Original Article

Effects of Global Mindset on Performance: Empirical Evidence from Foreign Financial Institutions in Ghana

Edward Yeboah[1], Raymond Kofi Appau[2]

[1]*Department of Accounting and Finance, KNUST School of Business, Kwame Nkrumah University of Science and Technology (KNUST), Kumasi, Ghana*
[2] *Institute of Distance Learning, Kwame Nkrumah University of Science and Technology (KNUST), Kumasi, Ghana*

Abstract - With the adoption of explanatory research design, survey method, multiple regression analysis, and correlation analysis, the researchers attempt to establish the relationship between global mindset factors and the performance of foreign financial institutions in Ghana. The dependent variable was performance and the independent variables of global mindset factors included cross Cultural Sensitivity (CCS), Strategic Perspectives (SP), and Multidimensional perspectives (MP). The results indicate a strong connection between global mindset and performance with an R-value of .851. With the R-square of .725, it was established that a 72.5% variance in performance can be explained by a global mindset. The study showed a positive and significant relationship between CCS and performance with a correlation coefficient of .978; an inverse insignificant relationship between SP and performance; and a positive but insignificant relationship between MP and performance. CCS makes the greatest contribution in predicting the performance of multinational financial institutions in Ghana. Innovative cross-sensitive strategies should therefore be the top priority of multinational financial institutions and supervisors must intensify support for subordinates. Extrinsic motivation must also be given to deserving employees who excel in their line of duty in a fair and equitable manner.

Keywords - Global Mindset; Global Mindset Factors; Innovative Cross-Sensitive strategies.

I. INTRODUCTION

Many scholars now regard the global mindset of top management executives as an important cause for achievement which influences the performance of these organizations. Govindarajan and Gupta (2001), argued that one of the essential tasks required from executives in order for a company to create and maintain its position as a globally dominant player is cultivating a global mindset by viewing cultural and geographic diversity as an opportunity and not just a challenge. Levy Orly, Beechler Schon, Taylor Sully, and Boyacigiller Nakiye. (2007) posits that recent developments in the global economy and in multinational corporations have placed significant emphasis on the cognitive orientations of managers, giving rise to a number of concepts such as 'global mindset' that are presumed to be associated with effective management of multinational corporations. They conclude that global firms with a global mindset attain improved performance resulting in higher profitability. Levy (2001) averred that a global mindset in top management was linked to a global strategic posture. Nummela, Saarenketo, and Puumalainen (2004) concurred that managers' international work experience correlates with a global mindset as does the globalness of their market. They concluded that a global mindset correlates with international financial performance.

Over the last two decades, Ghana has seen an influx of financial institutions both local and foreign providing various businesses with varied financial services considering their core competencies in the various sectors of the economy. Fierce competition has been ushered in as a result of this influx, with each institution trying to beat the others to it. At the very core of this is behind the scenes meetings of Top Management Teams with varied mindsets, which consider various issues and strategies to stay ahead of the competition. This study attempts to establish the relationship that exists between global mindset factors and the performance of these foreign financial institutions.

II. METHODOLOGY
A. Research Design

The researchers adopted an explanatory research design to identify the connections between global mindset and performance. The survey method was also used to gather the information that was employed in quantitative analysis generating data used in analysis. With the help of the survey strategy, it gave the researchers more control over the search process-Saunders, Lewis, and Thornhill (2009).

B. Population, Sample Size, and Sampling Techniques
The population of comprised top managements of multinational financial institutions in Ghana. The researchers used a sample size of 105. The sample size is consistent with literature that argues that a minimum of 30 respondents is adequate for statistical research. The study chose the convenience and purposive sampling techniques in selecting respondents.

C. Data Collection and Analysis
The researchers used questionnaires for data collection. Close-ended questions were adopted allowing respondents the convenience of ticking. $b_1X_1 + b_2X_2 + b_{....}X_{3....}$ is the coefficient of the independent variables of Cross-Cultural Sensitivity (CCS), Strategic Perspectives (SP), and Multidimensional Perspective (MP)in that order? The multiple regression analysis was done with a 95% confidence level at a margin error of 5%.

E. Variables
Table 1: Variable Descriptions

Variable	Description
Cross-Cultural Sensitivity (CCS) – *Independent Variable.*	Denotes the capacity to decode values of diverse people and appreciate different surroundings- Shapiro, Ozanne, and Saatcioglu, (2008).
Strategic Perspectives (SP) - *Independent Variable.*	Include extraordinary intellectual capabilities and information processing abilities that enable executives to appreciate multifaceted international undercurrents between contending demands and fears.
Multidimensional Perspective (MP)-*Independent Variable.*	Combines cross-cultural thoughtfulness and the strategic outlook, enhancing them with a couple of supplementary features.
Performance- *Dependent*	Net profit margin;

Respondents were personally handed copies of the questionnaires at their places of work. After some time, the researchers went back and collected the answered questionnaires. The questionnaires had closed-ended questions on a 5-point Likert scale with 1 representing disagreement to 5 representing strong agreement.

In order to allow for study results generations, data gathered from respondents were coded using a statistical package for social sciences (SPSS). Data collected was captured into SPSS and vetted for data errors. Subsequently, multiple linear regression and correlation analyses were adopted to identify relationships. Cronbach alpha was used in checking the reliability of variables and finally interpreted with implications thereof.

D. Model Specification
The regression equation for the study is shown as:
$Y = a + b_1X_1 + b_2X_2 + b_3X_3$.
Where Y=Dependent variable (performance);
a=Constant and

variable.	Turnover; Market share; and Return on Investment;

Source: Authors' Construct

III. RESULTS AND DISCUSSIONS
The study was conducted on a sample of 105 top-level management of multinational financial institutions in Ghana of which 82 responses representing a 78% response rate were received.

Table 2: Demographic Characteristics

Variables	Frequency	Percentages
Gender		
Male	47	57.3
Female	35	42.7
Age Distribution		
30 -40 years	45	54.9
41 years and above	37	45.1
Financial Institution		
Insurance	6	7.3
Banking	76	92.7
Position		
Dept. Head	35	42.7
Sen. Mgt	47	57.3
Years of being in that position		
Under 5 years	25	30.5
5 to 10 years	37	45.1
10 years and above	20	24.4

Working in a foreign country other than Ghana		
Yes	66	80.5
No	16	19.5

Source: Researchers' Field Work, 2018

From the demographic characteristics in Table 2, 35(42.7%) of the respondents were females and 47(57.3%) were males. The results revealed a male dominance at the top management level of foreign financial institutions in Ghana.

Respondents were categorized into age groups of those below 30 years, 30 – 40 years, and 41 years and above. The results as indicated in Table 2showed that none of the respondents were less than 30 years; 45 of the respondents representing 54.9% were between 30 – 40 years, and 37 of the respondents were 41 years and above representing 45.1%. These responses indicate that there was no top management position in foreign financial institutions in Ghana occupied by persons below the age of 30 years.

The financial institutions of respondents were categorized into insurance and banking. Out of the 82 responses, 6 representing 7.3% were into insurance whilst 76 representing 92.7% were in banking as shown in Table 2 above. This is representative of the existence of more banking institutions than insurance institutions in Ghana.

Respondents were categorized into three groups of CEO, Department Heads, and Senior Management. As shown in Table 2 above, none of the respondents was a CEO; 47 of the respondents representing 57% were found to be in Senior Management positions, and 35 of the respondents representing 43% were Department Heads. These responses indicate the difficulty in having access to CEOs of these target institutions.

In relation to the number of years in positions, it was revealed that25 of the respondents representing 30.5% had been in their positions for less than 5 years; 37 of the respondents representing 45.1% had been in their positions between 5 – 10 years, and 20 of the respondents had been in their positions over 10 years and above representing 24.4% as indicated in Table 1 above. These responses suggest some level of succession planning by these foreign financial institutions in Ghana.

On foreign exposure as portrayed in Table 2; 66 of the respondents representing 80.5% indicated that they have worked in a foreign country other than Ghana; whilst 16 respondents representing 19.5% said they have not worked in a foreign country other than Ghana. This showed the relatively global experience and orientation of respondents.

The researchers used Cronbach's alpha to measure the internal consistency of the items by measuring the homogeneity of items used to measure the variables and the results are indicated in Table 3 below. The Cronbach alpha values for Cross-Cultural Sensitivity (.929); Strategic Perspective (.863); Multidimensional Perspective (.882); and Performance (.918) were all above 0.7 thresholds as proposed by researchers. This implied high internal consistency among the variables measuring the constructs. Thus, the variables are measuring what they seem to measure.

Table 3: Cronbach Alpha Coefficient

Variables	Cronbach alpha value	Number of items
Cross cultural Sensitivity	.929	11
Strategic Perspective	.863	7
Multidimensional Perspective	.882	5
Performance	.918	8

Source: Researchers' Field data, 2018

In order to conserve statistical power and check multicollinearity, Pearson Correlation was conducted. In checking the relationship between the variables, a bivariate correlation scan was conducted. A multicollinearity test was carried out using correlation statistics to evaluate if the strength of the connection between the variables will affect additional statistical scrutiny. The bivariate correlation values are shown in Table 4 below.

Table 4: Correlation Matrix

Variable	CCS	SP	MP	PERF
CCS	1			
SP	.549**	1		
MP	.483**	.661**	1	
PERF	.650**	.609**	.399**	1

Source: Author's field data (2018)
Key:CCS=Cross Cultural Sensitivity; SP=Strategic Perspectives; MP=Multidimensional Perspective; PERF=Performance

From the PearsonCorrelation Matrix in Table 4, the relationships among the variables are all below 0.7 meaning that, multicollinearity is not a serious threat to this analysis.

In assessing the effect of global mindset on performance, CrossCultural Sensitivity (CCS), Strategic Perspectives (SP), and Multidimensional Perspective (MP) were adopted as independent variables and performance was the dependent variable. The multiple regression analysis was done with a 95% confidence level at a margin error of 5%.

Tables 5, 6, and 7 showed the model summary, ANOVA (Analysis of Variance), and coefficient tables from the regression output where:

1. ***R*** *represents the correlation or relationship between the dependent and the independent variables*
2. ***R²*** *represents how much of the dependent variable can be explained by the independent variables.*
3. ***B*** *represents the coefficients of the independent variables.*
4. ***Sig.*** *represents the statistical significance level of the model (the acceptable level of significance for this research was 0.05).*
5. ***Beta*** *compares the contribution of each independent variable to the dependent variable (ignoring any negative signs)*

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.851ᵃ	.725	.714	.42170

a. Predictors: (Constant), MP, CCS, SP

Table 6: ANOVAᵇ

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	36.516	3	12.172	68.449	.000ᵃ
Residual	13.871	78	.178		
Total	50.387	81			

a. Predictors: (Constant), MP, CCS, SP

b. Dependent Variable: PERF

Table 7: Coefficientsᵃ

Model	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	T	Sig.	Tolerance	VIF
1 (Constant)	.689	.312		2.207	.030		
CCS	.978	.099	.903	9.876	.000	.422	2.371
SP	-.124	.165	-.093	-.753	.454	.232	4.315
MP	.037	.103	.034	.361	.719	.404	2.473

a. Dependent Variable:PERF

The model summary Table 5 above indicates a strong relationship between global mindset and performance with an R-value of .851. With the R-square of .725, it was stated that 72.5% variance in performance can be explained by global mindset (CCS, SP, and MP). However, the ANOVA results in Table 6 above showed that the combined impact of global mindset (Cross-Cultural Sensitivity, Strategic Perspective, and Multidimensional Perspective) on performance is statistically significant with (F=68.449; p=.000).

In analyzing the effects of each independent variable (Cross-Cultural Sensitivity, Strategic Perspective, and Multidimensional Perspective) on performance, the correlation coefficient, t-statistic, significance, and beta value as shown in Table 7 above were adopted and interpreted below.

Cross-Cultural Sensitivity (CCS)

The regression result confirmed an affirmative connection between CCS and PERF with a correlation coefficient of .978 as shown in Table 7 above. In effect, when the other independent variables (SP and MP) are held constant PERF will increase. CCS is thus statistically noteworthy as well as impacting exceptionally on PERF with a t-value of 9.876 and significance at .000. This denotes that is so dear to the heart of foreign financial institutions in Ghana. This confirms the findings of Kedia and Mukherji (1999), Gupta and Govindarajan (2002), and Levy et al (2007) who indicated that expatriates and employees who are culturally sensitive are more effective and efficient in managing in an international setting. Again, it confirms the work of Collings, Scullion, and Morley, (2007)who noted that employees who are culturally sensitive will be more likely to succeed in an international setting.

Strategic Perspective (SP)

The regression outcomes showed a converse connection between SP and PERF with a correlation coefficient of -.124 as indicated in Table 7 above. In effect, with other independent variables (CCS and MP) held constant, an increase in SP activities will decrease PERF and vice versa. SP is statistically not important and it is not making any exceptional impact on PERF with a t-value of -.753 and significance at. 454. This denotes that, SP is not so dear to the heart of foreign financial institutions in Ghana as its implementation will vary from country to country.

Multidimensional Perspective (MP)

The study found that positively impacts PERF with a correlation coefficient of .037 as shown in Table 7 above. Thus, if the index of MP increases, then the performance of foreign financial institutions will also go up all things being equal if CCS and SP are held constant. However, MP is

not statistically significant (T=.361, Sig=.719) as shown in Table 7 above, and does not make any unique prediction to explain the performance of foreign financial institutions in Ghana.

In comparing the individual effect of the independent variables (CCS, SP, and MP) on PERF, the beta

values are used (ignoring any negative signs). The beta values determine which variable made the greatest contribution in explaining the performance of the foreign financial institution in Ghana when the variance in the model is controlled for. The beta values of CCS, SP, and MP are 0.903, .093, and .034 respectively as shown in Table 7. The highest beta value of 0.903 is CCS confirming that CCS has an exceptional impact in predicting PERF of multinational financial institutions in Ghana.

IV. CONCLUSION AND RECOMMENDATION

The study concludes that there exists a strong connection between global mindset and performance with an R-value of .851. With the R-square of .725, it was stated that a 72.5% variance in performance can be explained by a global mindset. There is a positive and significant relationship between CCS and performance with a correlation coefficient of .978. There is an inverse insignificant relationship between SP and performance. The study found a positive but insignificant impact on performance. CCS makes the greatest contribution in predicting the performance of multinational financial institutions in Ghana. The study, therefore, makes the following recommendations.

1. Innovative cross-cultural sensitivity strategies should be imbibed in the company strategic review to make room for ideas from each country. This will lead to an optimized performance which will return better value to all stakeholders.
2. Supervisors must intensify support for subordinates so that they meet the multinational standards set for each subsidiary.
3. Extrinsic motivation must also be given to deserving employees who excel in their line of duty in a fair and equitable manner.
4. Local financial institutions need to be mindful of the impact global mindset has on performance in order to be able to compete favorably with foreign financial institutions in the local market. Hence there should be a constant orientation to remind local financial institutions of this global mindfulness.

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