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Perlmutter revisited: Revealing the anomic mindset

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Synopsis

The assortment of issues that arise in situations where there is a divergence between managers' prevailing mindsets and the demands of their complex operating environment have yet to be fully revealed. Drawing on insights curated from a 2-year field study in a global multinational, we reveal the existence of the anomic mindset among a cohort of international managers. We conceptualize this mindset as a stock of knowledge, cognitive and psychological attributes that results in these managers returning to and entrenching themselves in an outdated world view of business in opposition to a changing socio-economic context. It sees them resisting rather than adapting to globalization and engaging in a series of detours away from the pathway toward the development of a global mindset. The existence of the anomic mindset opens up a significant debate on progress in, and the prospects for, globalization and the development of global mindsets, along with their preservation in the face of this persistent anomie.

Introduction and Background

Prefaced with the words 'a drama in three acts', Perlmutter (1969) introduced his ethnocentric–polycentric–geocentric framework elaborating the three primary states of mind held by international managers in building the multinational enterprise. Conceptualized as landmarks on a highway, in which ethnocentrism and polycentrism were not easy to overcome, the long-term direction and final destination favoured the acquisition of a geocentric mindset because it privileged a worldwide view among

managers. Taking this as our point of departure, and addressing the question of what might be learned from situations where managers do not acquire such a mindset, we document what happens when managerial belief systems are at odds with the reality of the multinational environment in which they operate.

Issues and Questions Considered

There is a substantial body of evidence showing the positive impact of a global mindset on organisational performance. However, there appears to be a shortfall of managers with such a mindset, something which constrains the capacity of the firm to implement global strategies. Furthermore, while there is agreement on its importance as an attribute of overall global managerial effectiveness, and in its role in securing successful overseas expansion, much less is established about what might be learned from situations where managers do not acquire such a mindset. In this context, two key theoretical mainstays provide the wellspring for our work. First, we re-examine whether it is axiomatic that an individual plunged into a global environment will inevitably develop a global mindset. Second, we re-visit the dominant working assumption in the literature regarding the attenuation of ethnocentrism in the face of rising internationalization i.e. in situations characterised by manifestly altered circumstances, the holding onto of existing habits by actors is a temporary phenomenon vested in a mindset lag, and will eventually give way to attitudinal and dispositional shifts appropriate to the demands of the prevailing situation.

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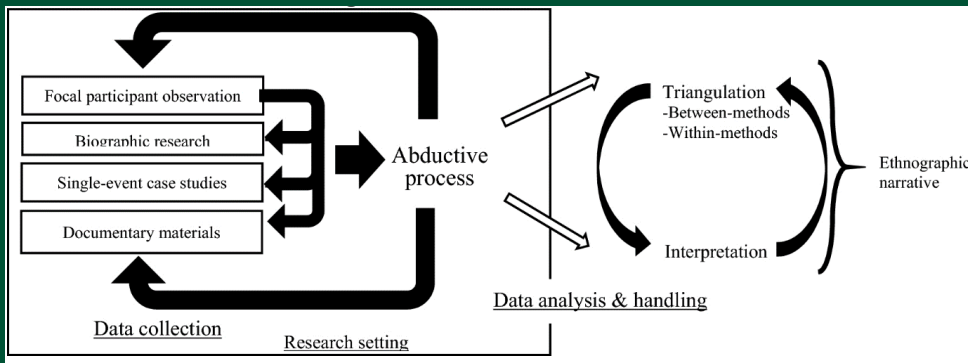


Figure 1: The Research Process

Methodology

The setting for our field study is the European Marketing Department of a global multinational. It has production sites in 18 countries, and sells products worldwide, a third of its net sales being in Europe. Our data include observations recorded contemporaneously in field notes, biographical information on those observed, three single-event case studies, and various texts and documents produced within the department. Managers were observed over a 23-month period as they engaged in their daily work routines, yielding some 500 pages of field notes.

Outcomes and Findings

While the cohort of senior managers at the centre of our study displayed characteristics most favourable to the development of a global mindset, they also engaged in a series of detours from the pathway toward the acquisition of this mindset. Four such detours were discernible in our data. The first we refer to as a world view of nations. Here, the predominant managerial mindset was one of internally homogeneous clear-cut differences between countries. This was at variance with an enfolding pluralized world where the work environment was increasingly transnational. The unearthing of this world view held by managers represented a critical line of inquiry during daily observations and proved central to the abduction and theorization culminating in the identification of the anomic mindset. The second detour related to a national bias for the domestic market. Although we observed some efforts among managers to think outside the national framework, recurrent events and daily practice revealed a home-country-centred mindset. In strategic terms, disproportionate attention was given to the home-country market which, despite high market share and margins, generated only six percent of group turnover. While there was an attempt to employ more inpatriates, and to give more weight to European-based marketing intelligence, the home market remained the point of reference for market information, business modelling, and product and service offer development. The third noticeable detour centred around a reluctance among managers to embrace a heterogeneous world. Despite the international dimension of their positions, managers were socially homogeneous, often displaying an antipathy towards diversity. Their lack of a cosmopolitan outlook, coupled with their inability to handle cognitive complexity, put them at odds with pluralizing globalization. The final observable detour concerned a desire

to maintain hierarchy and to continuously seek alignment. Globalization had led to the re-configuration of managerial work, and to a shift away from hierarchy towards a more heterarchical structure. As a development this necessitated a different management style centring on convincing, mobilizing, and coordinating rather than commanding and controlling, yet few managers embraced it. On the contrary, they expressed the importance of sticking to the way things had always been done, of respecting hierarchy, and of promptly following orders, postures which negatively impacted organizational agility, creativity, and talent mobilisation.

Overall, our field study exposes the disconnect between the complex operating environment of the multinational and the mindsets of its managers. On the one hand these managers had long operated internationally and coped with heterogeneous legal, business, and customer environments. On the other hand, they appeared entrenched in an idealized view consisting of nations independent from one another and appeared unable to abandon traditional modes of organizing no longer suitable given the demands of a changed environment. Despite successful expatriate assignments demanding adaptation, intercultural intelligence and self-reflexiveness, on repatriation they appeared to return to past certainties and to set themselves in opposition to on-going pluralizing influences. We theorize the wellspring for this posture as the anomic mindset.

The identification and theorisation of the anomic mindset, a construct which sees managers contesting rather than more fully adapting to the globalization that surrounds them, moves us closer to understanding some of the complex processes that surround the development of a global mindset. In the context of rising populism and ongoing debates about the escalation of deglobalization and trade and investment barriers, it is imperative that we understand such mindsets, given that they may be more widespread than previously thought. Managers with anomic mindsets may not only attract those with a similar one, but may also marginalize those who do not share one, increasing the likelihood of organizational homophily.

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Forthcoming Research Bulletin

Title: Simple rules for sensemaking praxis: How HR can contribute to strategic change by developing sensemaking capability in organisations

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