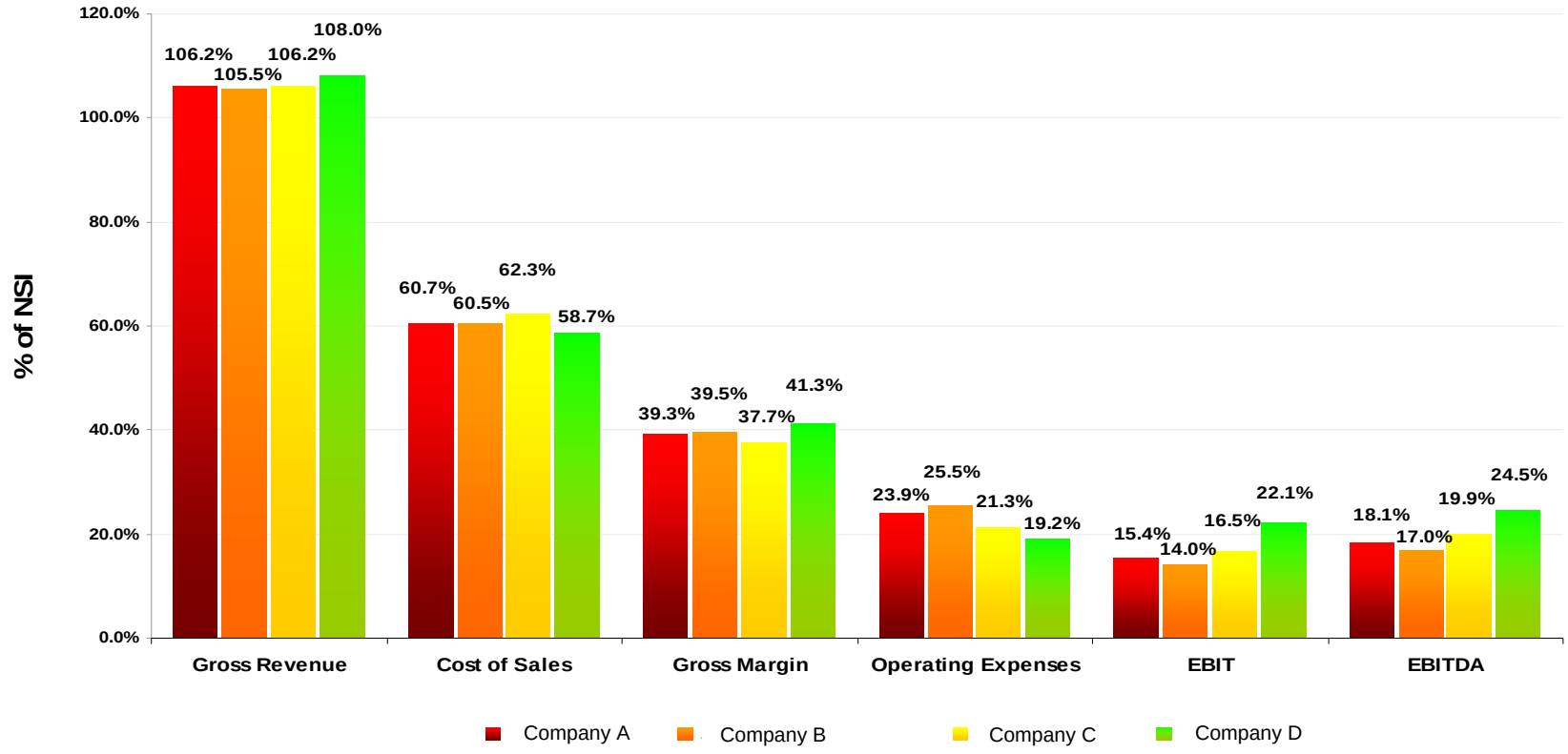
Appendix 5: Descriptive Results for All Variables

v2	N Obs	Variable	Label	Mean	Std Dev	25th Pctl	Median	75th Pctl
Company A	37	v4	v4	3.47	1.32	2.00	4.00	4.50
		v5	v5	3.94	0.91	3.50	4.00	5.00
		v6	v6	2.59	1.04	2.00	2.00	4.00
		v7	v7	3.94	1.08	3.50	4.00	5.00
		v8	v8	4.38	0.83	4.00	5.00	5.00
		v9	v9	4.34	0.87	4.00	5.00	5.00
		v10	v10	4.11	1.18	4.00	5.00	5.00
		v11	v11	4.23	1.26	4.00	5.00	5.00
		v12	v12	3.34	1.47	2.00	4.00	5.00
		v13	v13	3.63	1.24	2.00	4.00	5.00
		v14	v14	3.69	1.25	3.00	4.00	5.00
		v15	v15	3.71	1.23	3.00	4.00	5.00
		v16	v16	4.57	0.50	4.00	5.00	5.00
		v17	v17	3.86	1.44	3.00	4.00	5.00
		v18	v18	2.80	1.37	2.00	2.00	4.00
		YQ1	YQ1	2.50	1.32	2.00	2.00	4.00
		YQ2	YQ2	4.11	0.75	4.00	4.00	5.00
		YQ3	YQ3	3.64	1.10	3.00	3.50	5.00
		YQ4	YQ4	3.94	1.64	4.00	5.00	5.00
		YR1	YR1	4.33	0.76	4.00	4.00	5.00
		YR2	YR2	4.06	1.07	4.00	4.00	5.00

v2	N Obs	Variable	Label	Mean	Std Dev	25th Pctl	Median	75th Pctl
		YR3	YR3	4.00	1.17	3.00	4.50	5.00
		a		3.86	0.86	3.50	4.00	4.50
		b		3.77	0.93	3.44	4.00	4.33
		x		3.78	0.67	3.47	3.93	4.27
Company B	30	v4	v4	3.00	1.20	2.00	3.00	4.00
		v5	v5	4.20	0.41	4.00	4.00	4.00
		v6	v6	2.79	1.21	2.00	3.00	4.00
		v7	v7	3.47	0.86	3.00	3.50	4.00
		v8	v8	4.23	0.50	4.00	4.00	5.00
		v9	v9	4.13	0.78	4.00	4.00	5.00
		v10	v10	1.93	0.98	1.00	2.00	2.00
		v11	v11	2.43	1.07	2.00	2.00	3.00
		v12	v12	1.43	0.57	1.00	1.00	2.00
		v13	v13	2.30	1.15	1.00	2.00	3.00
		v14	v14	1.73	0.91	1.00	2.00	2.00
		v15	v15	1.80	1.00	1.00	2.00	2.00
		v16	v16	3.70	1.21	2.00	4.00	5.00
		v17	v17	1.97	1.22	1.00	2.00	2.00
		v18	v18	2.20	1.21	1.00	2.00	4.00
		YQ1	YQ1	2.13	0.86	2.00	2.00	2.00
		YQ2	YQ2	3.13	1.33	2.00	3.00	4.00
		YQ3	YQ3	2.87	1.28	2.00	3.00	4.00
		YQ4	YQ4	1.57	0.86	1.00	1.00	2.00
		YR1	YR1	4.20	0.92	4.00	4.00	5.00

v2	N Obs	Variable	Label	Mean	Std Dev	25th Pctl	Median	75th Pctl
		YR2	**YR2**	3.43	1.30	2.00	4.00	5.00
		YR3	**YR3**	2.20	1.13	1.00	2.00	3.00
		a		3.73	0.46	3.50	3.75	4.00
		b		2.17	0.68	1.67	2.00	2.56
		x		2.76	0.44	2.47	2.60	3.07

Appendix 6: Summary of Performance for Company A and B, for FY 2009 to 2010



Source: ABI Business Review, April 2010

Appendix 7: Competitiveness Data – Product Quality 2009-2010

	Product						Sales
	12 Month	3 Month	1 Month	YTD	YTD vs Goal	Goal	% in BU
South Africa	93.19	83.88	70.53	90.71	-5.79	95.32	
Company A	95.48	95.77	94.26	94.67	-0.71	95.38	N/A
Company D	97.50	N/A	N/A	99.01	1.46	97.54	N/A
Company B	84.32	63.68	33.20	79.07	-16.11	95.18	N/A
Company E	90.37	47.94	32.76	83.94	-13.26	97.20	N/A
Company C	91.97	78.86	58.94	88.38	-7.29	95.67	N/A

Source: Coca-Cola South Africa