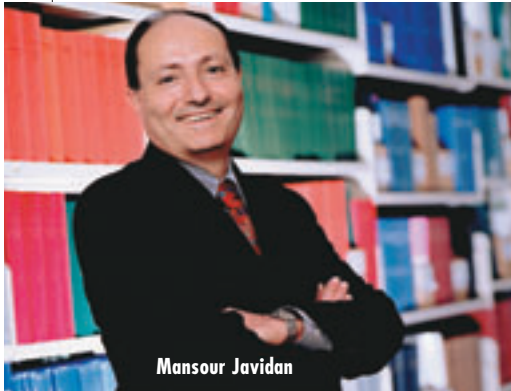


Research

This new department expands BizEd's coverage of research in management education. Our focus will be on current, ongoing, and upcoming studies in business schools around the world.



Mansour Javidan

■ Charting the 'Global Mindset'

Faculty at Thunderbird University's Garvin School of International Management in Glendale, Arizona, are working to help organizations define and leverage the "global mindset." Their research, the Global Mindset Project, will focus on pinpointing what it takes to be successful in today's global business environment.

"Some executives and managers are very successful working with other groups, countries, and cultures, and some are not," says Mansour Javidan, director of the Garvin Center for Cultures and Languages of International Management and a principal researcher on the project. "We want to answer the question, 'What distinguishes those executives who can work well with people from other cultures from those who cannot?'"

Researchers began exploring this question by interviewing nearly 50 of their colleagues on campus, as well as Thunderbird alumni in 20 cities throughout Asia, Europe, and the U.S. Each person was asked how he or she defined the term "global mindset."

The school also recently held a conference that brought together academics with an interest in global issues. After discussion and debate, the conference reached a consensus regarding what the term "global mindset" means. These academics defined the term as "a confluence of attributes that enable an individual to influence individuals, groups, and organizations in different social cultural systems."

In coming months, researchers will conduct a large-scale survey of managers and executives working in international settings. Their objective is to develop a profile and assessment tool that measures an individual's global mindset. The school plans to use this tool to test its own students upon matriculation and graduation. The assessment will also be made available to any organizations that want to be able to measure their students' or employees' global knowledge and sensitivities, says Javidan.

As companies develop global alliances, the importance of such a tool is significant, Javidan adds. "Last August, I was in Seoul to teach a group of Korean executives with LGE, a large Korean electronics company. Their No. 1 priority was to be one of the top three companies globally in their industry," he says. "To accomplish that goal, they agreed that they needed executives who understand how to succeed in different global systems. That's the essence of the global mindset—executives who understand global issues and can make decisions based on that understanding."

Preliminary research from the Global Mindset Project will be available early this year.

■ Culture Clashes: Good for M&As

Although culture clashes between people from different countries may be uncomfortable, they may actually be positive in the long term when it comes to cross-border mergers and acquisitions. A new study from Georgia Tech's College of Management in Atlanta, Georgia, finds that, contrary to conventional wisdom, cross-border M&As actually tend to be most successful in the long term.

The study, "Mars-Venus Marriages: Culture and Cross-Border M&A," was conducted by Georgia Tech finance professors Rajesh Chakrabarti and Narayanan Jayaraman and doctoral student Swastika Mukherjee. "Mergers and acquisitions involving firms from countries with dissimilar cultures, on average, do better than those between firms from countries with similar cultures," they write.

The study examined 405 cross-border M&As from 1991 to 2000, which involved companies from 34 countries targeting firms in 37 countries. Researchers focused on corporate performance 30 to 36 months after the union took place. The study measured national cultural differences such as language, religion, and legal and corporate governance systems. It also used measures developed by Geert Hofstede in his book on international management, *Culture's Consequences: International Differences in Work-Related Values*.

Researchers found that greater cultural disparity can increase the chances of success for M&As because it affects the interaction in the following ways:

- It lowers the likelihood of acqui-

sitions motivated by hubris in unfamiliar or distant environments.

- It grants greater autonomy to acquired firms in distant locations.

- It encourages better screening, contracting, and due diligence during the deal-making process.

- It results in diverse organizational strengths and performance-enhancing synergy.

The study also found evidence that acquisitions go better when acquiring companies are from countries with stronger corporate governance systems than the target firms.

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■ Learning from Social Entrepreneurs

When corporations enter new markets, they often take a standard approach—find a demand for their offering and set the price that customers are willing to pay. That approach, however, is not well-suited to markets in developing countries, say researchers Johanna Mair and Christian Seelos, professors at the University of Navarra’s IESE Business School in Barcelona, Spain.

“Markets that comprise people with incomes below \$1,500 per year are not easily tapped,” explains Mair. “The ability to pay is limited for those at the base of the economic pyramid. Companies seeking opportunities in these markets may first need to take an intermediate step by joining forces with social entrepreneurs who understand the needs and conditions in developing countries.”

Mair and Seelos are engaged in ongoing research that analyzes the

impact of collaborations between social entrepreneurs and businesses driven strictly by profit. They presented their most recent work recently at a conference, “Social Entrepreneurs as Competitors and Partners in Global Markets,” held at IESE in collaboration with the European Academy of Business in Society (EABIS). For the last four years, Mair and Seelos have examined social entrepreneurial initiatives that combine social and economic value creation. “Over time, we’ve moved on to investigate the intersection between companies and social entrepreneurs,” says Mair.

In their current research, Mair and Seelos are looking primarily at three models of collaboration:

- **The integrated model.**

When lens manufacturer Aurolab and Aravind Eye Hospital collaborated to treat cataract patients in India at an affordable price, the venture was financially successful. The integrated eye care project delivered treatment to 2 million patients, including 220,000 sight-restoring operations, and achieved a 60 percent profit margin, even though 47 percent of patients were unable to pay.

- **The symbiotic model.** Telenor and Grameen Bank collaborated to sell mobile telephone service to people in Bangladesh who lack the financial resources to purchase the service. The two organizations created a microloan program in 1997, GrameenPhone, and had 4 million customers by August 2004.

- **The complementary model.** Non-

profit WasteConcern and agricultural company MAP Agro collaborated to solve the waste collection problem in Dhaka, Bangladesh. WasteConcern created a door-to-door collection service, set up local composting plants, and trained residents to operate the plants. MAP Agro, in turn, purchased the compost from the plants to use as fertilizer. The collaboration reduced methane emissions and the need for chemical fertilizers, mitigated waste accumulation in the city, and produced 160,000 new jobs.

Mair and Seelos have found that

such collaborations between socially minded and profit-driven organizations can be profitable and maximize opportunities in underdeveloped markets. Moreover, they say, these collaborations can do more to solve social problems, such as environmental damage and poverty, than conventional companies can do alone.

The two professors are currently working on a one-year project on collaborations between corporations and social entrepreneurs, which is sponsored by EABIS. “There aren’t yet many best practices in this area—we hope that our research will help foster best practices further,” says Mair. “We believe there is a huge opportunity for busi-

nesses that view social entrepreneurs as potential resources.” By partnering with social entrepreneurs, she adds, corporations not only stake a claim in a developing market’s economic potential—they also help create it. ■



Christian Seelos

