The Strategic Global Climate and the Construction of the Strategic Global
Climate Scale

by

Leah Rose Wolfeld

Masters of Science
Industrial/Organizational Psychology
Florida Institute of Technology
2013

A dissertation
submitted to the College of Psychology and Liberal Arts at
Florida Institute of Technology
in partial fulfillment of the requirements
for the degree of

Doctorate of Philosophy
in
Industrial and Organizational Psychology

Melbourne, Florida
October, 2016
© Copyright 2016 Leah Rose Wolfeld
All Rights Reserved

The author grants permission to make single copies ____________________________
The undersigned committee hereby recommends that the attached document be accepted as fulfilling in part the requirements for the degree of Doctorate of Philosophy in Industrial and Organizational Psychology.

“The Strategic Global Climate and the Construction of the Strategic Global Climate Scale”
a dissertation by Leah Rose Wolfeld

Lisa A. Steelman, Ph.D.
Associate Dean College of Psychology & Liberal Arts
Associate Professor & Program Chair
Industrial/Organizational Psychology
Dissertation Advisor

Patrick Converse, Ph.D.
Associate Professor
Industrial/Organizational Psychology
Committee Member

Richard Griffith, Ph.D.
Professor
Industrial/Organizational Psychology
Committee Member

Robert A. Taylor, Ph.D.
Associate Dean and Head, School of Arts and Communication
Professor of History
College of Psychology and Liberal Arts
Committee Member

Mary Beth Kenkel, Ph.D.
Dean and Professor
School of Psychology
ABSTRACT

Title:
The Strategic Global Climate and the Construction of the Strategic Global Climate Scale

Author:
Leah Wolfeld

Principle Advisor:
Lisa A. Steelman, Ph.D.

As the world grows smaller, globalization increasingly impacts organizations, and many organizations have difficulty preparing for such a complex and unpredictable environment. The Strategic Global Climate consists of the employee perceptions of the policies, processes, and rewarded behaviors that promote organizational effectiveness in the complex global arena. A favorable Strategic Global Climate communicates the organization’s values and aligns leadership and business strategies for prosperity in the global arena. Additionally, organizations with a Strategic Global Climate should develop a strong global leadership bench strength, experience smooth international business partnerships, and have a competitive advantage. Organizations must be able to measure such a climate in order to foster it. The current study develops the Strategic Global Climate Scale and its underlying dimensions using a grounded theory approach in interviews with employees in global organizations. Subsequently, item generation
and sorting took place, followed by two online pilot studies. Principle component analysis was conducted for item reduction and preliminary dimensionality, after which a confirmatory factor analysis was conducted with a sample from a global organization for the validation study. Results and implications of a Strategic Global Climate and its Scale are discussed, followed by the study’s strengths and limitations and recommendations for future research.

Keywords: climate, strategic climate, global, scale development, measurement, validation, multinational
# Table of Contents

Abstract.............................................................................................................................. iii
Acknowledgements............................................................................................................ vi

**Introduction and Literature Review** ........................................................................... 1
Global Organizations and Globalization .......................................................................... 4
Organizational Climate ...................................................................................................... 10
Existing Research on Organizational Level Constructs in the Global Context................... 21

The Strategic Global Climate: Definition and Dimensions ............................................. 27

**Methodology** .................................................................................................................. 44
Phase 1: Qualitative Data ................................................................................................... 45
Phase 2: Item Generation ................................................................................................... 51
Phase 3: Pilot Testing ......................................................................................................... 54
  Pilot A .............................................................................................................................. 57
  Pilot B .............................................................................................................................. 62
Phase 4: Validation Study ................................................................................................... 64
  Hypothesis development ............................................................................................... 65
  Participants ....................................................................................................................... 73
  Procedure ......................................................................................................................... 74
  Measures .......................................................................................................................... 74
  Analysis ............................................................................................................................ 77
  Hypothesis testing .......................................................................................................... 82

**Discussion** ....................................................................................................................... 84
Limitations and Future Research ...................................................................................... 92
Contributions ...................................................................................................................... 95

**Conclusion** .................................................................................................................... 97

**References** ..................................................................................................................... 100

**Tables** ........................................................................................................................... 122

**Figures** .......................................................................................................................... 143

**Appendix: Structured Interview Questions** ............................................................... 147
Acknowledgements

I would first like to express my sincere gratitude to my advisor, Dr. Lisa Steelman, for her high standards, encouragement, insights, and patience. Together with Dr. Rich Griffith, you enabled me to achieve my goals despite how unconventional some were; this has allowed me to craft a unique and meaningful graduate school experience for myself. Thank you to you both.

I am also very appreciative of Dr. William Gabrenya for his steady support and ever-present dry sense of humor. Thank you also to my other committee members, Dr. Pat Converse and Dr. Robert Taylor, for your input and invaluable suggestions for my research.

Thank you, Brigitte Armon and Tom Skiba, for your refreshing perspectives on life. High five to the universe for putting us together in the same time and place. I am also extremely grateful for my friends, especially Chloé Greppi and for Melbourne Municipal Band members for their unfailing reality checks and for keeping me balanced. Y a tí: realmente no hay nada que podría escribir aquí que pueda capturar lo agradecida que estoy y la suerte que he tenido de conocerte; sólo espero que haya podido expresarlo en otros momentos, o que, por lo menos, lo pueda comunicar bien del todo en algún momento en el futuro.

Vielen dank to my family, always at the ready to give me what I need—even if I don’t think I need it—and for embodying a steadfast structure of love and support that has empowered me to achieve my aspirations. Ich liebe euch sehr!
Lastly, to every person who has played or will play any role in my life whatsoever: thanks for being you.
Introduction

Globalization’s complex and fluctuating nature renders interpreting, adapting to, and preparing for environmental changes a daunting task for organizations (Appadurai, 2001; Giddens, 2000; Lane, Maznevski, & Mendenhall, 2004). Stories of organizational mishaps related to the effects of globalization such as failed mergers and painfully culturally insensitive remarks and behaviors abound. Lack of institutional preparedness for globalization results in anxiety and feelings of powerlessness (Giddens, 2000). However, globalization also offers organizations unparalleled opportunities (Friedman, 2007). Common languages, technological advances, and ease of travel facilitate communication around the world (Friedman, 2007; Giddens, 2000). People and the organizations they comprise can undoubtedly access resources more easily, experience higher quality events, create new, innovative products more quickly, and exchange ideas more freely than ever before. Globalization is an inevitable, complex phenomenon that can either destroy organizations or usher them into great prosperity.

Because globalization impacts organizations from many angels, an increasing number of organizations must participate in the global arena in order to survive. These influences surface through the increasingly diverse workforce, partnerships with global supply chains, and market expansion targeting customers beyond the home country. Globalization also exists in mergers and acquisitions across organizations rooted in different national cultural backgrounds, branch launches in other countries, management of employees from other cultures,
expatriate assignments, and partnerships that render a need for cross-cultural negotiation, complex decision making skills, and global teamwork. Due to its pervasive nature, globalization is increasingly likely to influence organizations in some way. Capability to operate in the global arena is no longer simply “nice to have,” but increasingly necessary (Gundling, Hogan, & Cvitkovich, 2011).

While some organizations may recognize the imperative of operating on a global scale, many still find that they lack clarity on success factors driving global success and have difficulty fostering these success factors. Some have attempted solutions or interventions that turn out to be ineffective or short-lived and although these organizations may survive globally, they do not thrive or grow. In the end, they fail to become a major competitor in the global arena. One reason why these issues may occur is because the organization’s work climate does not adequately support or facilitate global work.

Organizational climate refers to employees’ collective perceptions of the policies, procedures, and practices of an organization and offer valuable information regarding potential sources of organizational effectiveness and ineffectiveness. Because of the complexities they face, global organizations require a specific climate for success. To this end, two questions that this study aims to answer are: “What success factors lead an organization to thrive in the global arena?” followed by, “How does an organization assess where they stand on these factors to inform strategy and operations?” Organizations first need to understand the strategic factors associated with global success, and then need a
tool to identify critical success factors as well as derailers to better facilitate global transitions and sustainable global business excellence. To address these needs, the present study explores and defines the concept of a Strategic Global Climate.

By adopting a Strategic Global Climate (SGC), organizations can thrive in the globalized environment. The perceived values it promotes align organizational and leadership strategies. It communicates values and operating procedures commensurate with global business success. Employees understand not only the processes, but also the personal competencies expected in a global business. In this way, the SGC should also inform leadership development and contribute to building an organization’s bench strength in global leadership competency.

Organizations with a SGC should have smoother mergers and acquisitions and negotiate more effectively across cultures than those without an SGC. Having a SGC should also allow organizations to successfully expand into the global market, conduct business with global supply chains, and boast optimal global teamwork. These organizations should demonstrate the ability to actively take advantage of globalization’s opportunities and thrive instead of simply surviving.

In order to evaluate the extent to which an organization demonstrates a SGC, a SGC Scale (SGCS) must be created. The present study aims to establish an empirically developed and statistically sound diagnostic tool that measures the policies, processes, and practices that hinder or facilitate a favorable SGC, as well as effective and ineffective global leadership behaviors. The scale will also serve as a framework to establish a solid base for action plans and steps to follow for a
self-sustaining solution and benchmark advances in fostering a SGC. Lastly, the scale itself is also a unifying mechanism that communicates organizational values to employees, orienting all levels towards a shared focus.

In sum, the final research project aims to provide an operationalization of a new and much needed construct, a valid and reliable scale that measures the construct and provides a framework for improvement, and a tool for organizations to assess and promote the factors conducive to global success. First I discuss globalization and organizational climates, followed by an introduction of the Strategic Global Climate and a review of the literature. The Strategic Global Climate and its dimensions are then discussed, followed by the benefits of having such a climate and the need for a scale to measure it.

**Global Organizations and Globalization**

The extent to which globalization impacts organizations exists on a continuum. In order from least to most impacted, the continuum includes domestic, multinational, global, transnational, and “born global” organizations (see Table 1).

Domestic organizations operate within a single country. While it may have multiple locations within the country, a domestic organization is not subject to the same challenges that non-domestic organizations are. Comparatively, issues surrounding domestic organizations’ trade regulations, cultural differences, flexibility, and knowledge communication are quite minor; entering the realm of global business augments the number of influential variables exponentially.
Multinational organizations adapt to local markets and adjust to the other country’s economies in which they operate because of their dispersed resources and decentralized decision-making (Bartlett & Ghoshal, 1991). These organizations aim for flexibility on a country by country basis and are nationally self-sufficient. The consequences of high flexibility, however, include relatively low levels of efficiency and slower knowledge transfer (Bartlett & Ghoshal, 1991). Well-known multinational organizations include McDonald’s, Procter and Gamble, and Unilever (Smith & Baylis, 2001).

Like multinational organizations, transnational organizations are based in a home country, but unlike multinationals, transnational organizations can use the parent organization’s knowledge and abilities easily due to its mix of centralized and decentralized decision making. Their mixed structure also results in lower levels of flexibility to local needs than multinational companies and mediocre levels of efficiency (Bartlett & Ghoshal, 1991). Approximately 60,000 transnational organizations existed in the year 2001 (Smith & Baylis, 2001), including Shell, Coca-Cola, and Microsoft, and had over 500,000 foreign affiliates. Transnational organizations comprise two thirds of world goods and services trade (Deng, Higgs, & Chan, 2009).

Bartlett and Ghoshal (1991) describe “global” organizations as the most centralized organization yet with globally scaled capabilities, thus allowing them to efficiently implement parent company strategies across subsidiaries. While centralization allows these organizations to be highly efficient, it also causes
knowledge development to remain at the organizational center, thereby also restricting knowledge diffusion. This also results in low flexibility to local needs. One example of a global organization is Motorola.

Organizations that are “born global” (Knight & Cavusgil, 2004) create a complex arrangement of assets and resources by distributing resources at home and abroad. In doing so, interdependence and therefore knowledge networks are purposefully reinforced and consistent. These organizations develop employees with specialized abilities, further strengthening the need for and reliance on interdependence. They are entrepreneurial and oriented to the international market (Knight & Cavusgil, 2004). While these characteristics offer many benefits, the complexities must be managed with finesse. Managers must balance the innate diversities (e.g., perspectives) and the strengths and flexibility within and among departments. Barlett and Ghoshal (1991) state that successful managers in this context forge strong shared visions that foster commitment at the individual level. These organizations are by definition the “most global”, and exhibit characteristics that are in high demand given the increasing levels of globalization (Bartlett & Ghoshal, 1991). Examples of “born global” organizations include HTC, Skype, and Logitech. The SGCS aims to assess the extent to which organizations promote and support characteristics of the “most global” organizations (see Table 1).

Other types of organizations impacted by globalization include NGOs that operate in only one country such as Sierra Club in the USA and Médecins sans Frontières in France. Intergovernmental organizations (ex. UN, NATO) and
International NGOs (ex., International Red Cross) comprise another two types of these organizations. These types of organizations can still be categorized in terms of the aforementioned criteria (i.e., Table 1).

The global economy’s growth is undeniable. Between the years of 2003 and 2013, world trade in goods increased from almost $8 trillion to $18.3 trillion, and world trade in services from $2 trillion to $4.7 trillion (UNCTAD, 2015). The globalized marketplace is also evident in the world’s GDP. In 2013, developing countries contributed 50% of the world GDP, and trends suggest that by 2018, these countries will contribute 55% of the world GDP. Recently, The Economist Intelligence Unit gathered survey data involving 480 small and medium enterprises in 12 countries and across 20 industries. The results suggest that even though their current revenue from international ventures are minimal, almost three quarters of the respondents anticipate this to increase to between 11% and 50% in five years (The Economist Intelligence Unit, 2014). Clearly, organizations are both experiencing and anticipating major changes due to globalization. Now organizations must find a way to flourish within its powerful effects.

Globalization is a rapidly fluctuating, dynamic force, creating an uncertain and ambiguous environment within which many organizations must operate (Appadurai, 2001; Lane, Maznevski, & Mendenhall, 2004). The ability to function in such an unpredictable environment was first conceptualized at the individual level when globalization in organizations manifested itself in expatriate assignments and relevance expanded to high level organizational leaders.
However, as globalization increases in intensity and expands its influence on entire organizations (Friedman, 2007), an organizational climate that touches all employees and fosters effective operations within the dynamic global environment is critical.

Although a term frequently used, globalization has an innate abstractness that benefits from a clear definition. The Merriam-Webster dictionary defines *global* as “involving the entire world” ([http://www.merriam-webster.com/dictionary/global](http://www.merriam-webster.com/dictionary/global)). Mendenhall and Bird (2013) describe global as “intense, extreme complexity.” Lane et al. (2004) break “global” into four areas of complexity. First, *multiplicity* describes the increase in number and type of issues that global entities encounter when compared to local entities. Organizations planning to “go global” not only face an increase in quantity of interactions, but extensive differences in these interactions. They face new competitors, customers, cultural values, politics, stakeholders, and governments. Individuals, specifically leaders, in these organizations must be able to juggle unfamiliar, new information.

Second, *interdependence* refers to the complex, interlocking network of people, technology, and systems that global leaders must manage. As organizations expand to other areas of the world, they must collaborate with others to survive (Lane et al., 2004; O’Connor & Day, 2007). The globalized organization’s inevitable interdependence manifests itself in economies, global teams, production chains, and partnerships. Interdependence is further complicated due to geographical, time, and language barriers.
The complexity of globalization also includes *ambiguity*, described as a lack of information clarity, an indistinct beginning of cause and effect relationships, and equivocality, or the potential for multiple interpretations. As discussed further on, tolerance of ambiguity constitutes a characteristic descriptive of individuals who tend to function well in cross-cultural interactions (Caligiuri, Noe, Nolan, Ryan, & Drasgow, 2011).

Lane et al. (2004) contend that these three factors multiply to produce *dynamic complexity*. For example, an organization may face many new phenomena (multiplicity) with a recent partnership (interdependence). Roles among those affected by the partnership may be ambiguous, because of the myriad of new, unclear, information the employees must grapple with on a daily basis. Still further, these elements of dynamic complexity are constantly in *flux*, rendering any solution to a complex global challenge relatively temporary. The anxious anticipation and difficulties that employees and organizational leaders experience with regards to globalization (Giddens, 2000) is clearly with good reason.

Systems theory posits that environments influence organizations that operate within them. By comparing organizational science to biological organisms, Katz and Kahn (1966) argue that as an open system, organizations influence their environments and vice versa, just as in nature. Thus, when an entity must operate in a globalized environment, it actively changes and is changed by the environment. However, little is known about this evolutionary process in
organizational science and the characteristics needed to become a successful global organization.

**Organizational Climate**

A climate consists of employee perceptions of an organization’s policies, procedures, and processes that organizations reward and support (Schneider & Reicher, 1983). That is, climate refers to the policies and procedures within organizations, as well as how employees make sense of those policies and procedures. Therefore, climate is the shared experiences of employees developed from the perceived meaning of organizational policies and procedures, as well as their enactment by supervisors and managers (Zohar, 2000). These perceptions drive employee attitudes and behaviors (Schneider, 2000), and are often aggregated to produce a unit or organizational level subjective characteristic.

The notion of a climate began in the 1930s with Lewin, Lippitt, and White’s (1939) study regarding the effect of leadership behaviors on the behavior of a group of boys. They suggested that leadership behaviors created a “social climate” from which the boys derived behavioral guidelines. Years following, McGregor (1960) proposed that managerial attitudes towards employees (Theory X and Theory Y) were determinants of “managerial climate” and therefore of employee behavior. When climate research was in its nascent stages, researchers investigated the relationship between leadership and climate (Campbell, Dunnette, Lawler, & Weick, 1970; Kozlowski & Doherty, 1989; Schneider, Ehrhart, & Macey, 2011). However, much of the extant climate literature focuses on climates
that do not reflect perceptions of the specific manager’s leadership style, but rather perceptions of the processes throughout the organization (Schneider, Ehrhart, & Macey, 2011). Because of the unit leaders’ visibility and thus influence on the employee perceptions of organizational policies and practices, leader behavior constitutes an important antecedent to, and influence on, unit climate (Kozlowski & Doherty, 1989).

While related, organizational climate and organizational culture are distinct concepts. Barney (1986) defines organizational culture as, “a complex set of values, beliefs, assumptions, and symbols that define the way in which a firm conducts its business” (p. 657). Additionally, Schein (1990) emphasizes an organization’s culture as what the members of the organization learn over time. Together, employees learn the founder’s values and thus plant the seeds for the organizational culture. Learning continues through overcoming challenges from the external environment as well as through the integration of knowledge and concepts within the organization.

Schein (1999) presents organizational culture as a three-level construct, ranging from most observable to least observable. The most observable level, *artifacts*, consists of visible and tangible manifestations of the culture. For example, an organizational hierarchy or the office layout illuminates some part of the organization’s culture. The second level, *espoused values*, answer the “why” question regarding the first level. An organization can value teamwork and open communication, for example, which is represented in their open office layout and
can be identified by its members. The third and final level of organizational culture is termed *underlying assumptions*, which suggests that members of an organization operate according to some implicit values. Employees share these underlying assumptions that typically stem from the founder’s values to give tacit guidelines regarding “how things are done around here.”

Culture and climate differ along a few critical dimensions. Practically speaking, due to its historical and pervasive nature, organizational culture is so resistant to change that experts advise implementing culture change initiatives as a last resort (Schein, 1999). Immediate supervisors, however, can influence the more malleable climate (Schein, 1999). Along the same lines, few differences exist in organizational culture across departments, while differences in organizational climate can differ significantly.

The two constructs differ in assessment methods as well. The layered, invisible assumptions that employees share render organizational culture difficult to articulate, resulting in research that helps define organizational culture and determine the specific culture at hand (Schneider, Ehrhart, & Macey, 2011). On the other hand, organizational climates can be assessed more easily through evaluating employee perceptions of the explicit procedures, policies, and processes that the organization supports and rewards (Schneider & Reicher, 1983). This permits direct measurement and a focus on specific outcomes related to organizational effectiveness. For example, service climate has been found to predict employee performance at the unit level and customer loyalty, both of
which enhance the organization’s financial performance (Salanova, Agut, & Peiró, 2005). Customer satisfaction is then related to organizational financial performance.

An important distinction exists between psychological climates and organizational climates. Psychological climate refers to an individual’s perceptions of the environment and its meaning to the individual, thereby reflecting the cognitive intervening mechanisms between individual perceptions of organizational attributes and the individuals’ resulting attitudes and behavior (James & Jones, 1974). Because psychological climates reflect the individuals’ evaluations of experiences at work (James & Jones, 1974), the measures relate to other individual level constructs more than they relate to unit level outcomes, traditionally in terms of the individual’s well-being (such as job satisfaction) (James & James, 1989; Schneider, Ehrhart, & Macey, 2011). A meta-analysis of existing psychological climate studies purports that employee attitudes fully mediate the relationship between psychological climate and employee motivation and performance (Parker et al., 2003). These findings support psychological climate as an individual-level construct linked to individual-level outcomes.

The most common tool to assess psychological climate is a general psychological climate (PCg) comprised of five dimensions: leader support and facilitation; role stress and lack of harmony; job challenge and autonomy; and work group cooperation, warmth, and friendliness (James & James, 1989; James & Sells, 1981; Jones & James, 1979). An example item for the job challenge
dimension is, “It takes all my resources to achieve my work objectives” (Brown & Leigh, 1996).

More recently, climate has been defined and measured in terms of the organizational level rather than the individual level (Schneider, Ehrhart, & Macey, 2011), and represents the individuals’ collective perception of the work environment that they comprise (Kuenzi & Schminke, 2009). Organizational climate questionnaires consist of items aimed at the unit or organizational level (Glick, 1985). For example, Podsakoff et al. (1990) developed a measure of transformational leadership climate assessing aggregated employee perceptions of the leader. To measure the providing an appropriate model subdimension of transformational leadership, respondents rate the extent to which the leader “leads by example,” and “provides a good model for me to follow.” To assess the subdimension of articulating a vision, items include “has a clear understanding of where we are going,” and “paints an interesting picture of the future for our group” (p. 118). These items are less focused on individual attitudes, and more focused on organizational functioning. Unlike the psychological level climate, this unit (“organizational”) level can be easily linked to organizational effectiveness (Schneider, Ehrhart, & Macey, 2011).

Climate measurement methodology is imperative to distinguishing the differences between psychological and organizational climate. Measured at the individual level, psychological climates remain at the individual level of analysis, while organizational climates are measured at the individual level and aggregated
to the organizational, or unit, level. Because of this, the organizational climate represents the “collective” perceptions of the individuals, illustrating a property of the unit. The level aggregated to depends on the purpose of the research and how the items are worded. In sum, “the origins of organizational climate lie in individual perceptions; however, it is a property of the unit” (Kuenzi & Schminke, 2009, p. 628). To analyze these shared perceptions as relevant to climates, researchers must first establish a significant level of consensus among the individual responses prior to aggregation (Schneider, Ehrhart, & Macey, 2011; Kozlowski & Klein, 2000). Item writing, levels of analysis, and statistical techniques for aggregation are discussed further in the methodology section.

Historically, organizational climates began as general or “global” climates, but were criticized for the lack of precision in definition, methodology, and theoretical basis (Kuenzi & Schminke, 2009; Schneider, Ehrhart, & Macey, 2011). More recently, researchers found that a focused climate measure designed to assess a narrower bandwidth resulted in more reliable measurement (Schneider, Ehrhart, & Macey, 2011). These climates are referred to as strategic, in that they focus on a specific desired outcome. Two common strategic climates include safety climates and customer service climates.

An organizational safety climate reflects the extent to which employees perceive that organizational policies and procedures support safety practices over other competing goals such as speed (Zohar, 2000). The specific desired outcome for a strategic organizational safety climate is prioritizing safety practices over
other competing goals to result in fewer accidents. Safety policies and procedures instated by the organization (such as quality of safety training and hazardous material maintenance protocol) guide employee behavior (Zohar, 2000), as do examples of supervisory practices (Zohar & Luria, 2004). Research shows that when safety climates are favorable, employees are more likely to engage in safety behaviors, which lead to fewer accidents or injuries (Clarke, 2006; Schneider & Reichers, 1983; Zohar, 1980).

Neal and Griffin (2006) implemented a time lag design in which self-report surveys were administered at two points in time, and data on accidents were collected across five years. The general climate subscale included, “Safety is given a high priority by management” as an item (Neal & Griffin, 2006), the scores of which were then aggregated to the group level. The individual level subdimensions of the scale included safety motivation (ex. “I feel that it is important to maintain safety at all times”), safety compliance (ex. “I ensure the highest levels of safety when I carry out my job”) and safety participation (ex. “I promote the safety program within the organization”). They found that group level safety climate relates to individual level constructs (i.e., safety motivation and safety behavior), as well as accident frequency. Favorable changes in safety climate also resulted in accident reduction over time (Neal & Griffin, 2006).

A few important conclusions about climate can be drawn from this study. First, it supports that the self-report survey of safety climate, subsequently aggregated to the group level, demonstrates predictive validity in terms of
accidents. Neal and Griffin’s (2006) study also indicated that group level safety climate impacts individual level constructs over time. The evidence further supports a causal link between climate and outcomes by demonstrating that changes at the group level safety climate relate to later accident reduction. In this way, the study supports the use of climate as a predictive measure as well as a tool to identify where changes can be made. This supports the claim that organizations can use climate data to predict and influence specific outcomes (Clarke, 2006).

Customer service climate also contributes greatly to the literature on strategic climates. Like a safety climate, a strategic organizational customer service climate reflects the extent to which employees as a collective perceive customer service practices in the organization. Research suggests that service values promoted within the organization translates to tangible objective outcomes such as unit sales (Schneider, Erhart, Mayer, Saltz, & Niles-Jolly, 2005), customer retention (Schneider, White, & Paul, 1998), customer perceptions of service quality (Schneider, White, & Paul, 1998) and customer satisfaction (Schneider, Parkington, & Buxton, 1980).

Service climates also provide examples of the influence that a supervisor can have on the climate. The more employees perceive that behavior supporting customer service are supported and enacted by superiors, the stronger the customer service climate (Schneider, White, & Paul, 1998).

Schneider and Reichers (1983) propose that interactions among the employees within the unit influence climate. Termed the “symbolic interactionist
approach,” this perspective of climate development has its roots in the Katz and Kahn (1966) systems theory, in which people influence the organization and the organizational context influences the people that comprise it. Schneider et al. (2005) conducted a study that supports the symbolic interactionist approach. They sampled 56 departments (ex. deli, produce) consisting of six or more employees of a supermarket chain in the United States. Considering the timeline necessary to support causality, the authors collected data in the order relevant to their hypotheses. Structural equation modeling supported a fully mediated causal chain beginning with unit customer service leadership behaviors, leading to a unit service climate, which subsequently impacted unit customer-oriented organizational citizenship behaviors. This led to unit customer satisfaction and finally unit sales.

These findings suggest that climate and employee behavior fully explain the relationship between unit leadership behavior and the outcome variables of customer satisfaction and unit sales. Further, the Schneider et al. (2005) study did not find any direct relationships between the first variables and the outcome variables, implying that unit leadership behavior and unit climate only affect the outcome variables because of the mediator variables in the causal chain. These relationships support leadership’s behavioral influence on the unit’s climate, and the climate’s (the employees’ aggregated perceptions of unit values) influence on subsequent employee behavior. The study also underscores the effect that the individuals, especially those in leadership positions, can have on the environment
in which they operate. Clearly, organizational climates can provide valuable information on the organizational unit and behaviors conducive to favorable organizational outcomes.

By assessing climates, the organization reaps a number of benefits. First, the process of assessing a climate helps unify individuals towards a common goal by communicating the values of the organization through the assessment itself (Jex & Britt, 2008). In doing so, strategies for leadership development align more with the organization’s business strategy because the values supporting the business strategy are clearer. Second, measuring climates also provides insight into the policies, procedures, processes, and supervisory behaviors surrounding them, that directly impact hard outcomes. As a diagnostic tool, climate measures also serve as a framework for improvement, as evidence supports the causal relationship between group level climate and individual level behavior (Neal & Griffin, 2006). Further, the scale acts as a benchmarking tool to assess progress in creating the desirable climate. In sum, strategic organizational climates provide valuable and unique information.

Unsurprisingly, organizational climates become more complicated in the global context. Organizations that operate strictly within the US have the luxury of operating in a relatively predictable environment. The relative consistency of cultural norms, behaviors, and expectations permit organizations to develop an effective climate, leadership style, and strategy within these familiar parameters. However, the global arena is unlike any other environment because its
unpredictability means organizations can prepare for only that—to take the unpredictable in stride. An organization’s ability to continuously adapt to the unfamiliar is of utmost importance in an environment when unfamiliar is the norm.

This contrast between requirements for local organizations versus organizations wishing to become global can be further illuminated through marketing practices. Market investigators prepare before targeting a population with a product. If the market in China becomes of interest to an organization, analysts study the Chinese culture and values to adapt the product accordingly (Gundling, Hogan, & Cvitkovich, 2011). Because of the stark contrast in culture, what American consumers find appealing might not have the same draw for Chinese consumers. Organizations are wise to analyze the target customer before assuming consumer and population equality with the original consumer.

Just as marketing strategies developed for the US may not work as well in China, organizations with traditions rooted in one context may not be functional in an ever-changing context. Instead of following tradition, it is imperative that organizations wishing to succeed globally analyze and prepare for the ambiguous and unpredictable global arena. However, unlike preparing to operate in a well-researched geographical area with deep-set cultural norms and backgrounds such as the Chinese marketplace, the global arena is under-researched and its unpredictable nature perplexing.

Yet despite recognition of globalization’s impact on organizations for many years (e.g., Perlmutter, 1969), the organizational science literature relevant
to globalization focuses mainly on individual competencies and on global leadership. With the exception of a geocentric organizational mindset (Perlmutter, 1969), and the global organizational culture (Erez & Gati, 2004; Erez & Shokef, 2008; Erez, Shokef, & de Haan, 2007; Shokef & Erez, 2006), very little evidence exists of a higher-level construct relevant to global organizations. Further, because organizations are consistently facing global trends, and because organizational climates have valuable outcomes and utility for organizations, it stands to reason that a climate conducive to success in the global arena would be desirable.

The following section reviews this small body of existing literature relevant to global constructs at the organizational level. The Strategic Global Climate is then introduced as a first step in fostering the necessary foundation for organizations wishing to operate in the global environment.

**Existing Research on Organizational Level Constructs in the Global Context**

**Global Mindset**

Per Levy, Beechler, Taylor, and Boyacigiller (2007), a global mindset is an individual level “highly complex cognitive structure characterized by an openness to and articulation of multiple cultural and strategic realities on both global and local levels, and the cognitive ability to mediate and integrate across this multiplicity” (p. 244). Levy et al. (2007) present a multidimensional information-processing model of a global mindset. The **strategic perspective** of a global mindset is the ability to integrate and differentiate (Gupta & Govindarajan, 2002). This includes cognitive complexity required to lead effectively across cultures,
markets, and distance, navigate global issues, and thrive in the face of competing demands from global and local identities (Bartlett & Ghoshal, 1989; Levy et al. 2007). The cultural perspective has its basis in the dichotomy of ethnocentrism (valuing home-culture identity) vs. geocentrism (valuing skill over demographics) (Perlmutter, 1969). Levy et al. (2007) introduce “cosmopolitanism” as another factor in determining a global mindset. Similar to geocentrism, cosmopolitanism represents an orientation towards “the other”, and the ability to balance, or mediate, any differences. Cosmopolitanism also reflects an openness to learning from these differences. Finally, the multidimensional perspective of a global mindset incorporates both the strategic and the cultural perspectives such that both influence an individual’s attention followed by his or her interpretation. That is, someone with a multidimensional perspective can integrate and differentiate new information gleaned from his or her curiosity about differences. This in turn leads to action, or behavioral results.

Beechler and Javidan (2007) define a global mindset in terms of three dimensions of a mindset imperative for successful global leaders. The first, global intellectual capital, refers to the ability to understand the global context that they operate in. These characteristics include cultural acumen (such as declarative knowledge or language abilities), cognitive complexity, and knowledge of the global organization (such as competing global versus local needs), of the industry, and of the value network (such as supply chains and global teams). Global psychological capital refers to the personal characteristics that facilitate global
leaders’ expression and implementation of their intellectual capital. For example, global leaders require an optimistic outlook that includes self-efficacy and resilience to operate effectively in the uncertain ever-changing global context. Cosmopolitanism, or the extent to which an individual is not ethnocentric (Levy et al., 2007) and a passion for cross-cultural interactions also comprise elements of a global psychological capital. Lastly, Beechler and Javidan (2007) describe *global social capital* as person-resources that a global leader can draw from. These include structural social capital (personal connections provided by the leader’s position), relational social capital (interactions that develop constructs such as trust), and cognitive social capital (based on mental models shared with others).

One study investigated the connection between managers’ global mindsets and international success. Using a sample of 72 small Finnish technology companies, Nummela, Saarenketo, and Puumalainen (2004) found support for managerial global mindsets as an antecedent to international success of the organization in terms of obtaining and maintaining profitable sales in other countries. There was no connection, however, between managerial global mindset and the managers’ subjective measures of international organizational success, such as fulfillment of organizational goals in market share. This suggests that a global mindset is important for managers in global organizations if the organization wishes to expand sales internationally. Other factors driving international success in both subjective and objective measures have yet to be determined.
Geocentric Organizations

Prominent researchers argue that global leaders must have a global mindset for success (Begley & Boyd, 2003; Cohen, 2010), and, in line with a call for research in the area (Levy et al., 2007), an organizational level global mindset can also exist. The organizational level global mindset literature stems from the individual level global mindset literature and a geocentric organizational culture (Perlmutter, 1969).

Perlmutter (1969) describes an organization’s degree of multinationality in terms of its predominant attitude. In *ethnocentric* organizations, a home-country attitude prevails such that performance and behavior is evaluated against the headquarters’ cultural standards. Moreover, ethnocentric organizations impose the home-country culture on foreign subsidiaries. Conversely, *polycentric* organizations not only recognize the differences across cultures, but encourage employees to adopt local practices. While this demonstrates a great degree of trust in local managers and recognition of cultural differences, the culture-specific subcultures can exhibit significant ethnocentrism, and sustain only loose ties to the organization. Lastly, Perlmutter (1969) proposes a *geocentric* organization, defined by a world-wide perspective and a value of skill and ability over demographics. Geocentric organizations reflect equality among its members, collaboration, and a balance between the universal organizational values and local ways.
Expanding on Perlmutter’s (1969) concept of an organizational attitude towards multinationality, Gupta and Govindarajan (2002) describe organization-relevant mindsets in terms of high and low integration (the ability to integrate diversity), and differentiation (openness to diversity). The global mindset is a result of high integration and high differentiation. Not only are these individuals open to diversity, they can integrate the differences across cultures and markets effectively. Because global organizations face multiplicity and interdependency, an awareness and integration of the differences they encounter becomes critical for organizational success.

**Global Organizational Culture**

Erez and Shokef’s (2008) Global Organizational Culture constitutes another organizational level construct relevant to organizations in the global arena. Erez and Gati (2004) describe culture in terms of a dynamic multi-level model by drawing from Kozlowski and Klein’s (2000) theory of multi-level processes. In the multi-level model of culture, Erez and Gati (2004) contend that bottom up processes occur in the following manner: the individual manifestation of culture and individual behavior affect the group’s cultural emergent state; these emergent states then affect the organizational culture, which in turn impacts national culture. Interactions among national cultures affect the global culture. Conversely, top down processes occur when the upper levels influence those beneath them. The values that allow an organization to adapt to globalization manifest themselves in the broadest level, the *global culture* (Erez & Gati, 2004).
Erez and Shokef (2008) define a global work culture as a “shared understanding of the visible rules, regulations, and behaviors, and the deeper values and ethics of the global work context” (p. 285). In their research involving a large multinational enterprise (MNE), Shokef, Erez, and DeHaan (2007) developed a measure consisting of nine global work values. They classify organizational values in terms of Rousseau’s (1990) value levels of task focus, interpersonal focus, and individual-related focus. Shokef and Erez (2008) argue that global work culture values of task focus include feedback, quality, customer orientation, and innovation and change. As the global market is both competitive and mutable, creating a learning environment and satisfying the customer are essential to success. Because organizational policies and processes most directly affect task-relevant values, these are the values most consistent across the multinational organization. Interpersonal values describe those that manifest themselves between people and between groups within the organization. While interpersonal values can also differ depending on the local culture (ex. individualism / collectivism), the global organizational culture places great importance on the interpersonal values of interdependence and on trust. Lastly, global organizations reflect individual-related values, such as focusing on the individual and demonstrating a “people orientation.” Specific to a global organizational culture is ensuring that the organization supports employee self-worth and well-being across significant local cultural differences.
The organization-level global mindset, termed a “geocentric” organization, and the global organizational culture provide insight into how successful organizations in the global arena function. Even if all of the employees demonstrate a global mindset, however, sustaining a global mindset at the organizational level still requires the appropriate organizational policies, leadership, and structure (Begley & Boyd, 2003; Jeannet, 2000). In other words, a supportive strategic global climate is needed to promote effective global behaviors and values such as those exhibited in geocentric organizations and in effective global organizational cultures.

The Strategic Global Climate: Definition and Dimensions

As globalization continues to force organizations into unpredictable and unfamiliar situations, a phenomenon that will only expand in its degree of influence, it is imperative that organizations foster the essentials of global functioning. As previously discussed, numerous benefits exist in measuring strategic climates in organizations including: linking policies and procedures directly to outcomes, identifying effective and ineffective leadership behaviors, use as a diagnostic tool and a framework for progress, and communicating organizational values to employees. Based on the global literature, processes critical for global organizational success include processes for connection and interdependence, processes supporting people and their self-determination, and processes for encouraging on-going learning, adaptability and flexibility.
Employee perceptions of these factors should combine to contribute to perceptions of the strategic global climate. Therefore, I define the Strategic Global Climate as *employee perceptions of the practices, procedures, and behaviors regarding collaboration, communication, and a commitment to learning that are supported and rewarded in a given organization*. The next sections will describe the key components or dimensions of the strategic global climate in more detail.

Dimensions, subdimensions, and definitions can be found in Table 2.

**Collaboration through Interdependence**

Lane et al. (2004) identify the interdependent nature of the external global environment in economies, value chains, and alliances. Interdependence has significantly increased and become a necessity in global business because one entity in one geographical location cannot thrive in the global marketplace without depending on others (O’Connor & Day, 2007). The world is becoming more financially, politically, and socially intertwined (Guillén, 2001), meaning people and the organizations they comprise increasingly depend on others for optimal performance in the global context (Erez & Shokef, 2008). A simple example presents itself when global leaders first arrive in another country: they are largely dependent on the local employees’ guidance and input (Gundling, Hogan, & Cvitkovich, 2011).

Lane et al. (2004) argue that because interdependence is so pervasive in the global arena, “it also is something companies create themselves to cope with the challenges of the external environment” (Lane et al., 2004, p. 12). That is, some
encourage interdependence within the organization to match the characteristics of globalization. Erez and Shokef (2008) also recognize the importance of interdependence when defining a favorable global organizational culture.

In order to reap the benefits of interdependence, individuals must collaborate with one another. Team members, for example, must collaborate for success because they are dependent on one another’s unique skills (Salas & Cannon-Bowers, 1997). Like in teams, collaboration is necessary for progress in the interdependent global environment (Erez & Shokef, 2008).

Collaboration is defined as the behavioral manifestation of interdependence in organizations (Klimkeit, 2013), and comprises an important proposed dimension of the SGC. By promoting a perceived value of collaboration through a SGC, the organization organically prepares employees for encounters with globalization’s intense interdependence. In order to benefit from interdependence and collaboration, organizations need a people orientation and flexibility; these comprise the subdimensions of collaboration.

**People Orientation.** Valuing people within the organization should promote collaboration because people offer their personal resources (such as engaging in organizational citizenship behaviors) when they feel trusted (Podsakoff, MacKenzie, Moorman, & Fetter, 1990), empowered (Deci & Ryan, 1985) and when their basic psychological needs are met (Deci & Ryan, 2000).

The literature repeatedly identifies interpersonal skills as essential for global success at the individual level. For example, relational skills comprise an
important characteristic for expatriate success (Black, Mendenhall, & Oddou, 1991; Arthur & Bennett, 1995; Kealey, 1996), as well as other associated skills such as reduced ethnocentrism and people orientation (Caligiuri & Tarique, 2012; Shaffer et al., 2006). Mendenhall and Bird (2013) argue that deficiencies in global leadership stem from valuing technical skills over social skills. Relational social capital comprises an essential element of the global mindset (Beechler & Javidan, 2007), and Bird, Mendenhall, Stevens, and Oddou (2010) name relationship management as one of three categories comprising their intercultural competence framework for global leaders. The combination of networking and relationship building to become a vehicle for information comprises an element of global leaders’ boundary spanning (Mendenhall & Bird, 2013), and cosmopolitanism reflects an interest in different others (Levy et al., 2007). Argued as essential to global leadership, the global mindset literature reflects a value of collaboration by identifying individual uniqueness (differentiation) and incorporating this diversity into the organization to promote optimal functioning (integration) (Gupta & Govindarajan, 2002).

In relation to global organizations, one of the dimensions comprising the global organizational culture is a people orientation (Erez & Shokef, 2008), and strategic relationship building is essential to global functioning in terms of working with local employees (Ni, 2008). One way organizations can exhibit an orientation towards people is to implement a climate that supports flexibility.
**Flexibility.** Flexibility is defined as the degree to which an organization’s processes and polices support openness to new ideas and incorporate them into decision making processes. At both the individual and organizational level, the literature highlights the importance of adaptability and flexibility as a global competency.

At the individual level, global leaders exhibit social flexibility and interest flexibility (Bird et al., 2010). Collaboration through flexibility is also reflected in global leaders’ ability to add to a project to create a “third way” instead of insisting on “their” way (Gundling, Hogan, & Cvtikovich, 2011). Rhinesmith (1992) argues that global managers’ adaptation occurs through the flexibility component of a global mindset. More directly, the author states that global manager must exhibit his or her flexibility by implementing policies, values, norms, procedures, and systems that “translate strategic intent into corporate culture and organizational operations” (Rhinesmith, 1992, p. 67). In doing so, the organization communicates a willingness to incorporate unique perspectives and needs, furthering the likelihood of collaboration.

Similar to flexibility, adaptability has also been identified as essential to both individuals and organizations operating in a global context. Adaptation skills appears in the profile of effective cross-cultural collaborators (Kealey, 1996), and expatriates rated adaptability as the second most important factor of international assignment success, second only to familial support (Arthur & Bennett, 1995). Even in local organizations, adaptability is required in situations such as crises,
when experiencing extreme stress, engaging in creative problem solving, and learning new technology (Pulakos, Arad, Donovan, & Plamondon, 2000).

Flexibility can also be linked to a tolerance for ambiguity, an important competence for global leader success (Caliguiri & Tarique, 2012), and an element of the global mindset (Beechler & Javidan, 2007).

The difficult balance of maintaining a global standard versus demonstrating local flexibility appears repeatedly in global organizations (Rhinesmith, 1992), and contributes to globalization’s ambiguous and uncertain nature (Lane et al., 2004). For example, compensation preferences can differ as a function of fundamental differences in cultural values (e.g., Yeganeh & Su, 2011), as can performance appraisal formality and its impact on turnover and absenteeism (Peretz & Fried, 2012). Organizations must evaluate the extent to which global policies should prevail over flexibility at the local level. Global organizational level constructs also underscore the importance of flexibility, as evident in the global organizational culture (Erez & Shokef, 2008).

The nature of globalization demands flexibility, adaptability, and evolution. Just as globalization’s characteristic interdependence can be recreated within organizations (Lane et al., 2004), flexibility can be fostered as well. Organizations wishing to succeed in the complex global environment must demonstrate levels of flexibility equal to those that the global arena demands. A SGC should foster a value of people and demonstrate it through flexibility.

**Communication**
**Knowledge sharing.** Integration of knowledge is important at the individual level in global organizations. Global leaders link new knowledge to prior experiences (Osland, Bird, & Oddou, 2012) and also become vehicles for information (Mendenhall & Bird, 2013). The organizational context, including certain policies and procedures, can either help or hinder knowledge sharing across individuals (Goh, 2002; Patriotta et al., 2013). For example, implementing a (formal or informal) policy that carves out time and space for knowledge acquisition can enhance knowledge sharing (Davenport & Prusak, 1998).

From a knowledge management perspective, effective high level managers in global organizations transmit information across the global organization through formal organizational processes and informal communication (Patriotta, Castellano, & Wright, 2013). Multinational corporations (MNCs) are networked organizations, as they need knowledge sharing networks in order for the parent companies to diffuse knowledge across subsidiaries. In doing so, managing information flow becomes a systematic process (Gupta & Gavindarajan, 2000). Further, knowledge sharing permits individuals to integrate new information, resulting in knowledge creation specific to the organization (Collins & Smith, 2006; Nahapiet & Ghoshal, 1998). This ability allows organizations to adapt to the fast changing and unpredictable environment of globalization (Grant, 1996). This supports the notion of organizational knowledge integration as “the essence of organizational capability” (Grant, 1996, p. 375).
In global organizations, knowledge sharing presents more difficulties due to geographical, functional (Patriotta et al., 2013), and communication boundaries such as language and cultural differences. Despite the compounded difficulties of communicating and sharing information in the global environment, a lack thereof has been identified as a major threat to global organizations (Gundling, Hogan, & Cvitkovich, 2011). While some national organizations can function despite silos across departments and locations, the resulting void of knowledge sharing and collaboration inhibits organization-wide goal achievement. This is undesirable in any organization but a lack of communication across *global* organizational subsections can have disastrous effects (Gundling, Hogan, & Cvitkovich, 2011).

Therefore, a SGC must promote knowledge sharing and integration throughout the organization in spite of the challenges it presents.

**Feedback.** Feedback is information that an employee receives about his or her job performance (Ilgen, Fisher, & Taylor, 1979) that allows employees to evaluate their proximity to a goal or standard (Kluger & DeNisi, 1996). Feedback must be communicated for employees and organizations alike to excel (Ashford & Cummings, 1983; London & Smither, 2002).

The feedback environment represents the contextual characteristics of feedback processes among coworkers and between supervisors and subordinates (Steelman, Levy, & Snell, 2004). A favorable feedback environment has been linked to role clarity, task performance, and contextual performance (Whitaker, Dahling, & Levy, 2007), as well as organizational citizenship behaviors, affective
commitment (Norris-Watts & Levy, 2004) and employee job satisfaction (Anseel & Lievens, 2007). Moreover, a favorable feedback environment is theorized to lead to increases in employee receptivity to feedback and feedback seeking behavior (London & Smither, 2002), thereby fostering an increase in communication about performance.

Frequent, informal communication of feedback is particularly important for global organizations. A climate that supports frequent, informal feedback clarifies expectations and rewards (Rosen, Levy, & Hall, 2006), thereby reducing levels of uncertainty inherent in global organizations. Also, because the global environment is highly competitive (Erez & Shokef, 2008), organizations must facilitate employee evaluation of performance against a standard to achieve goals. This is reflected in successful multinational enterprises’ task-related values of feedback (Erez & Shokef, 2008).

Therefore, an organizational climate that supports communication through knowledge sharing and frequent, informal feedback is likely to enhance the organization’s overall performance.

**Commitment to Learning**

Global organizations must be committed to learning, principally because any information that could decrease the widespread uncertainty in the global arena is valuable and minimizes risk. Because such little information on the global environment exists (partly because it is in constant flux, and partly because it is under-researched), organizations have very little information upon which to base
decisions. A commitment to learning paves the way to knowledge attainment when
taking risks associated with globalization. Two subdimensions, tolerance for risk
taking and support for experiential learning, comprise the strategic global climate’s
commitment to learning dimension.

**Tolerance for risk taking.** A tolerance for risk taking is innate to operating in the global arena, and like the need for flexibility, describes globalization’s level of ambiguity. Osland, Bird, and Oddou’s (2012) notion of global leadership as “extreme leadership” highlights an important feature of globalization: like extreme sports, very few individuals have the expertise necessary to succeed and participating is incredibly risky. A global organization can be viewed as an extreme sport because the global arena’s complex and fluctuating nature renders prediction and preparation for outcomes difficult. Merging with an organization founded in another culture, flexibility with local practices, or sending an employee to work abroad, all exhibit an element of risk. The risk stems from the chance of failure with costly repercussions. Because of the extreme levels of uncertainty and ambiguity in a global organization, a favorable SGC must not only tolerate but embrace the risk associated with operating in this milieu. By taking risks, the organization also opens doors to experiential learning opportunities.

**Experiential learning.** Organizations that support first-hand learning have processes in place that encourage employees to gain knowledge from experiences. For example, evidence suggests that organizations that implement after-event
reviews regardless of a success or failure could enhance learning (Ellis & Davidi, 2005). Research also underscores the importance of learning in the global context at the individual and organizational levels.

Literature at the global individual level clearly supports the importance of learning. Global leaders describe learning from experiences on the job as most important to their development and success (Gundling, Hogan, & Cvitkovich, 2011), and a commitment to learning from and adapting to unfamiliar situations surfaces as a common theme in the cross-cultural competence literature (Abbe, Gulick, & Herman, 2007; Arthur & Bennett, 1995; Deardorff; 2006; Kealey, 1996). As learning is critical at the individual level operating in the global environment, it stands to reason that global organizations need to promote experiential learning. Tolbert, McLean, and Myers (2002) define a successful global learning organization as one eager to develop and change in ways relevant to globalization. Also, in their discussion on the global work values, Erez and Shokef (2008) argue that because the global environment is both dynamic and uncertain, global organizations must value change and learning. Therefore, organizations that have a SGC should have policies and practices in place to support the effects of learning from experiences, such as routine debriefs and feedback sessions after important events.

The extant literature on globalization stresses the importance of organizational learning in the global arena (Friedman, 2005; Giddens, 2000). For example, Tolbert, McLean, and Myers (2002) present the Global Learning
Organization (GLO) as a framework to examine and instill the necessary learning in global organizations. Based on organizational development and learning organizations, the authors develop an action research model for developing a GLO culture. Success in becoming a GLO is defined as a naturally sustained organization-wide desire for organizational development interventions pertinent to globalization. In their discussion on global work values, Erez and Shokef (2006) argue that because the global environment is both dynamic and uncertain, global organizations value change and learning orientations. Global organizations that do not promote a learning environment handicap global leadership development, because global leaders learn the most on the job and mistakes are inevitable in such an unpredictable environment (Gundling, Hogan, & Cvitkovich, 2011).

Taken together, the SGC’s commitment to learning dimension describes a climate in which employees perceive that the unit embraces the risk taking necessary for advancement in the ambiguous global arena, and values experiential learning.

**Need for the Strategic Global Climate Scale**

Existing tools for global organizations have a number of restrictions (Gundling Hogan, &Cvitkovich, 2011). First, many commercial solutions purport being "global" when they are not in fact validated within the global context. Many "global" organizational solutions do not require major shifts or changes and thus allow the organization to remain relatively comfortable until their global venture fails. The existing tools also fail to teach essential soft skills, remain relatively
simple and unrealistic, and ignore how complicated situations in the global arena can be (Gundling, Hogan, & Cvitkovich, 2011). Second, many existing tools for global organizations advertise relatively quick solutions, when the transition to a global organization must be gradual, pervasive, and sustainable enough to maintain the organization afloat throughout the trials and tribulations of the global arena (Gundling, Hogan, & Cvitkovich, 2011). Third, improper solutions can stem from an organization's inability (or in some cases, refusal) to acknowledge and address true differences across the global organization. This perpetuates one of the threats to global organizations, a lack of unification. An attempt to standardize across a global organization can prove detrimental to the organization by restricting the local subsidiary from operating in alignment with their local customs. Further, these organizations lose valuable information about the local market and make local employees feel like they are being treated like pawns (Gundling, Hogan, & Cvitkovich, 2011). The existing tools available to global organizations often fail to improve an organization’s prospects and instead can perpetuate any existing issues that prevent organizations from succeeding in the global arena.

**Benefits of the Strategic Global Climate Scale**

Development of the Strategic Global Climate Scale (SGCS) contributes to both the literature and the applied arena. As previously discussed, the construct itself comprises one of only a few similar notions in the literature. Further, the grounded theory approach proposed in this study will help to further define and
conceptualize the strategic global climate and highlight areas in need of theory building and empirical evidence.

A theoretically grounded definition of the strategic global climate will shed light on its antecedents and outcomes. Leadership is believed to be an antecedent to climate (e.g., Zohar & Tenne-Gazit, 2008), underscoring the importance of selection for leadership positions in global organizations. The right leader exhibiting global leadership behaviors can foster the SGC and promote global leadership development. A strong global leadership pipeline relates to financial performance and productivity (Development Dimensions International & The Conference Board, 2014). Other anticipated outcomes include maintaining worldwide brand recognition by avoiding international mishaps, and promoting employee satisfaction and engagement within the organization regardless of location.

Climates can also mediate the relationship between organizational antecedents and outcomes. For example, Salanova, Agut, and Peiró (2005) found that service climate mediated the impact of organizational resources and work engagement on performance and customer loyalty. This suggests that further theoretical development of the SGC could put the notion within a causal framework and identify further research on antecedents and outcomes of the SGC. Finally, theory and research on potential moderators will also develop from a comprehensive definition of the SGC. For instance, climate strength or the extent to which climate perceptions are shared within a work unity often moderates the
relationship between climate and various outcomes (e.g., Gonzalez-Romá, Peiró, & Tordera, 2002). In addition, because this type of research is inherently global, culture values may also moderate the relationship between SGC and its outcomes and a comprehensive theoretical definition of SGC will support better understanding in this area.

**Global leadership development.** The SGC dimensions should align with dimensions of effective global leadership. That is, global leaders collaborate with others (Mendenhall & Bird, 2013), are people-oriented and flexible (Bird et al., 2010; Gundling, Hogan, & Cvitkovich, 2011; Rhinesmith, 1992); they also commit to learning through risk taking and learning from experiences (Osland, Bird, & Oddou, 2012). The embedded nature of a climate is more pervasive and thus more effective in developing global leaders compared to ad hoc leadership development initiatives (Cohn, Khurana, & Reeves, 2005).

Given that support for experiential learning and risk-taking describe attributes of global leaders (Osland, Bird, & Oddou, 2012), and learning environments develop employee skills and are highly valued by global leaders, it is likely that a global organization’s SGC will foster its own in-house global leadership pipeline. To support a global leadership pipeline, the higher quality leadership development programs or opportunities offered in a global organization, the better the outcomes such as financial performance and productivity (Development Dimensions International & The Conference Board, 2014).
Global leaders take risks, learn from mistakes, operate in an unpredictable and complex environment, and balance local needs with global consistency. Effective global leaders demonstrate respect for others, adaptability, and strive to add value to create a solution rather than insist doing things their way (Gundling, Hogan, & Cvitkovich, 2011). Unsurprisingly, global organizations and those intending to expand globally have a high demand for global leaders.

The supply, however, is dangerously low compared to the demand of global leaders. A recent study examined perceptions of leaders (n = 12,403) across 48 countries and 2,031 organizations. In tandem, for each organization in the global leader survey, an HR professional completed another survey (n = 1,528) across 27 countries (Development Dimensions International & The Conference Board, 2014). Results show that their leaders are poorly equipped for globalization. Specifically, only 16% of these organizations identified their current leaders as very capable of navigating through globalization’s inevitably complex and chaotic environment, almost half of these organizations report their leaders as only moderately capable in maintaining effectiveness despite constant surprises and a lack of predictability, and roughly only a fifth of these organizations feel that their leaders are very capable of acting decisively without clear direction and certainty.

Because current global leaders are few and far between, a global leadership pipeline to develop bench strength for future leaders is imperative. Yet, of those national organizations planning on expanding globally, less than 5% of the HR
respondents rated their leadership bench strength as "very strong" in rapid global expansion organizations. Further, over 50% of rapidly expanding global organizations rate their global leadership bench strength as very weak, weak, or slightly weak. According to this data from 2013, organizations are experiencing nothing short of a global leadership crisis.

Addressing this crisis, Gundling et al. (2011) question how global leadership behavior can be disseminated as efficiently as possible. Balanced with the recognition that any appropriate solution is time and effort intensive, having a SGC presents a starting point.

The strategic global climate also has implications for managers. Manager behavior can impact a climate (Schneider, Ehrhart, Mayer, Saltz, & Niles-Jolly, 2005) and managers are becoming increasingly responsible for developing and growing leaders (Cohn, Khurana, & Reeves, 2005; Tarique & Schuler, 2010). Similarly, managers in successful global organizations actively participate in recruitment, succession planning, leadership development, and in employee retention (Stahl et al., 2012). Therefore, measuring a climate can provide insight into a leader’s effectiveness in fostering the essential factors for operating in the global arena.

As an applied tool, the SGCS addresses the problems that the available resources present because the SGCS is grounded in theory and science. In part, the scale itself is a unifying mechanism that communicates the organization’s values and orients employees at all levels towards a shared focus. This promotes the very
necessary clarity and alignment across a global organization. As demonstrated by effective global leaders, clarity and a strong sense of direction when operating in such a complex, unpredictable environment is essential for global organizations. Second, because the scale itself is comprised of items relevant to global success (such as collaboration), it specifically transmits the organizational values required for global success.

This alignment is particularly relevant for global organizations. If part of the organizational strategy is to actively participate in the global environment, the leadership strategy must align with it. The importance of aligning the two is clearly identified in the literature (Canals, 2014) and specifically the global organization literature as well (Tolbert, McLean, & Myers, 2002). The SGCS assesses the extent to which the global business and global leadership strategy align.

It also assesses the state of the organization’s SGC within a framework that can be used for progress and benchmarking if necessary. Accordingly, the SGCS will assess effective and ineffective global leadership behavior. Therefore, the purpose of this study was to develop and validate a measure of SGC.

**Methodology**

Scale creation and validation requires a strict set of steps to ensure validity, reliability, and generalizability of the results. First and foremost, researchers must specify the construct domain that provides a strong theoretical background for the construct of interest. In doing so, researchers can ensure that the items generated
sample the entire domain (Hinkin, 1998). Therefore, commonly accepted steps of scale development and validation were followed in four phases (Hinkin, 1998; Spector, 1992). The first phase was to gather qualitative data via structured interviews of high performing employees in a global organization. This data was analyzed to assess the validity of the preliminary definition of the SGC; the scope of the construct and its subdimensions were refined as a result. The second phase consisted of item generation and Q-sorting by a panel of subject matter experts. Phase Three was a pilot study of the items generated to assess reliability and dimensionality. Based on these results, revisions to the items were made and another pilot study was conducted. Finally, Phase 4 was a validation study in which the final scale was administered within a global organization along with a number of other measures to assess the construct and criterion validity of the newly developed measure. Three general areas of evidence can support inferences drawn regarding a scale’s validity: content validity, construct validity, and criterion validity (Spector, 1992). Each will be discussed in the methodology of the corresponding scale development step.

**Phase 1: Qualitative Data**

In defining a new construct, the depth of the data is essential for content validity. Best practices suggest that researchers should collect qualitative data to support scale development grounded in theory (Bachiochi & Weiner, 2002). In the current study, the initial grounded theory approach was critical to better
understand how people conceptualize the SGC in the workplace and to ensure the SGCS supports inferences regarding the measure’s content validity.

Therefore, the first step in creating the SGCS was to conduct eight structured interviews with employees working in a multinational corporation. Employees were selected by their organization for participation in an interview based on exceptional job performance and exposure to the global business. The participating organization was an international communications company with headquarters in the southeast United States.

**Participants.** The interviewees were located in Florida, Singapore, Washington D.C., and the U.A.E. Tenure in the organization ranged from 7.5 years to 31 years, and years in current position ranged from 6 months to 5 years. Among interviewee job titles were Senior Manager Business Development, Global Aviation Account Manager, and VP of Program Management. Responses to the question “On a scale from 1 to 10, ten being interacting with individuals outside of your country on a daily basis, how ‘global’ would you say your job is?” encompassed the full range with an average of 6.89 years. Details can be found in Table 3.

**Procedure.** The researcher conducted one-on-one interviews with each employee identified. The interviews took approximately 30-60 minutes over the phone, and were recorded and then transcribed. Recordings were permanently deleted and transcriptions remained anonymous to ensure confidentiality. Example questions included, “Tell me about a recent experience you had dealing globally at
work. What went well? What, if anything, did not go so well?” and “If you were to start an international company, what kinds of processes would you make sure were in place?” (see Appendix A for the full interview script). Although the interview was structured, sometimes follow up questions were asked to encourage the interviewees to elaborate when appropriate, reducing the likelihood that important details were omitted.

**Results.** Qualitative data analysis involves identifying and refining concepts present in the data (Bachiochi & Weiner, 2002). Although an initial literature review yielded a preliminary theoretical conceptualization of the strategic global climate, a grounded theory development approach was used with the qualitative data to ensure important themes were not overlooked. This inductive approach consists of theory building through continuous, systematic category refinement derived from the data. Categories are components of a theory that are defined in terms of the indicators, or behavioral vehicles. Categories emerge as data is simultaneously collected, coded, and compared (Dey, 2007), allowing researchers to collect qualitative data without the constraints of strict hypotheses. This process encourages theory discovery (Pollio, Graves, & Arfken, 2006).

Best practices regarding grounded theory development are debated (e.g. Glaser, 1987; Strauss & Corbin, 1994), yet the precautions are consistent. While initial background theory is necessary to guide categorization, the researcher is encouraged to look for evidence that challenges the preconceived categories in
order to reduce the impact of the a priori definitions (Platt, 1964; Pollio, Graves, & Arfken, 2006). The grounded theorist must maintain an open mind by not adopting a “pet” theory and thus impose categories based on preconceived notions instead of letting the theory emerge on its own (Kelle, 2007). More specifically, to develop a strong category “axis”, Strauss and Corbin (1990) recommend following a “paradigm model”, in which the researcher identifies how the category relates to phenomena, context, actions, causality, intervening conditions, and consequences. In doing so, large data sets become more manageable without compromising quality of the interpretation.

The primary researcher took notes on emerging patterns and their significance in order to document category emergence throughout the process. As categories came in to focus, the memos allowed the researcher to compare indicators to categories (Holton, 2007), and constantly compare across and within categories to assess fit. Criteria for a strong category included a clear relation to other categories as well as distinction from them, frequent occurrence in a stable pattern, and accounting for a large portion of behavioral variance in the phenomena in question (Holton, 2007). Specifically, the interview transcriptions were dissected into quotes that described phenomena; as categories emerged, these quotes were then grouped based on similarities across the phenomena represented.

For example, the following quote describes the importance of diversity in international business:
“The organization has to pride diversity and not just in words, but they have to truly be able and willing to hire and promote and tap in to local talent and have local talent back home so that people of similar nationalities or cultural backgrounds see something of themselves in the mirror when they engage with the larger company.”

Other anecdotes alluded to the importance of fostering positive relationships:

“Certain parts of the company have strong relationships and leverage those relationships well, other parts... are relatively newcomers to international markets, like ours; they’re not investing enough time and resources to build those relationships.”

“Most businesses internationally are extreme relationship”

The steps taken at this point to reach the final SGC model consisted of careful revisions to the categories. As such, the categories and quotes were reviewed again based on the literature review of research and theory in global organizations. The initial dimensions of Collaboration, Communication, and Commitment to Learning (Table 2) were adjusted to Flexibility (Empowerment and Work Policies & Procedures), People Orientation (Differentiation/Diversity and Relationships), Knowledge Availability (Information Availability and Knowledge Sharing), and Global Alignment (Explicit Metrics, Ethical Standards and Global Commitment) (see Table 4 for dimension definitions and sample quotes).
The subdimension termed “Tolerance for Risk Taking” was omitted as a category after the interviews, as it seemed to play an implicit role across all topics the interviewees discussed. The subdimensions “Feedback” and “Experiential Learning” were also omitted, as they were not explicitly mentioned in the interviews even though previous research on global organizations highlights their importance (Erez & Shokef, 2008; Gundling, Hogan, & Cvitkovich, 2011). The remaining theorized dimensions (People Orientation, Flexibility, and Knowledge Sharing) were retained and revised based on the qualitative interviews.

A number of categories also emerged that were specific to the organization or situation in addition to the dimensions retained for the SGCS. These categories included whether or not the company was publicly traded, a government or commercial business, and product uniqueness. For example, relationships with customers are not as critical to successful international business if the provider has a monopoly on the product. As they were, by definition, dependent on the organization’s context and not specific to a SGC, these “extra” categories were omitted in further scale development.

In analyzing the qualitative data using the paradigm model (Strauss & Corbin, 1990), consequences as a result of a poor SGC were also identified. Themes in this category included loss of resources (ex. time, money), loss of a job, and offending customers or ruining customer relationships. As the objective measures such as resources lost and turnover were unavailable, a composite
measure of self-reported perceptions of customer loyalty was devised for the criterion measure in Phase 4.

Collecting and analyzing qualitative data in this manner results in a more comprehensive SGC construct grounded in theory and precise dimension definitions. The outcome of this phase was a fully developed and defined construct of the Strategic Global Climate. Critical incidents of global successes and blunders were also obtained from the interviews that informed item writing and hypothesis development. The dimension definitions, combined with the critical incidents identified in the interviews, guided the item generation in Phase 2. The grounded theory approach also informed potential convergent and discriminant measures for the Phase 4 validation study.

**Phase 2: Item Generation**

Based on the results of the grounded theory development and analysis of the interview data, items were generated to measure each subdimension of the SGC. At least ten items per dimension were generated (Hinkin, 1998). Multiple items per dimension buffers the effect of any one item, enhances the scale’s reliability, and detects items in need of elimination (Spector, 1992). Psychometric scales must exhibit a balance between enough items for adequate reliability and sampling of the domain, yet few enough to avoid effects of boredom and fatigue. A parsimonious scale exhibits a simple structure with the fewest number of items necessary to sample the domain.
Climate surveys require special care to ensure appropriateness of aggregation and subsequent statistical analyses (Schneider, Ehrhart, & Macey, 2011). Despite their statistical relationship (James & Tetrick, 1986), psychological climate and affectively loaded measures (such as job satisfaction) differ in meaning due to item wording. Psychological climate items are framed in terms of perceptions of external characteristics rather than perceptions of the effects of these characteristics on the individual (Schneider, Ehrhart, & Macey, 2011). Participants can differentiate perceptions of a climate (psychological climate) from evaluations of it when clearly instructed to do so (Hinkin, 1998; Schneider & Reichers, 1983). Thus, in order to draw meaningful conclusions about the climate, or aggregated perceptions of the work context, item specificity is of paramount importance.

Item clarity comprises the first step to ensure that when the items are aggregated from the individual psychological climate level to the unit level, the unit level climate becomes descriptive of general employee perceptions rather than their general *evaluations* of these perceptions. For example, an item such as, “My work unit encourages information sharing” would better describe an organizational (unit) climate measure than, “I like sharing information with my work unit,” which would describe psychological, or individual-level climate. In this way, the conclusions drawn from aggregating individual responses reflect perceptions of the unit rather than evaluations of it (Kozlowski & Klein, 2000).
Item clarity also supports reliability of factor analysis results. The best items are unambiguous, express one concept, and avoid possible biases that reading level or culture-specific references, for example, can cause (Spector, 1992). To maintain consistency and optimal exploratory factor analysis results (Hinkin, 1998), all items generated were based on the same Likert scale ranging from 1 (strongly disagree) to 7 (strongly agree).

**Participants and procedure.** To support inferences of content validity, 16 Industrial Organizational Psychology graduate students each sorted the items generated into categories (Hinkin, 1998). The students were provided with the grounded theory definitions of each subdimension and instructed to place each item into the best-fitting category (Anderson & Gerbing, 1991).

**Results.** An index was employed to determine the extent to which an item reflected its intended construct as indicated by the sorting task. The _proportion of substantive agreement_ ($P_{sa}$) is an item’s ratio of correctly assigned items ($n_c$) divided by the number of respondents ($N$), and can range in value from 0 to 1.0. Higher values indicate higher percentage of correct categorization (Anderson & Gerbing, 1991).

$$P_{sa} = \frac{n_c}{N}$$

Items that graduate students placed in the same category at least 80% of the time were retained. Other items were eliminated, as a lack of conceptual agreement among subject matter experts indicates a lack of clarity in the item and could provide further difficulties in subsequent statistical dimension reduction
techniques (Hinkin, 1998). Out of an original total of 145 items, 82 were correctly categorized into the intended dimension. As a large portion of the items were eliminated, an additional 42 items were developed and the categorization process of the new items was repeated with two graduate Industrial / Organizational Psychology students. Some items were again removed based on the 80% cutoff $P_{sa}$, and others were retained (such as “My manager has high cultural sensitivity” in the People Orientation dimension) based on content relevance despite a lower $P_{sa}$. The number of items per subdimension ranged from 5 to 18, resulting in a total of 137 SGCS items for Pilot A.

**Phase 3: Pilot Testing**

The purpose of this phase was to reduce the number of items in each dimension and to obtain a preliminary structure for the SGCS. Adequate sample size is critical to ensuring accurate detection of statistical differences rather than attributing them to sampling error (Hinkin, 1998). For principle component analysis, the sample size should consist of 150 to 200 if the measure demonstrates acceptable reliability (Hinkin, 1998). Other sources argue that the variable-to-subject ratio should equal no less than 5 (Grimm & Yarnold, 2000). For example, a measure consisting of 50 items would require at least 250 subjects for principle component analysis ($250 / 50 = 5$). Given that the data collection occurred online, a target of 300 subjects was appropriate for the first pilot test, and between 150 and 200 for the second (Hinkin, 1998).
**Procedure.** The two pilot tests (A and B) took place online through Amazon’s Mechanical Turk (MTurk) and the online survey platform, Qualtrics. The items were presented according to dimension, though the grouped dimensions were randomized within the survey to prevent order effects. Presenting the items in groups reduces the disruption of continuity of thought (Schriesheim & DeNisi, 1980), and discriminant validity and method bias do not differ significantly from those with randomized items (Schriesheim, Solomon, & Kopelman, 1989). Further, item randomization is often implemented to hide the measure’s purpose (Schriesheim & DeNisi, 1980), which is not necessary in the current study. Demographics such as age, tenure at current job, and occupation were also included.

Because the SGCS is comprised of items regarding how well an organization fosters a Strategic Global Climate, employees in organizations that are more global than others may prove to be more appropriate. To assess this, participants were asked to report the extent to which their organization is involved in the global marketplace on an anchored rating scale (i.e., 1 = my organization only operates within the US; 2 = my organization has affiliates, such as a suppliers or other types of vendors, in another country; 3 = my organization has offices in other countries outside of the US, 4 = I don’t know). They were also asked for the name of the organization to discover objective information regarding its level of globalization.
Insufficient effort responding (IER) occurs when unmotivated participants respond to a survey (Huang, Curran, Keeney, Poposki, & DeShon, 2012). This can occur in a number of ways, such as completing the survey too quickly to allow appropriate cognitive processing time, skipping or misreading instructions, or simply not providing accurate responses. A minimum time cutoff for survey completion of 7 minutes was imposed, and four attention checks (ex., “My manager encourages us to consider the importance of ethics on the moon”) were included throughout the survey. Research supports the effectiveness of these techniques to eliminate participants with IER (Huang, Curran, Keeney, Poposki, & DeShon, 2012).

Amazon’s Mechanical Turk (MTurk) was used as the platform for this phase of data collection, and is a favorable alternative to an undergraduate student sample. Research indicates that MTurk is significantly more demographically diverse than the traditional undergraduate student population, and psychometric properties such as reliability are not compromised (Berinsky, Huber, & Lenz, 2012; Buhrmester, Kwang, & Gosling, 2011). MTurk participants (i.e., MTurkers) are paid to complete the surveys, yet the negligible compensation (e.x., ten cents for a five-minute task) suggests that internal motivation drives MTurkers more than the external reward (Buhrmester, Kwang, & Gosling, 2011). MTurkers are also motivated to respond appropriately because the researcher has the ability to not pay the MTurker for his or her data (in case, for example, he or she completed the survey unreasonably quickly or missed attention checks). This rejection rate is
displayed on the MTurker’s profile and can then impact subsequent MTurk opportunities. Although research on MTurk samples is in its nascent stages, the internal motivation they are believed to exhibit and desire to continue as an MTurker could potentially result in lower levels of insufficient effort responding than in other samples. The researcher specified that the participants must be in the United States, and responses to all items were required. Cases that did not meet the validity checks were removed, because participants engaging in IER and multivariate outliers can present significant threats to validity and skew results (Huang, Curran, Keeney, Poposki, & DeShon, 2012; Tabachnick & Fidell, 2007).

**Pilot A.**

**Measures.** Based on the items from Phase 2, a total of 137 items comprised the SGCS portion of the survey. Demographic information was also requested, which can be found in Table 5.

**Participants.** 401 individuals working in the US in organizations with differing levels of globalization completed the pilot survey via Amazon’s Mechanical Turk. After cleaning and screening for insufficient effort responding and attention checks, a total of 308 participants remained. 56.2% were male, 46.8% under the age of 33, and 58.8% had been employed with their current organization between 1 and 6 years. 48.7% worked with their current managers for between 1 and 3 years, and 90.1% identified their current country of work (USA) as their home country.
For data regarding how global the participants’ job was, 82.5% indicated that their organizations have offices in other countries outside of the US. Data regarding the frequency of interactions with individuals who are living outside of the US approached a normal curve with the exception of the highest amount at 22.1% that indicated interacting on a daily basis. Prior to conducting any tests, analyses were conducted to ensure that the data met the necessary assumptions (e.g., normality, homogeneity of variance).

**Results.**

*Principle Component Analysis.* Principle component analysis (PCA) was conducted to determine the extent to which participants responded to the survey in the manner predicted. The purpose of a PCA is to explore the underlying dimensionality of the data. PCA identifies the linear combination of data that maximally accounts for observed variance and reduces the data to a smaller number of components. The first eigenvector, or principle component, is the linear representation of the maximum amount of total variance that can be explained, the second eigenvector represents the second most amount of variance explained in the remaining variance, and so on (Bryant & Yarnold, 2000). Items were first analyzed at the dimension level and components were extracted for eigenvalues above 1, followed by an oblimin oblique rotation to aid interpretation of the components extracted (Tabachnik & Fidell, 2007).

The Kaiser-Meyer-Olkin measure of sampling adequacy indicates whether or not the components are correlated enough to continue with the analysis. At 0.94,
this value was above .6 so analyses were continued. Bartlett’s test of sphericity tests the relationships among variables; as this value was significant ($\chi^2 = 9507.65$, $df = 1431$, $p < .001$) the relationship among the variables was zero and therefore represented different components (Tabachnik & Fidell, 2007).

First, the number of components was determined for each subdimension separately. Components with eigenvalues of at least 1 indicated the number of interpretable components (Grimm & Yarnold, 2000). The scree plots were also assessed as a visual complement to this standard: the number of interpretable components includes the “elbow” of the plot and the points preceding it. The percentage of variance explained by the components was also used as a criterion to determine the number of components. Best practices suggest that the total amount of variance explained by the components be no less than 50% (Tabachnik & Fidell, 2007).

Second, a varimax orthogonal rotation was originally applied because it maximizes the amount of variance each component explains and minimizes cross-loadings (Tabachnik & Fidell, 2007). However, an oblimin oblique rotation was found to explain the structure better as it allows the components to correlate. This aligns with theory, as the SGCS components (for example, empowerment and goal clarity) should correlate due to their potential to influence each other. The oblique rotation also aided in clarifying the true nature of the one main component that the PCA first extracted.
While some debate exists regarding whether to interpret the structure or the pattern matrix, most researchers interpret the pattern matrix. Unlike the structure matrix which depicts values inflated by the overlapping shared variance across components, the pattern matrix of an oblimin oblique rotation depicts only the unique variance that each component contributes to the solution. The rotation and pattern matrix aid in understanding the components extracted (Tabachnik & Fidell, 2007).

Item loadings were examined and items with strong cross-loadings (loading on more than one component) above 0.3 or low loadings on all components were evaluated for removal. In using these criteria for selecting items, high cross-loadings are avoided in an effort to obtain items that load cleanly on only one component (Grimm & Yarnold, 2000; Tabachnik & Fidell, 2007). The most parsimonious solution reflects the interpretable components (i.e., components with eigenvalues above 1) with the maximum amount of variance explained. Lastly, the resulting components produced by the PCA were assessed at the item level and the extent to which the items that loaded together are supported by theory (Tabachnik & Fidell, 2007).

Before item removal and rotations, the number of components extracted at first was uninterpretable as a total of 28 components had eigenvalues above 1 and explained 74.95% of the variance, and one component alone explained 33.18% of the variance. Therefore PCAs were conducted for item reduction at the subdimension level first before compiling the remaining items into the full scale.
and conducting the PCA again. As the theory and the qualitative interviews support the structure of four dimensions with two subdimensions each, two components were specified for each dimension and items evaluated for removal. PCAs were consistently conducted after each round of item removal. After a satisfactory result for each subdimension, a PCA was then conducted again as a complete scale with all the remaining items compiled. The same criteria for item reduction were followed in this step, specifying 8 and then 9 components as supported by the theory and qualitative interview data. Although the 9 dimensions were statistically separate, the theoretical structure (three dimensions with two subdimensions each, and one dimension with three subdimensions) was retained for conceptual clarity.

Components were then interpreted to better understand the underlying framework of the data. Definitions and dimension names were cross-checked with the items. For instance, the subdimension of Differentiation/Diversity was modified to just Diversity based on the item loadings.

However, not all of the items that were retained accurately reflected the intended constructs. For example, the People Orientation: Relationships component included many items about the extent to which managers make an effort to foster positive relationships rather than the intended definition, “the extent to which processes and procedures allow for investment in interpersonal relationships both within and outside of the organization (ex. customers)”. Based on the remaining items, the uncovered component structure, and the theory that the
scale was based on, several items were removed and new items written. A sample item that was developed at this stage and later retained in the final scale reads: “My manager gives us clear goals to reach in international work.”

Pilot B.

*Measures.* 81 items derived from Pilot A were included in the second pilot test of the SGCS. The same demographic information was requested as well, which can also be found in Table 5.

*Participants.* 207 individuals responded to the online survey. After again cleaning and screening the data, a total of 163 participants remained. 58.3% were male, 45.4% under the age of 33, and 68.1% had been employed with their current organization between 1 and 6 years. 57.1% worked with their current managers for between 1 and 3 years, and 78.5% identified their current country of work (USA) as their home country. 82.2% indicated that their organizations have offices in other countries outside of the US. 38% of participants indicated that roughly half of their coworkers share the same cultural background. As with the first pilot, this frequency data also closely resembled a normal curve. Table 5 further describes the demographics.

*Results.*

*Principal Components Analysis.* As the first pilot revealed 9 distinct dimensions, a PCA was conducted with all the items included instead of first conducting a PCA at the subdimension level as in the previous pilot. As with the first pilot study, an oblimin oblique rotation was applied to all analyses and the
pattern matrix interpreted. Items that cross-loaded on a dimension other than the intended construct above a loading of .3 were removed from further analysis. As the scale took shape, items were removed one by one based on the cross-loadings above .3 and conceptual fit within the dimension (Tabachnik & Fidell, 2007). PCAs were conducted after each round of item removal.

The Kaiser-Meyer-Olkin measure of sampling adequacy was above .6 at .91, indicating that analysis could be continued. Bartlett’s test of sphericity was significant ($\chi^2 = 3793.105, df = 703, p < .001$), demonstrating that the relationship among the variables was zero and therefore represented different components (Tabachnik & Fidell, 2007).

Eight dimensions emerged based on eigenvalues above 1, though specifying an extraction of nine dimensions resulted in clean loadings on the nine dimensions. This was found acceptable as the 9th eigenvalue almost reached the value of 1 at .96, and nine dimensions fit better with the results from the previous studies here as well as with the theory derived from the literature.

The final scale consists of nine components with 4-5 items each for a total of 50 items. There were no cross-loadings above .3 with the exception of one item in the Global Commitment dimension. This item cross-loaded with the Explicit Metrics dimension but only at .31; according to Tabachnik and Fidell (2007), cross-loadings under .32 are acceptable. These results are presented in Table 6.

Reliability. Cronbach’s alpha determined the extent to which the scale overall and the subdimensions demonstrate internal consistency. Overall reliability
of the strategic global climate measure, as well as the reliability of the subdimensions were all greater than or equal to \( \alpha \geq .84 \), indicating adequate internal consistency as per the \( \alpha \geq .70 \) standard (Nunnally, 1978). Alpha if item removed statistics were also calculated. No item would have significantly improved internal consistency upon removal.

**Phase 4: Validation Study**

The purpose of this phase was three-fold. First, this step intended to confirm the structure obtained through the grounded theory process (Phase 1) and pilot testing (Phase 3) using confirmatory factor analysis (CFA). Second, it aimed to establish the SGC as a construct that relates to other similar constructs and assess where it is embedded in the nomological network (Sackett & Larson, 1990). The grounded theory process in Phase 1 allowed hypotheses about correlations between the SGC and these constructs to be developed. These hypotheses were assessed in Phase 4 to provide evidence for the construct validity of the SGCS.

Third, this phase aimed to establish the SGC’s predictive relationship with an outcome variable, or a criterion, to support the scale’s usefulness in an applied setting and solidify the importance of fostering a SGC. The critical incidents gathered from the interviews informed the researcher of measurable outcomes that the organization values, and those that can be impacted by an effective (or ineffective) SGC. In this way, grounded theory also permitted hypothesis development regarding the SGC’s predictive relationship to the chosen criterion.
These hypotheses were also tested in Phase 4 to provide evidence for the criterion validity of the SGCS.

**Hypothesis development.** Based on the literature, qualitative interviews, item development and reduction, and principle component analyses in the current study’s scale development, seven components comprise the SGCS. Component definitions, loadings, and items can be found in Table 9.

Establishing construct validity for a new scale requires demonstrating theoretical and empirical relationships to other previously established constructs. Researchers use the nomological network, a system of relationships among psychological constructs, to evaluate the construct validity of new measures. Two types of construct validity exist: convergent and discriminant validity. If a construct demonstrates convergent validity, it is positively and empirically related to other constructs that it should theoretically be related to. Conversely, if a construct demonstrates discriminant validity, no empirical relationship is present between two constructs that, theoretically, should not be related (Sackett & Larson, 1990). The following sections develop construct validity hypotheses for each of the dimensions.

**Convergent validity.**

*Flexibility of Work Policies and Procedures.* Defined as “the extent to which work policies and procedures support the uncertainty / complexity of international business”, organizational flexibility in the constantly changing and unpredictable global arena is essential for success. Noted in the literature (e.g.,
Rhinesmith, 1992) as well as the interviews in Phase 1, both organizational policies and global leaders must demonstrate flexibility. One interviewee spoke of an individual who rigidly used the same negotiation tactics in a global business context as he would use in an American business context, and incurred significant damage to the business relationship.

A construct close to flexibility is innovation. Innovation can be defined on different levels, like an openness to new ideas at the organizational culture level (Hurley & Hult, 1998). It can also be conceptualized as an organization’s willingness to change, or how quickly an organization adopts these changes (Calatone et al., 2002). In this way, innovation also reflects adaptability to changing circumstances (Hurley & Hult, 1998), and adaptability closely relates to flexibility as a prominent characteristic of successful global leaders and global organizations (Beechler & Javidan, 2007; Caliguiri & Tarique, 2012; Kealey, 1996). In the example the interviewee gave, it is logical to assume that demonstrating flexibility by adopting a more innovative approach to the global business negotiation would have had better results. Further, of the nine global work values that Shokef and Erez (2008), the “task focus” subdimension includes innovation. Here, innovation in organizations is defined as intentional development and promotion of new ideas, and is considered necessary for evolving quickly to changing circumstances (Shokef & Erez; 2008). Policies and procedures must be flexible to complement and remove obstacles to innovation. Thus,
Hypothesis 1: Flexibility of Work Policies and Procedures will positively relate to perceptions of the organization’s level of innovation.

Endorsement of Diverse Perspectives. The importance of both the second dimension, Endorsement of Diverse Perspectives, and the third dimension, Investment in Relationships, repeatedly occur in the literature for global mindset (Beechler & Javidan, 2007; Mendenhall & Bird, 2013), global leadership (Gupta & Govindarajan, 2002), the global organizational culture (Erez & Shokef, 2008), and expatriate success (Caligiuri & Tarique, 2012; Shaffer et al., 2006). Openness to diversity allows global organizations and the individuals that comprise them to integrate and reap the benefits diversity provides (Gupta & Govindarajan, 2002), such as a reflection of the diverse global arena they operate in. The importance of diversity arose repeatedly as an organizational value essential to global success in Phase 1 of the current study. As noted by the interviewees, organizational practices that reflect a value of diversity can be practiced in recruitment, promotion, and hiring local talent. Defined as “the extent to which diversity is prioritized within the organization”, the SGC dimension developed in the present study should positively relate to another measure of diversity climate.

Hypothesis 2: Endorsement of Diverse Perspectives will positively relate to employee perceptions of diversity climate perceptions.
Investment in Relationships. The third dimension, Investment in Relationships, is “the extent to which processes and procedures allow for investment in interpersonal relationships both within and outside of the organization (e.g., customers).” Interpersonal values and interdependence are common themes in the global workplace literature (e.g., Shokef & Erez, 2008), global leadership literature (e.g., Beechler & Javidan, 2007; Bird, Mendenhall, Stevens, & Oddou, 2010; Mendenhall & Bird, 2013), and emerged repeatedly in the Phase 1 interviews. For example, one interviewee stated simply, “most businesses internationally are extreme relationship”.

A related construct, a climate of social support, is one that encourages friendship and meeting others, and the supervisor’s concern for the employees’ well-being (Morgeson & Humphrey, 2006). As a climate of social support assesses a value of interpersonal relationships in the workplace, it follows that organizations with favorable investment in relationships also reflect favorable social support. Therefore,

Hypothesis 3: Investment in Relationships will positively relate to employee perceptions of social support.

Information Availability. The importance of access to pertinent information in a timely fashion arises frequently in the global workplace literature (Begley &
Boyd, 2003). The SGCS’s fourth dimension, Information Availability, is “the ease with which information relevant to international business is obtainable and easily accessed across boundaries (such as departments or locations).” Interviewees in Phase 1 suggested access to resources such as language learning materials and import / export laws around the world was critical to their success. Other themes, including a mentor program for international business and communicating lessons learned from experiences also arose. As sharing information is necessary to make the most of the available knowledge, perceptions of deliberate efforts to provide access to pertinent information should positively relate to information availability.

*Hypothesis 4: Information Availability will positively relate to employee perceptions of information sharing.*

*Use of Global Metrics.* The fifth dimension, Use of Global Metrics, also relates to alignment in an organization. Defined as “a clarity of KPIs and goals for international business”, measurable goals not only give employees structure, but impress upon them the tangible evaluation of success in the global environment. Explicit metrics also allow managers to evaluate global success factors and hold the employees accountable (Osland, 2004). Because perceptions of the clarity of organizational goals also reflect perceptions of explicit, measurable objectives, it follows that it should relate to an organization’s Use of Global Metrics.
Hypothesis 5: Use of Global Metrics will positively relate to employee perceptions of the clarity of organizational goals.

Ethical Standards. The sixth dimension of the SGCS consists of Ethical Standards, or “the extent to which an organization firmly maintains integrity and ethical standards in business practices regardless of the situation.” Ethical challenges are theorized to contribute to globalization’s inherent complexity (Beechler & Javidan, 2007) and comprise an important element in a global leader’s relationship skills (Osland & Bird, 2006). As one interviewee mentioned, one employee failing to meet ethical standards can result in both dire and pervasive consequences for the organization. As such, this dimension is imperative to a SGCS and the organization’s success in the global arena.

Hypothesis 6: Ethical Standards will positively relate to employee perceptions of ethical climate.

Global Commitment of Top Leaders. The seventh and final dimension, Global Commitment of Top Leaders, reflects “the extent to which being a global organization is visibly and explicitly communicated and plays a role in decision making as well as the investment in and support of global endeavors.” Per the interviewees, this commitment is evident in actions such as hiring locally and investing in long-term goals. Global organizations that demonstrate a strong global
commitment as perceived by the employees also serve to align their organizational business strategies with their leadership strategies. This alignment is critical to success in the global arena (Tolbert, McLean, & Myers, 2002) and is much needed for in-house global leadership development and integration across the global organization (Canals, 2014). Further, clearly communicating organizational goals on a regular basis in global organizations provides consistency in an otherwise volatile and unpredictable environment. Thus,

_Hypothesis 7: Global Commitment of Top Leaders will positively relate to employee perceptions of the clarity of organizational goals._

**Discriminant validity.**

_Employee engagement._ Employee engagement is the extent to which employees have an “energetic and effective connection with their work activities and they see themselves as able to deal with the demands of their job” (Schaufeli, Taris, & Van Rhenen, 2008, p. 176). Although employee engagement reflects both state and trait characteristics, the construct has been operationalized as a “relatively enduring state” (Christian, Garza, & Slaughter, 2011, p. 95). Research suggests that engagement predicts both task and contextual performance (Christian et al., 2011). Another study found that engagement partially mediates the relationship between LMX and turnover intentions, and fully mediates the relationship between LMX and innovative work behaviors (Agarwal, Datta, Blake-
Beard, & Bhargava, 2012). While engagement is clearly a valuable construct and predictor of important outcomes, at no point in the present study’s literature review or in the Phase 1 qualitative interviews did engagement or any job attitude emerge as being linked to a global climate construct. As the SGCS evaluates employee perceptions of the organizational level climate for success in the global environment, the scale has no theoretical overlap with the individual level attitude measure of engagement. A lack of an empirical relationship between the two constructs would provide evidence of discriminant validity in the nomological network. Therefore,

*Hypothesis 8: Employee perceptions of the Strategic Global Climate will not relate significantly to engagement.*

*Criterion validity.* Similar to construct validity, a scale demonstrates criterion validity through its relationship to another variable. Instead of correlating convergent and divergent constructs, however, the scale scores are correlated with one or more dependent variables. If successful, this establishes credibility that the scale can predict the specific dependent variable, or criterion.

*Customer loyalty.* By definition, strategic climates are linked to specific business outcomes (Schneider, Ehrhart, & Macey, 2011). For example, safety climates predict the number of accidents (Neal & Griffin, 2006; Zohar, 2000) and customer service climates predict customer perceptions of service quality.
(Schneider, White, & Paul, 1998). Schneider et al. (2005) found that the relationship between unit service leadership behavior and unit sales was fully mediated by a chain of unit service climate, unit customer-focused OCBs, and unit customer satisfaction. This demonstrates that customer attitudes such as satisfaction can be used as proximal predictors of sales, and that an organizational climate can predict both customer attitudes as well as tangible business outcomes. Like customer satisfaction, customer loyalty can also directly influence tangible business outcomes such as higher profit margin, due to customers’ willingness to pay more for the brand (Aaker, 1996). The current study’s grounded theory approach to scale development supports the SGCS as a content valid measure of the factors necessary for success in global business, and customer loyalty arose as an important business outcome. Therefore, a favorable SGC should positively relate to perceptions of international customer loyalty.

**Hypothesis 9:** Strategic Global Climate Scale will positively relate to customer loyalty.

**Participants.** The organizational sample consisted of individuals with exposure to international business across a southeast communications technology firm. Of 200 individuals targeted, 141 responded, a response rate of 70.5%. A total of 44 participants either did not complete the survey or responded “does not apply” for over 40% of the data points, while another three were identified as
outliers as they presented four or more data points that had an absolute value z-score higher than 3.29 (Tabachnik & Fidell, 2007). The final sample size was 94.

Roughly half were under the age of 40 and 74 were female. 68% had spent 6 years or less in the organization, and 87% had spent three years or less with the manager. The department most strongly represented was human resources at almost 38% of the sample. Detailed demographic information can be found in Table 6.

Procedure. Participants received an email explaining the study and a link to the online survey through the Qualtrics platform. The survey included general demographic questions, the measures identified to establish construct and criterion validity, and the SGCS derived from Phase 3.

Measures.

SGCS. The final Strategic Global Climate Scale measures on a seven point Likert scale the extent to which an organizational climate fosters the workplace characteristics necessary for success in the global arena. Divided into seven dimensions, the final scale consists of three to four items each and a total of 27 items. Internal consistency is excellent for both the overall scale ($\alpha = .91$) and the subscales (Cronbach’s alpha statistics are reported in Table 11).

Construct validity measures. In order to reduce the length of time required to complete the questionnaire, only select items were used from the construct validity measures. Internal consistency was measured with Cronbach’s alpha, such that values above $\alpha = .70$ were considered adequate (Nunnally, 1978). All scales
were assessed with the same Likert scale ranging from 1 (strongly agree) to 7 (strongly disagree).

**Innovation and Flexibility.** Patterson et al.’s (2005) Innovation and Flexibility subscale of the Organizational Climate Measure was used to assess employee perceptions of the organization’s perspective on change and encouragement of new ideas. Five out of the original six items were used, a sample item being “assistance in developing new ideas is readily available” (Patterson et al., 2005). Internal consistency was acceptable at $\alpha = .85$.

**Diversity Climate Perceptions.** An adapted version of the McKay et al. (2007) Diversity Climate Perceptions scale was used to assess employee perceptions of diversity acceptance and promotion within the organization. Seven of the original nine items were used. A sample item reads: “My company maintains a diversity-friendly work environment.” Internal consistency was adequate $\alpha = .81$.

**Social Support.** Morgeson and Humphrey’s (2006) Social Support subscale of the Work Design Questionnaire aims to measure perceptions of availability of assistance and advice from coworkers. Reduced from six to five items for this study, a sample item reads: “I have the opportunity to meet with others in my work.” An internal consistency of $\alpha = .81$ was also acceptable.

**Intraorganizational Knowledge Sharing.** Developed by Calatone, Cavusgil, and Zhao (2002), this scale measures employee perceptions of the extent to which knowledge sharing occurs and is supported within the organization. The scale was
reduced from the original five to three items for the purpose of the study, and a sample item is, “Top management repeatedly emphasizes the importance of knowledge sharing in our company.” Internal consistency was excellent at $\alpha = .90$.

**Clarity of Organizational Goals.** This subscale, from Patterson et al.’s (2005) Organizational Climate Measure, was designed to measure the degree of clarity that employees have regarding overarching organizational goals. A sample item reads: “Everyone who works here is well aware of the long-term plans and direction of this company.” This measure was reduced from the original five items to four ($\alpha = .93$).

**Ethical Climate Questionnaire.** Developed by Cullen, Victor, and Bronson (1993), two items representing principle and cosmopolitan ethics were used for the purpose of this study. A sample item reads: “In this company, people are expected to strictly follow legal or professional standards.” Internal consistency was acceptable at $\alpha = .80$.

**Employee Engagement.** Shaufeli et al. (2002) developed a scale with three dimensions measuring employee engagement, defined as “a positive, fulfilling, work-related state of mind” (p. 74). The first dimension, vigor, is conceptualized as high activation. A sample item reads, “At my job, I am very resilient, mentally”. The second dimension, dedication, is defined as high identification and a sample item is, “I am proud of the work that I do.” The third and final dimension is absorption, defined as being engrossed in work, a sample item being, “Time flies when I am working.” All three subdimensions were adapted to consist of four
items. Reliabilities were acceptable for all subdimensions ($\alpha = .92$, .88, and .81, respectively) as well as overall engagement ($\alpha = .91$).

**Criterion validity measure.**

*Customer loyalty.* A combination of three separate self-report measures was used to evaluate employee perceptions of customer loyalty. The first three items were adapted from Aaker (1996), and consisted of a prompt ("The majority of our international customers…") followed by three items designed to complete the sentence. One sample item is, ".would choose my company again on the next opportunity." Tokman, Richey, Deitz, and Adams’ (2012) scale of customer loyalty was also used, consisting of two items: “For the most part, our international customers intend to maintain their relationship with my company indefinitely”, and “Our international customers are committed to my company.” Lastly, three additional items were developed to measure customer loyalty for the purpose of the current study, using the interview data from Phase 1 as a basis. A sample item is “Assuming all other factors (ex., cost) are equal, our current international customers would choose us over another company.” Overall reliability of the 8 item measure of international customer loyalty was $\alpha = .97$, demonstrating excellent internal consistency.

**Analysis.** Data cleaning, reliability, and tests of assumptions were conducted as in the pilot test. Although climate measures are often aggregated to a group level, the nature of the sample and sample size did not allow for any group-level aggregation. Therefore, all analyses were conducted at the individual level.
**Preliminary analyses.** Assumptions of normality in the validation phase were met for most items on the SGCS. Any skewed items were negatively skewed; the potential impact of these are explored more in depth in the discussion section.

**Principle component and confirmatory factor analyses.** Based on the preliminary analyses and the small sample size, a PCA with an oblimin rotation was conducted prior to the CFA to determine how closely the data matched the structure determined by the two pilot studies. A total of ten components emerged at first instead of nine components as was intended, and multiple items demonstrated high cross loadings (i.e., above .3) with more than one component. Because it loaded on three separate components, one item was removed (“Within reason, I have the liberty to make decisions as I see fit in international work.”) and the PCA with an oblimin oblique rotation was conducted again. The second PCA revealed nine components, although all of the items comprising the Empowerment component and many items comprising the Knowledge Sharing component cross-loaded on to other components. High cross-loadings in a PCA suggest that items are measuring more than one latent construct, and therefore the conclusion that they tap into a distinct component cannot be drawn. Despite the theory developed and data supporting the 9-factor model, CFA fit statistics were too poor to conclude an adequate structural fit (CFI = .77; RMSEA = .09). Therefore, the theory was reexamined in conjunction with the PCA results to find a better fitting model. Based on the empirical evidence and the traditional definition of a climate,
the two components (Empowerment and Knowledge Sharing) were removed altogether and the PCA conducted a third time, which revealed seven components.

At this point two more items with high cross-loadings were removed. The final PCA solution consisted of seven dimensions of three to four items each with no cross-loadings (Table 9), explaining 78.5% of the variance. As the Kaiser-Meyer-Olkin measure of sampling adequacy was above .6 at .68, analyses were continued. Bartlett’s test of sphericity was significant ($\chi^2 = 1196.99, df = 351 p < .001$), illustrating no relationship among the variables and therefore measuring distinct components (Tabachnik & Fidell, 2007).

The favorable PCA results from the 7-factor model support the decision to remove two dimensions, namely Empowerment and Knowledge Sharing. These dimensions were originally designed to evaluate perceptions of behavior that can influence an organizational climate based on the symbolic interactionist approach (Schneider & Reichers, 1983) and the content derived from the literature and grounded theory. Because items from these two dimensions cross-loaded significantly and inconsistently onto other dimensions, it was determined that the traditional definition of an organizational climate—one that reflects solely perceptions of policies and procedures—should be followed. As such, the Empowerment and Knowledge Sharing dimensions were removed. The final Strategic Global Climate Scale submitted to confirmatory factor analysis had seven components (Flexibility of Work Policies and Procedures, Endorsement of Diverse Perspectives, Investment in Relationships, Information Availability, Use
Confirmatory factor analyses (CFA) with a maximum likelihood solution for four separate measurement models were conducted using SPSS AMOS (Arbuckle, 2011; Tabachnik & Fidell, 2007) (see Table 10). Unlike a PCA, CFAs allow researchers to specify the indicators that load on to specific underlying factors based on theory. Latent factor means and variances were set to zero and one, respectively, permitting item intercepts, factor loadings, and residual variances to be estimated and the models to be identified.

The 7-factor model fit was adequate (CFI = .90; PNFI = .61; RMSEA = .07; TLI = 0.88), and had a significant chi-squared statistic, suggesting that there is a significant difference between the reproduced and observed models (Grimm & Yarnold, 2000). However, as chi-squared tests are notoriously sensitive to sample size and are therefore almost always significant, the statistic can be adjusted for the degrees of freedom ($\chi^2$/df). A $\chi^2$/df statistic less than 2 indicates good model fit (Tabachnik & Fidell, 2007).

A 4-factor model was then tested for comparison purposes. The 4-factor model reflects the conceptualization of the SGCS after Phase 1. As seen in Table 3, Diversity and Relationships were originally housed under “People Orientation” and Global Commitment, Explicit Metrics, and Ethical Standards were housed under “Global Alignment”. The chi-squared test was also significant, and the fit statistics were unfavorable for the 4-factor model (CFI = 0.77; PNFI = 0.46;
RMSEA = .11; TLI = 0.58), suggesting that this model does not best describe the SGCS. The 7-factor model was then compared to a 1-factor (CFI = .93; PNFI = .42; RMSEA = .07) model, which illustrated similar adequacy of fit and a non-significant chi square statistic. However, the $\chi^2$/df statistic employed in all other analyses differed from the 7-factor model by only 0.01. Further, the chi square difference test between the 7-factor and the 1-factor model is significant ($\Delta \chi^2 = 426.69, df = 289, p < .01$), meaning the two models are significantly different from one another.

The RFI and TLI statistics were higher for the 7-factor model (RFI = 0.69; TLI = 0.88) than the 1-factor model (RFI = 0.67; TLI = 0.87), indicating that the 7-factor model fit the data slightly better. The 7-factor model also demonstrates better fit than the 1-factor model when the statistic is adjusted for parsimony (PNFI = 0.61 and PNFI = 0.42, respectively). Even so, the 1-factor model did demonstrate a somewhat superior fit in the IFI (0.94) and the NFI (0.84) than the 7-factor model did (IFI = 0.91; NFI = 0.76).

Despite a fit similar to the 1-factor model, data and theory still support the 7-factor model as the optimal solution for a few reasons. First, one parcel per factor was created to evaluate a single factor fit, as the model would be under-identified using individual scale items (see Figure 3). No other model tested used parcels. By design, parcels reduce the amount of variance in the model, so the one factor model fit should be interpreted with caution as any conclusions drawn are removed one step further from the original data (Little, Cunningham, Shahar, &
Widaman, 2002). Also, even though parceling may enhance model fit, this is not considered a reflection of how well the model is specified (Bandolos & Finney, 2001). In this way, parceling increases the likelihood of a Type II error (accepting a model that should be rejected due to misspecification).

Second, it should be acknowledged that the small intercorrelations among dimensions indicate that each is a separate construct (Table 11). Third, all PCAs and EFAs conducted produced multiple eigenvectors and components, supporting the conclusion that the measure is multidimensional. Lastly, the literature and the theory developed here points towards a model with multiple distinct dimensions as well. Even still, despite the moderate evidence for the 7-factor model’s representation of the SGC, the small sample size (n = 94) in the final study supports only tentative conclusions. The final standardized loadings can be found in Figure 2.

As the most adequate of the models evaluated was the 7-factor model, this was used to test the SGCS construct and criterion validity hypotheses.

**Hypothesis testing.** The hypotheses in the present study aim to demonstrate construct and predictive validity of the SGCS. Table 12 presents scale descriptives, scale intercorrelations, and reliability statistics for hypotheses 1 – 7. Table 11 presents descriptive statistics, reliabilities, and correlations among SGCS dimensions and hypotheses 8 and 9.

Grounded in the nomological network for SGC, hypotheses 1 through 7 posited that the SGCS subdimensions should positively relate to theoretically
similar constructs. For example, hypothesis 1 predicted that the Flexibility of Work Policies and Procedures dimension of the SGCS would relate positively to a scale measuring innovation, as environments promoting innovation are often perceived to be flexible as well (Patterson et al., 2005).

To determine these relationships, Pearson’s $r$ correlation was calculated for each pair of SGCS subdimensions and their corresponding scales from the literature. Flexibility of Work Policies and Procedures was related to innovation ($r = .24, p < .05$), Endorsement of Diverse Perspectives related to a separate diversity climate measure ($r = .72, p < .01$), Investment in Relationships related to a measure of social support ($r = .47, p < .01$), and Information Availability related to information sharing ($r = .24, p < .05$). As predicted, Use of Global Metrics and Global Commitment of Top Leaders were both related to the clarity of organizational goals ($r = .37, p < .01$ and $r = .30, p < .01$, respectively), while Ethical Standards was related to a previously established ethical climate measure ($r = .55, p < .01$) (see Table 12). This demonstrates empirical evidence for the relationships between the new scales devised herein and the previously validated scales theorized to relate to them. Thus, hypotheses 1 through 7 were supported, indicating that the constructs are embedded in the nomological network as anticipated, and there is evidence for convergent validity.

Hypothesis 8 addressed discriminant validity; that is, constructs that are theoretically different from those measured by the SGCS should not share a relationship with the SGCS. It was theorized that engagement would not have a
significant relationship with the SGCS dimensions. However, with the exception of Use of Global Metrics, the correlations between the SGCS and the engagement measure all demonstrated significant positive relationships, indicating that hypothesis 8 was not supported.

Hypothesis 9 aimed to establish criterion validity for the SGCS by proposing there would be a significant positive relationship between the SGCS dimensions and international customer loyalty. Also measured with Pearson $r$, the relationship was positive and significant for all SGCS dimensions and the overall SGCS ($r = .51, p < .01$) except Flexibility of Work Policies and Procedures ($r = .16, n.s.$) and Ethical Standards ($r = .08, n.s.$). Therefore, partial support was found for hypothesis 9.

**Discussion**

Globalization increasingly influences organizations in a multitude of ways, ranging from the inevitable diversification of the workforce to ease of communication and travel. Despite the daunting complexity and uncertainty intrinsic to operating in the global arena, organizations willing to embrace these phenomena can stand to gain extensively (Friedman, 2007). However, regardless of an organization’s willingness, *how* to do so effectively and efficiently presents a significant challenge.

The current study aimed to address this challenge. Specifically, the SGCS was first defined conceptually based on the literature, qualitative interview data was collected from employees working for a global organization, and items were
created to develop a tool to assess the strategic global climate in an organization. A series of three validation studies were conducted to assess the psychometrics of the new instrument. The original conceptualization of the SGC was based on a literature review and the qualitative interviews. As data was collected and synthesized, the construct definition of the strategic global climate was modified. The final definition of the SGC is:

Employee perceptions of the practices and procedures conducive to global organizational success that are supported and rewarded including: Flexibility of Work Policies and Procedures, Endorsement of Diverse Perspectives, Investment in Relationships, Information Availability, Use of Global Metrics, Ethical Standards, and Global Communication of Top Leadership.

The result is a tool that can be used to evaluate an organization’s standing on various climate factors critical to effective operations and success in the global arena. Theory and empirical evidence guided scale development and thereby validated the SGC in terms of content, construct, and criterion validity.

The conceptualization of a SGC began with the literature, which identified multiple characteristics necessary for individuals and organizations to succeed in the global arena. This background theory was used to develop a critical incident interview for qualitative data collection. The grounded theory approach was used to code the qualitative data through iterative, systematic refinement of emerging
categories. This stage resulted in 5 categories, and provided the foundational guidelines for item generation.

The items developed aimed to tap into the categories, which were further revised and reduced as a result of item sorting and two separate pilot studies. Throughout the scale development process, the SGC definition evolved based on a balance between theory and empirical data. In the next sections, the evolution of the SGC and its scale are summarized, followed by the study’s contributions to theory and practice. Strengths, limitations, and future research directions are also discussed.

**Summary of Major Findings**

**Phase 1: Qualitative interviews and Phase 2: Item generation and sorting.** Content validity was established using a grounded theory approach after first investigating the theoretical background within the relevant existing literature. Eight qualitative interviews were conducted and transcribed, followed by memoing and coding according to the paradigm model set forth by Strauss and Corbin (1990). The dimensions that emerged as a result of the interviews can be found in Table 4. Some themes that emerged were either context-specific (such as product uniqueness), or revised or removed based on the subsequent pilot studies. Investigating the SGC through qualitative interviews and grounded theory presented many benefits. It provided content validity evidence for the scale, real-world examples of having (or not having) a favorable SGC, as well as the potential
impact of a favorable SGC. The richness of the qualitative data also serves as a strong platform for future research, as discussed later.

At this stage, five to 18 items were developed for each category identified in Phase 1. 16 Industrial / Organizational Psychology graduate students then sorted the items into the categories. Any items with less than an 80% correct categorization rate were removed, after which more items were developed and the process repeated with 2 graduate students. The final result of this stage was 137 items.

**Phase 3: Pilot tests A and B.** The pilot tests aimed to reduce the number of items in the scale and to reveal the underlying latent factors and their relationships. Both pilot tests consisted of participants from MTurk. Because IER is a common concern regarding MTurk samples (Huang, Curran, Keeney, Poposki, & DeShon, 2012), data cleaning procedures such as identifying outliers, fast response times, and attention checks were employed. One benefit of an MTurk sample is that it represents a wide variety of organizations, occupations, and demographics; such variance would be welcome in a follow-up validation study to evaluate the generalizability of the scale. Based on the results of the first pilot test, the second pilot test served to further refine the accuracy of the items and their ability to tap into latent constructs. The result of these pilot studies was a scale with 9 dimensions and 4 to 5 items per dimension (see Table 6).

**Phase 4: Validation study.** The final validation study intended to provide construct and criterion validity for the SGCS. All convergent validity hypotheses
were supported, indicating that the SGC is embedded in the nomological network as expected (see Table 12).

Hypothesis 8 posited that engagement would not relate to the SGCS dimensions and was only partially supported. All dimensions exhibited significant positive correlations with engagement (see Table 11) despite a lack of theoretical evidence, with the exception of the Global Commitment of Top Leaders dimension. Range restriction provides a potential explanation for the SGCS’s unexpected relationship with engagement. Engagement has been found to relate to in-role and extra-role behavior (Schaufeli & Bakker, 2010) as well as task and contextual performance (Christian, Garza, & Slaughter, 2011), suggesting that engaged individuals are more likely to exhibit the extra-role behavior of volunteering to participate. Another possibility is that high levels of engagement is part of what enables global businesses to succeed. Because of this, an alternative measure for discriminant validity is recommended for future studies. The relationship could also be attributed in part to measurement factors such as common method variance (Spector, 2006), which are further explored in the limitations section.

The concept of organizational climate is at the crux of the current study. Contrary to organizational culture, organizational climates are less resistant to change and reflect an organization’s policies, procedures, and processes that the organization rewards and supports (Schneider, Ehrhart, & Macey, 2011). More specifically, strategic organizational climates are linked to specific outcomes; in
the current study, this is operationalized as perceptions of international customer loyalty. The ninth and final hypothesis posited that the dimensions of the SGCS would relate positively to perceptions of international customer loyalty. Support was found for all relationships with the exception of Flexibility of Work Policies and Procedures and Ethical Standards (see Table 11).

Four separate factor structures were tested for model fit. Both the 9-factor and the 4-factor solutions did not fit the data well. The 9-factor model was reduced to seven factors by removing Empowerment and Knowledge Sharing. This decision is supported statistically, as the 7-factor solution (Figure 2) had better model fit than did the 9-factor solution (Figure 1). This action is also supported by the more traditional definition of climate, which does not include interpersonal factors (Schneider & Reichers, 1983). The 1-factor and the 7-factor models (Figures 4 and 2, respectively) had comparable fit statistics, though it should be noted that the fit statistics are only moderate at best. The scale development process, statistical analyses, and theory support the notion that the scale is multidimensional. Therefore, the 7-factor solution was retained. Due to the small sample size and the suboptimal fit statistics, however, a final validation study is recommended to confirm the 7-factor model and the relationships between the latent variables.

While Empowerment and Knowledge Sharing are both more behavioral and deviate from the traditional notion of an organizational climate, such elements were referenced in both the literature and the qualitative interviews for the SGCS.
For example, some studies investigating customer service climates incorporate the symbolic interactionist approach into their theory. This approach posits that in addition to the policies and procedures in place, interpersonal interactions also influence employee perceptions, and therefore influence the organizational climate (Schneider & Reichers, 1983). These interpersonal factors can take the form of a supervisor modeling exemplar behavior (Zohar & Luria, 2004). Moreover, quotes such as “…you need to empower that person to do what it takes to meet the expectation” described the importance of empowerment for success in the global arena. These were also consistently relevant and distinct from other dimensions (see Table 6) until the final study in Phase 4. At this point, the high cross-loadings in the PCA preclude concluding that Empowerment and Knowledge Sharing are dimensions distinct from the other seven, and poor model fit in the CFA indicated that the scale is stronger without the two dimensions (i.e., the 7-factor solution; see Table 10). Regardless, due to strong evidence supporting these categories’ existence (i.e., related to content and structure) prior to Phase 4, item revision is recommended, as it is possible that the Phase 4 results could suggest that the items simply did not accurately evaluate the construct intended.

The SGC represents employees’ collective perceptions of the policies and procedures necessary for success in the global arena. According to the current research, the SGC is comprised of seven different dimensions that impact important business outcomes. High Flexibility of Work Policies and Procedures is critical to adapt in the uncertain, unpredictable, complex international business
environment, as change is constant. An Endorsement of Diverse Perspectives illustrates a value of the global workforce’s inevitable diversification of thought, expertise, background, and needs; organizations must embrace this phenomenon from within to match their external environment and thrive in the global arena. Similarly, an Investment in Relationships underscores the reality that international business is predicated on fostering favorable interpersonal relationships with others.

Information Availability comprises another element of the SGC and global organizational success. The constant and extensive fluctuation that characterizes the global environment calls for organizations to react quickly; to do so, informational resources must be easily accessible and shared. Use of Global Metrics provides departments and the employees that comprise them with clear goals to focus on despite the ambiguous environment they operate in. Solid Ethical Standards are also fundamental to success in the global arena, as cultural differences and unforeseen external pressures can easily cloud judgment and lead to significant business issues. Lastly, a Global Commitment of Top Leaders explicitly supports global endeavors and serves to align decision making throughout the organization; this visible alignment and commitment is critical if a global identity is desired.

Two courses of action can be taken based on the results of the final study. The first is to recognize that by omitting Empowerment and Knowledge Sharing, the SGCS factor structure fits better and is more in line with the traditional notion
of a climate that does not incorporate the symbolic interactionist approach and behaviors (Schneider & Reichers, 1983). Despite the moderate 7-factor solution fit here, however, the literature and the grounded theory approach still purport that the dimensions removed do play some role in the SGC and therefore influence the content validity of the scale. Therefore, the second action (and what is recommended) would be to include all 9 dimensions in a future validation study to determine what role, if any, the Empowerment and Knowledge Sharing factors play in this particular climate.

**Limitations and Future Research**

Globalization is complex, intangible, and a function of an infinite number of factors. Therefore, it comes as no surprise that the SGC and the scale developed in the current research reflects elements of the complexity inherent in the environment it intends to measure.

The study is not without limitations. First and foremost, the SGCS would benefit greatly from a final validation study to provide stronger evidence of the scale’s structure and of criterion validity. As a sample size of 200 is recommended for CFAs (Tabachnik & Fidell, 2007), the final study involving organizational data was small (n = 94).

Additionally, the data were generally non-normal as evident in the skew and kurtosis statistics. The most extreme negative skews were found in the Ethical Standards, Endorsement of Diverse Perspectives, and Investment in Relationships dimensions.
Despite the statistical non-normality, however, the distributions and standard errors of certain items make sense when interpreted in context. For example, an item in the Ethical Standards subscale (“I would feel comfortable reporting an ethics issue / violation if I felt the need.”) has a strong negative skew at -1.93 (SE = .25) and a kurtosis of 3.13 (SE = .49). Both statistics deviate substantially from the normal value of 0, because 69.1% of the participants answered “strongly agree” in response to the item. Thus, despite a non-normal distribution, the response pattern still lends insight into the strength of the organization’s climate and shared perceptions. A larger and more diverse sample across different organizational contexts would contribute more variance (Tabachnik & Fidell, 2007), and is more likely to exhibit normality across multiple departments and organizations. Further, the $n_{WG(j)}$ statistic could be calculated to determine appropriateness of aggregation at the departmental and organizational level and could explain potentially non-normal data as a function of a group.

In the validation sample, 37.2% reported “hardly ever” interacting with individuals outside of their home country, suggesting that a substantial number of participants would have had difficulty responding to items framed in the international business context. One way to address this limitation in future research is to obtain a more internationally exposed sample. A second tactic could be to frame the items such that they are relevant to international business but also applicable to individuals with less exposure on a day to day basis. Reframing these items in this way would also allow the scale to be used for domestic organizations.
that anticipate global business interactions in the future but do not necessarily have the exposure yet.

Common method variance is another factor that could have influenced the results of the study (Spector, 2006). By nature, scale development relies heavily on survey methodology and therefore on Likert-style items. To address common method variance statistically, future research could fit the model with a first-order factor that accounts for data collected from the same source (i.e., the individual respondent). The predictor and criterion variables could be obtained from separate sources as well (Podsakoff et al., 1990). Future research should also verify construct and criterion-related validity through other methods such as longitudinal research to help establish causality and multi-trait multi-method studies.

Also important to note in this study is the single organizational source of grounded theory. The eight individuals from one organization served as the basis for the scale’s content, but without a more diverse sample for content validity, the study risks omitting certain factors relevant to the scale that could be more salient in a different type of organization. Future research should incorporate more qualitative data as well as the previously identified dimensions from the literature to round out the scale’s content validity.

Climate scale data is typically aggregated to the departmental or organizational level. As the SGCS is a diagnostic tool, aggregating the data by level (ex., C-level suite vs. mid- or lower level management) would illustrate the degree of disconnect or alignment regarding perceptions of work policies and
procedures as a function of organizational level. This also means that the scale items would have to be applicable to all employees regardless of the position within the company.

Links between the SGCS and different, objective criteria such as profit and sales should also be investigated. The SGCS and the literature would also benefit from a comparison across different variables to establish generalizability. Variables such as an organization’s size, age, industry, degree of globalization, and country of origin could influence the results of the scale. For example, a newer organization may have a stronger diversity climate than an older, more established organization, but less clear metrics. Degree of globalization could also be related to the strength of a SGC. If an organization wishes to expand globally, the company’s leaders need to adapt things that promote them (Bartlett & Ghoshal, 1991).

Climates can also mediate the relationship between certain antecedents and outcomes (e.g., Salanova, Agut, & Peiró, 2005), suggesting that future research could investigate the SGC’s role in a causal framework. As the scale is designed for global organizations, numerous research opportunities also present themselves in determining scale equivalence across cultures and languages (Schaffer & Riordan, 2003).

**Contributions**

The present study contributes to the literature by identifying organizational climate characteristics necessary for success in the global arena. Empirical
evidence exists describing global organizational cultures (Erez & Gati, 2004; Erez & Shokef, 2008; Erez, Shokef, & de Haan, 2007; Shokef & Erez, 2006), optimal expatriate selection (Caligiuri & Tarique, 2012; Shaffer et al., 2006), global leadership characteristics (Gupta & Govindarajan, 2002), and the importance of a geocentric organization (Perlmutter, 1969), yet this study is the first to investigate the climate variables conducive to global success and develop a diagnostic tool to evaluate them. Further, with the exception of the global organizational culture (ex., Erez & Shokef, 2008), no other literature summary or empirical theory development in the area of global organizational characteristics was encountered.

Climate dimensions like valuing diversity and flexible policies are becoming increasingly relevant in organizations overall; however, the dimensions of the SGCS distilled here are, by design, vital to effectiveness in the global arena. Simply put, organizations can survive without a SGC in a more local context, but it is much less likely that those in a global context will (Gundling, Hogan, & Cvitkovich, 2011).

First, as a diagnostic tool, the SGCS enables enhancement of global organizational effectiveness. Practitioners can use the scale’s dimensions as a guide to develop and implement training, coaching, and organizational change efforts, and use pre- and post- data to evaluate success. Second, simply administering a climate survey communicates organizational values to the employees and fosters alignment across the organization. In addition, a favorable SGC further aligns leadership strategies and organizational business strategies.
Organizations with favorable SGCs illustrate the personal competencies and effective processes needed for global success. Therefore, these organizations are also likely to develop a strong global leadership bench; a rare and highly valuable commodity in organizations today (Development Dimensions International & The Conference Board, 2014).

Lastly, by definition, a SGC fosters success in the global business environment. Mergers and acquisitions should be smoother due to the flexibility of policies and procedures; individuals should feel valued due to the importance of diversity and relationships; information and knowledge accessibility should allow fluid complex problem solving, and questionable international business ethics should be avoided altogether.

**Conclusion**

As the effects of globalization permeate organizations of all kinds, the answer to a single question is becoming increasingly urgent: What do organizations need to thrive in the global arena? Clearly, globalization’s complex nature cannot provide a simple answer. The literature lends insight into successful individual-level characteristics such as global leadership competencies (Mendenhall & Bird, 2013) and predictors of expatriate success (Black, Mendenhall, & Oddou, 1991). Another small body of research reflects characteristics of an optimal global organizational culture (Erez & Shokef, 2008). The current study addresses the same question from the unique angle of organizational climate.
Individual level perceptions of an organization’s policies and procedures are aggregated to reveal an organizational climate, thereby providing insight into a group’s shared perceptions of the organization they work in. Drawing from existing literature on the globalized workplace, the notion of a Strategic Global Climate was devised and then revised in tandem with the creation of the Strategic Global Climate Scale. The scale development process began with interviews and a grounded theory approach to determine the scope and content of the SGCS. From this phase, items were developed and sorting, followed by two separate pilot studies in for item reduction and to investigate preliminary factor structure. The final validation phase consisted of confirmatory factor analyses to determine the factor structure, as well as hypothesis testing for evidence of construct and criterion validity. The CFA permitted only tentative conclusions to be drawn for a seven factor model of the SGCS, while hypotheses regarding the evidence of construct and criterion validity were generally supported. The final dimensions comprising the SGCS consist of: Flexibility of Work Policies and Procedures, Endorsement of Diversity, Investment in Relationships, Information Availability, Use of Explicit Metrics, Ethical Standards, and Global Commitment of Top Leaders.

While favorable ratings on these dimensions would be important in any organization, the current research argues that an organization cannot thrive in the global arena without these. Therefore, when further evidence for the factor structure and validity of the SGCS is found, the SGCS can be used as an effective
diagnostic tool to determine an organization’s standing on certain factors critical to success. Future research can also validate the SGCS across diverse organizations and industries, levels of globalization, countries, and languages. As the seventh Secretary-General of the United Nations Kofi Annan said, “It has been said that arguing against globalization is like arguing against the laws of gravity.”
Developing an applied tool that is grounded in theory and sound empirical science moves us one step further towards accepting, understanding, and capitalizing on globalization’s inevitable influence on organizations.
References


doi:http://dx.doi.org/10.1108/00197851011013652


doi:10.1037/h0037511


doi:10.1080/10627260802520512


Psychology, 70(3), 423-433. doi: http://dx.doi.org/10.1037/0021-9010.70.3.423


customer perceptions of service quality: Tests of a causal model. *Journal of
Applied Psychology, 83*(2), 150-163. doi: [http://dx.doi.org/10.1037/0021-9010.83.2.150](http://dx.doi.org/10.1037/0021-9010.83.2.150)

questionnaire validity: A field experiment. *Educational and Psychological
Measurement, 40*(1), 175-182.

grouped versus randomized questionnaire format on scale reliability and
validity: A three-study investigation. *Educational and Psychological

Shaffer, M. A., Harrison, D. A., Gregersen, H., Black, J. S., & Ferzandi, L. A.
(2006). You can take it with you: individual differences and expatriate

multinational companies, their structures and strategies and their link with
international human resource management. *Journal of Business and
Management, 3*(5), 28-37.

typology of organizational culture of multinational organizations*. Working
Paper, Faculty of Industrial Engineering and Management, Technion,
Haifa, Israel.


doi:10.1177/0013164403258440


### Table 1

**Types and Characteristics of Organizations in the Global Environment**

<table>
<thead>
<tr>
<th>Organizational Characteristic</th>
<th>Multinational “interorganizational network”</th>
<th>“global”</th>
<th>Transnational</th>
<th>Born Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Configuration of assets and capabilities</td>
<td>Decentralized Nationally self-sufficient</td>
<td>Centralized Globally scaled</td>
<td>Some sources of core competencies centralized, others decentralized</td>
<td>Dispersed Interdependent Specialized</td>
</tr>
<tr>
<td>Role of overseas operations</td>
<td>Sensing / exploiting local opportunities</td>
<td>Implementing parent company strategies</td>
<td>Adapting and leveraging parent company strategies</td>
<td>Differentiated contributions by national units to integrated world-wide operations</td>
</tr>
<tr>
<td>Development and diffusion of knowledge</td>
<td>Developed and retained within each unit</td>
<td>Developed and retained at the center</td>
<td>Developed at the center, transferred to overseas units Medium fluidity</td>
<td>Knowledge developed jointly, shared worldwide</td>
</tr>
<tr>
<td>Flexibility to local needs</td>
<td>Low fluidity</td>
<td>Low</td>
<td>Medium</td>
<td>High fluidity</td>
</tr>
<tr>
<td>Efficiency</td>
<td>High</td>
<td>Low</td>
<td>Medium</td>
<td>Highest</td>
</tr>
<tr>
<td>Example Organization</td>
<td>McDonald’s</td>
<td>Motorola</td>
<td>Shell</td>
<td>HTC (smartphones)</td>
</tr>
</tbody>
</table>

*Note: Adapted from Bartlett and Ghoshal (1991)*
<table>
<thead>
<tr>
<th>Dimension</th>
<th>Subdimension</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collaboration</td>
<td>People Orientation</td>
<td>A value of interpersonal relationships and employee perspectives and contributions</td>
</tr>
<tr>
<td></td>
<td>Flexibility</td>
<td>Openness to new ideas and incorporating them into decision making processes</td>
</tr>
<tr>
<td>Communication</td>
<td>Knowledge Sharing</td>
<td>Integration of knowledge across organizational and geographical boundaries</td>
</tr>
<tr>
<td></td>
<td>Feedback</td>
<td>Information that an employee receives about his or her job performance</td>
</tr>
<tr>
<td>Commitment to Learning</td>
<td>Tolerance for Risk</td>
<td>Acceptance of the potential negative consequences inherent to operating in the global context</td>
</tr>
<tr>
<td></td>
<td>Taking</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Experiential Learning</td>
<td>Process of gleaning new information from experiences</td>
</tr>
</tbody>
</table>
Table 3

*Interview Demographics - Phase 1*

<table>
<thead>
<tr>
<th>Location</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Florida, USA</td>
<td>5</td>
</tr>
<tr>
<td>Singapore</td>
<td>1</td>
</tr>
<tr>
<td>UAE</td>
<td>1</td>
</tr>
<tr>
<td>Washington DC</td>
<td>1</td>
</tr>
</tbody>
</table>

| Supervisory Role  | 8         |

<table>
<thead>
<tr>
<th></th>
<th>Years at Org</th>
<th>Years in Position</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
<td>19.6875</td>
<td>2.375</td>
<td>6.6875</td>
</tr>
<tr>
<td>Minimum</td>
<td>9</td>
<td>0.5</td>
<td>1</td>
</tr>
<tr>
<td>Maximum</td>
<td>27</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Dimension and Definition</td>
<td>Sample Quote</td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Flexibility</strong></td>
<td>“The other problem we have is that the forward teams who are working in country are not necessarily empowered to produce and release data. So, they gather the request, they throw it over the pond, we work on it back here, give them an answer after it’s been reviewed and approved by management here, for release over there. So again, it’s a timeliness, it’s a responsiveness issue that causes consternation and delay. So the forward teams need to be empowered at least up to some dollar value or whatever to be able to generate and release data.”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The degree to which a global organization’s processes, polices, practices, and managers (leaders) support the complexity of international business.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Empowerment: extent to which employees have the resources and latitude needed to make decisions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work Policies &amp; Procedures: extent to which work policies and procedures support the uncertainty / complexity of international business</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>People Orientation</strong></td>
<td>“The organization has to pride diversity and not just in words, but they have to truly be able and willing to hire and promote and tap in to local talent and have local talent back home so that people of similar nationalities or cultural backgrounds see something of themselves in the mirror when they engage with the larger company”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The degree to which a global organization’s processes, polices, practices, and managers (leaders) demonstrate a value of individuals' unique characteristics and fostering trust.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Differentiation / diversity: extent to which diversity is prioritized and concerted efforts are made to know individuals’ unique backgrounds and abilities; accurate selection for expatriate assignments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relationships: extent to which processes and procedures allow for investment in interpersonal relationships both within and outside of the organization (ex. customers)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4

SGCS Category and Subdimension Definitions with Sample Quotes
| Knowledge Availability | “It’s part of the maturity of an organization to understand that there are rule of law limitations and that has to be part of your decision process. And a lot of times it’s not — if an organization is not staffed with individuals who are savvy in that area, then you’ve got a problem”  
| | “…certainly you can mentor some people who haven’t had as much experience with international [business] and get them up to speed, but you need to start with a position of strength, with someone who can mentor those folks who maybe haven’t done a whole lot of international [business] so …you can avoid some of the missteps that you might have without that experience” |
| Information Availability | “We had hired a consultant who was multi-lingual and had come up to speed on our product. Just as he was beginning to make traction — a decision was made by the next level of management to cut consultant costs and terminate this subcontract.”  
| | “… you’ve got to make sure that you resource it, commit to it, measure it, measure your strategy, [and] keep looking at market dynamics.” |
| Knowledge Sharing | “I think as you do business as a corporation …there should be values upon ethics around all the things that we follow with a US company that we do internationally, like ensuring that there is no bribery. And if there’s a local nuance where there is issues with ethics, you don’t get involved. You don’t do business.”  
| | “Particularly in the most recent years, they have said that becoming a global company is a goal. They communicate it |

| Global Alignment | Explicit Metrics – clarity of KPIs and goals for international business  
| | Ethical Standards – firmly maintaining integrity and ethical standards in business practices regardless of the situation  
| | Global Commitment — the extent to which being a global organization is visibly and explicitly communicated and plays a role in decision making as well as the investment in and support of global endeavors. |
very directly in the quarterly earnings call, in the strategic planning, so it’s top down messaging saying we are going to be a global company, we have goals for our global businesses to grow, and they are quantified and measured. There is a continual reminder that we are a global company and we are going to continue to become more of a global company. Without that top down focus, there’s not the support you need or provided that you need from the team back home.”
### Table 5

**Pilot A and B Demographics – Phase 3**

<table>
<thead>
<tr>
<th>Demographic</th>
<th>Frequency</th>
<th>Percent</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>173</td>
<td>56.2</td>
<td>95</td>
<td>58.3</td>
</tr>
<tr>
<td>Female</td>
<td>134</td>
<td>43.5</td>
<td>67</td>
<td>41.1</td>
</tr>
<tr>
<td>Transexual</td>
<td>1</td>
<td>.3</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Not-identifying</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0.6</td>
</tr>
<tr>
<td><strong>Age bracket</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18 - 25</td>
<td>35</td>
<td>11.4</td>
<td>24</td>
<td>14.7</td>
</tr>
<tr>
<td>26 - 32</td>
<td>109</td>
<td>35.4</td>
<td>50</td>
<td>30.7</td>
</tr>
<tr>
<td>33 - 39</td>
<td>75</td>
<td>24.4</td>
<td>46</td>
<td>28.2</td>
</tr>
<tr>
<td>40 - 49</td>
<td>53</td>
<td>17.2</td>
<td>24</td>
<td>14.7</td>
</tr>
<tr>
<td>50 - 64</td>
<td>32</td>
<td>10.4</td>
<td>17</td>
<td>10.4</td>
</tr>
<tr>
<td>65+</td>
<td>4</td>
<td>1.3</td>
<td>2</td>
<td>1.2</td>
</tr>
</tbody>
</table>

At work, how frequently do you interact with individuals who are living outside of the country you are currently living in?

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Hardly ever</td>
<td>23</td>
<td>7.5</td>
<td>11</td>
</tr>
<tr>
<td>2</td>
<td>25</td>
<td>8.1</td>
<td>13</td>
</tr>
<tr>
<td>3</td>
<td>47</td>
<td>15.3</td>
<td>16</td>
</tr>
<tr>
<td>4 About once a week</td>
<td>55</td>
<td>17.9</td>
<td>31</td>
</tr>
<tr>
<td>5</td>
<td>50</td>
<td>16.2</td>
<td>27</td>
</tr>
<tr>
<td>6</td>
<td>40</td>
<td>13.0</td>
<td>20</td>
</tr>
<tr>
<td>7 On a daily basis</td>
<td>68</td>
<td>22.1</td>
<td>45</td>
</tr>
</tbody>
</table>
Are you currently working in a country other than home country?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>9.1</th>
<th>35</th>
<th>21.5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No</td>
<td>90.9</td>
<td>128</td>
<td>78.5</td>
</tr>
</tbody>
</table>

To what extent is your workplace comprised of people with the same cultural background?

<table>
<thead>
<tr>
<th></th>
<th>1: Almost everyone I work with shares the same cultural background</th>
<th>2</th>
<th>3</th>
<th>4: About half of the people I work with share the same cultural background, half do not</th>
<th>5</th>
<th>6</th>
<th>7: Most of the people I work with do not share the same cultural background with anyone else</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>23</td>
<td>25</td>
<td>47</td>
<td>55</td>
<td>50</td>
<td>68</td>
</tr>
<tr>
<td></td>
<td>Almost everyone I work with shares the same cultural background</td>
<td>7.5</td>
<td>8.1</td>
<td>15.3</td>
<td>17.9</td>
<td>16.2</td>
<td>22.1</td>
</tr>
<tr>
<td></td>
<td>About half of the people I work with share the same cultural background, half do not</td>
<td>5</td>
<td>14</td>
<td>23</td>
<td>62</td>
<td>33</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Most of the people I work with do not share the same cultural background with anyone else</td>
<td>3.1</td>
<td>8.6</td>
<td>14.1</td>
<td>20.2</td>
<td>9.8</td>
<td>6.1</td>
</tr>
</tbody>
</table>

Organizational tenure

<table>
<thead>
<tr>
<th></th>
<th>less than 1 year</th>
<th>1 - 3 years</th>
<th>4 - 6 years</th>
<th>7 - 10 years</th>
<th>11 - 15 years</th>
<th>16 - 24 years</th>
<th>25+ years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8</td>
<td>97</td>
<td>84</td>
<td>64</td>
<td>33</td>
<td>15</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>2.6</td>
<td>31.5</td>
<td>27.3</td>
<td>20.8</td>
<td>10.7</td>
<td>4.9</td>
<td>2.3</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>58</td>
<td>53</td>
<td>30</td>
<td>13</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>1.8</td>
<td>35.6</td>
<td>32.5</td>
<td>18.4</td>
<td>8.0</td>
<td>2.5</td>
<td>1.2</td>
</tr>
</tbody>
</table>

Manager tenure

<table>
<thead>
<tr>
<th></th>
<th>less than 1 year</th>
<th>1 - 3 years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>33</td>
<td>150</td>
</tr>
<tr>
<td></td>
<td>10.7</td>
<td>48.7</td>
</tr>
<tr>
<td></td>
<td>19</td>
<td>93</td>
</tr>
<tr>
<td></td>
<td>11.7</td>
<td>57.1</td>
</tr>
<tr>
<td>Age Group</td>
<td>Pilot A</td>
<td>Pilot B</td>
</tr>
<tr>
<td>------------</td>
<td>---------</td>
<td>---------</td>
</tr>
<tr>
<td>4 - 6 years</td>
<td>78</td>
<td>25.3</td>
</tr>
<tr>
<td>7 - 10 years</td>
<td>34</td>
<td>11.0</td>
</tr>
<tr>
<td>11 - 15 years</td>
<td>9</td>
<td>2.9</td>
</tr>
<tr>
<td>25+ years</td>
<td>4</td>
<td>1.3</td>
</tr>
</tbody>
</table>

Note: Pilot A \( n = 308 \); Pilot B \( n = 163 \)
Table 6

*Pilot B Principle Components Analysis Results*

<table>
<thead>
<tr>
<th>Item</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Flexibility: Work Policies &amp; Procedures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>( \alpha = .85 )</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Procedures are easy to adjust if an international situation calls</td>
<td>.58</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>for it.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The policies that exist are flexible enough for international</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>work.</td>
<td>.78</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>When necessary, procedures are revised for international</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>work.</td>
<td>.76</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My company adjusts policies and procedures as needed for</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>international work.</td>
<td>.75</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Flexibility: Empowerment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>( \alpha = .88 )</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My manager allows me to make the necessary decisions if</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>time does not allow me to go through the predefined channels.</td>
<td>.84</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My manager gives me some flexibility when I'm working on</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>an international project.</td>
<td>.81</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Within reason, I have the liberty to make decisions as I see fit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>in international work.</td>
<td>.86</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>People in my business unit have enough independence.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My company provides me with the flexibility I need to</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>achieve my goals.</td>
<td>.77</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>People Orientation: Diversity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>( \alpha = .88 )</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>It is evident from my business unit's composition that diversity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-81</td>
</tr>
<tr>
<td>is valued.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At my organization, people of diverse backgrounds find it</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-81</td>
</tr>
<tr>
<td>easy to fit in and contribute fully.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diversity is important to top leadership.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-86</td>
</tr>
</tbody>
</table>
Employees at my organization have a high level of cultural sensitivity.  

### People Orientation: Relationships  
\( \alpha = 0.86 \)
- At my organization we believe that building relationships is critical to our success.  
- Overall, people in my business unit have good working relationships.  
- When we do well internationally, a lot of it has to do with the importance placed on relationships.  
- At my organization, we do a good job of building relationships with external stakeholders.

### Knowledge Availability: Information Availability  
\( \alpha = 0.91 \)
- If I have a question about a specific country, the organization's resources make it easy to answer.  
- My manager encourages us to learn about how business is conducted in other countries.  
- My organization facilitates access to tools (ex. language classes, cross-cultural training) to help employees improve their international business acumen.  
- International work is facilitated because good information is readily available.  
- Resources for international work are readily accessible (ex. language learning, import/export policies by country).

### Knowledge Availability: Knowledge Sharing  
\( \alpha = 0.87 \)
- There are procedures in place that encourage us to learn from others.  
- We are encouraged to look for answers within the organization to any internationally relevant questions.  
- My company leverages past expatriate / repatriate experiences for future endeavors.
Those with international experience are encouraged to share their knowledge with others.

Global Alignment: Explicit Metrics
\( \alpha = .89 \)

- Employees in my business unit are held accountable to achieve the metrics that are set.
- In international work, our metrics and key performance indicators are clear.
- Key performance indicators for international business are measured and tracked.
- My manager gives us clear goals to reach.

Global Alignment: Global Commitment
\( \alpha = .87 \)

- My company is committed to operating internationally.
- My business unit generally has faith that even if things aren't great initially, international business ventures will pay off.
- Top leadership makes international work a priority.
- Top leadership at my company explicitly supports international business.

Ethical Standards
\( \alpha = .84 \)

- Bending ethics based on cultural differences is not tolerated.
- I would feel comfortable reporting an ethics issue / violation if I felt the need.
- If someone conducted business that was not above board ethically, the business unit would suffer significant consequences.
- Top leadership communicates the importance of maintaining certain ethical standards in international business.

Note. \( n = 163 \)
Table 7
*Strategic Global Climate Scale Dimensions – Result of Phase 3*

<table>
<thead>
<tr>
<th>Dimension and Definition</th>
<th>Subdimension</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flexibility</td>
<td>Work Policies and</td>
<td>The extent to which work policies and procedures support the uncertainty / complexity of international business</td>
</tr>
<tr>
<td></td>
<td>Procedures</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Empowerment</td>
<td>The extent to which employees have the resources and latitude needed to make decisions</td>
</tr>
<tr>
<td>People Orientation</td>
<td>Diversity</td>
<td>The extent to which diversity is prioritized within the organization</td>
</tr>
<tr>
<td></td>
<td>Relationships</td>
<td>The extent to which processes and procedures allow for investment in interpersonal relationships both within and outside of the organization (ex. customers)</td>
</tr>
<tr>
<td>Knowledge Availability</td>
<td>Information</td>
<td>The ease with which information relevant to international business is obtainable and easily accessed across boundaries (ex. departments, locations)</td>
</tr>
<tr>
<td></td>
<td>Availability</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Knowledge Sharing</td>
<td>The extent to which people are encouraged to contribute their experiences and knowledge, effectiveness / promotion of role models (ex. mentors)</td>
</tr>
<tr>
<td>Global Alignment</td>
<td>Explicit Metrics</td>
<td>Clarity of Key Performance Indicators and goals for international business</td>
</tr>
<tr>
<td></td>
<td>Global Commitment</td>
<td>The extent to which being a global organization is visibly and explicitly communicated and plays a role in decision making as well as the investment in and support of global endeavors. Firmly maintaining integrity and ethical standards in business practices regardless of the situation</td>
</tr>
<tr>
<td>Ethical Standards</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 8

Demographics – Phase 4

<table>
<thead>
<tr>
<th>Demographic</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>28</td>
<td>29.8</td>
</tr>
<tr>
<td>Female</td>
<td>64</td>
<td>68.1</td>
</tr>
<tr>
<td>Not-identifying</td>
<td>1</td>
<td>1.1</td>
</tr>
<tr>
<td>Age bracket</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18 – 25</td>
<td>2</td>
<td>2.1</td>
</tr>
<tr>
<td>26 – 32</td>
<td>19</td>
<td>20.2</td>
</tr>
<tr>
<td>33 – 39</td>
<td>26</td>
<td>27.7</td>
</tr>
<tr>
<td>40 – 49</td>
<td>22</td>
<td>23.4</td>
</tr>
<tr>
<td>50 – 64</td>
<td>23</td>
<td>24.5</td>
</tr>
<tr>
<td>Total</td>
<td>92</td>
<td>97.9</td>
</tr>
</tbody>
</table>

At work, how frequently do you interact with individuals who are living outside of the country you are currently living in?

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>37.2</td>
</tr>
<tr>
<td>2</td>
<td>19.1</td>
</tr>
<tr>
<td>3</td>
<td>12.8</td>
</tr>
<tr>
<td>4</td>
<td>11.7</td>
</tr>
<tr>
<td>5</td>
<td>4.3</td>
</tr>
<tr>
<td>6</td>
<td>4.3</td>
</tr>
<tr>
<td>7</td>
<td>10.6</td>
</tr>
</tbody>
</table>

Are you currently working in a country other than your home country?

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>2.1</td>
</tr>
<tr>
<td>No</td>
<td>96.8</td>
</tr>
</tbody>
</table>

What is your department / operating unit?

<table>
<thead>
<tr>
<th>Department / Operating Unit</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Specified</td>
<td>13</td>
<td>13.9</td>
</tr>
<tr>
<td>Avionics</td>
<td>1</td>
<td>1.1</td>
</tr>
<tr>
<td>CHQ</td>
<td>8</td>
<td>8.5</td>
</tr>
<tr>
<td>Critical Networks</td>
<td>7</td>
<td>7.4</td>
</tr>
<tr>
<td>Communication Systems</td>
<td>2</td>
<td>2.1</td>
</tr>
<tr>
<td>CS computer science</td>
<td>5</td>
<td>5.3</td>
</tr>
<tr>
<td>Electronic Systems</td>
<td>4</td>
<td>4.3</td>
</tr>
<tr>
<td>EW</td>
<td>1</td>
<td>1.1</td>
</tr>
<tr>
<td>Global Benefits</td>
<td>1</td>
<td>1.1</td>
</tr>
<tr>
<td>Global Total Rewards</td>
<td>2</td>
<td>2.1</td>
</tr>
<tr>
<td>Harris</td>
<td>3</td>
<td>3.2</td>
</tr>
<tr>
<td>HR L&amp;D TD</td>
<td>34</td>
<td>36.2</td>
</tr>
<tr>
<td>Job function</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>------------------------------------</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Legal</td>
<td>2</td>
<td>2.1</td>
</tr>
<tr>
<td>HCC</td>
<td>1</td>
<td>1.1</td>
</tr>
<tr>
<td>Space and Info Systems</td>
<td>10</td>
<td>10.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>92</td>
<td>97.9</td>
</tr>
</tbody>
</table>

**To what extent is your workplace comprised of people with the same cultural background?**

1: Almost everyone I work with shares the same cultural background  
13  13.8

2  20  21.3
3  22  23.4

4: About half of the people I work with share the same cultural background, half do not  
27  28.7

5  5  5.3
6  5  5.3

7: Most of the people I work with do not share the same cultural background with anyone else  
2  2.1

**Organizational tenure**

<table>
<thead>
<tr>
<th>Tenure</th>
<th>1</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than 1 year</td>
<td>23</td>
<td>24.5</td>
</tr>
<tr>
<td>1 - 3 years</td>
<td>26</td>
<td>27.7</td>
</tr>
<tr>
<td>4 - 6 years</td>
<td>16</td>
<td>17.0</td>
</tr>
<tr>
<td>7 - 10 years</td>
<td>12</td>
<td>12.8</td>
</tr>
<tr>
<td>11 - 15 years</td>
<td>6</td>
<td>6.4</td>
</tr>
<tr>
<td>16 - 24 years</td>
<td>3</td>
<td>3.2</td>
</tr>
<tr>
<td>25+ years</td>
<td>6</td>
<td>6.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>92</td>
<td>97.9</td>
</tr>
</tbody>
</table>

**Manager tenure**

<table>
<thead>
<tr>
<th>Tenure</th>
<th>1</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than 1 year</td>
<td>44</td>
<td>46.8</td>
</tr>
<tr>
<td>1 - 3 years</td>
<td>35</td>
<td>37.2</td>
</tr>
<tr>
<td>4 - 6 years</td>
<td>8</td>
<td>8.5</td>
</tr>
<tr>
<td>7 - 10 years</td>
<td>2</td>
<td>2.1</td>
</tr>
<tr>
<td>11 - 15 years</td>
<td>1</td>
<td>1.1</td>
</tr>
<tr>
<td>25+ years</td>
<td>90</td>
<td>95.7</td>
</tr>
</tbody>
</table>
Table 9

*Principle Components Analysis for Phase 4*

<table>
<thead>
<tr>
<th>Component</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Flexibility of Work Policies and Procedures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The extent to which work policies and procedures support the uncertainty / complexity of international business</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flex_1 Procedures are easy to adjust if an international situation calls for it</td>
<td>.84</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flex_2 The policies that exist are flexible enough for international work.</td>
<td>.84</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flex_3 When necessary, procedures are revised for international work.</td>
<td></td>
<td>.87</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flex_4 My company adjusts policies and procedures as needed for international work</td>
<td></td>
<td></td>
<td>.89</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Endorsement of Diverse Perspectives</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The extent to which diversity is prioritized within the organization</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Div_1 Employees at my organization have a high level of cultural sensitivity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.77</td>
<td></td>
</tr>
<tr>
<td>Div_2 It is evident from my business unit's composition that diversity is valued</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.82</td>
</tr>
<tr>
<td>Div_3 At my organization, people of diverse backgrounds find it easy to fit in and contribute fully</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.81</td>
</tr>
<tr>
<td>Div_4 Diversity is important to top leadership.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.81</td>
</tr>
<tr>
<td><strong>Investment in Relationships</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The extent to which processes and procedures allow for investment in interpersonal relationships both within and outside of the organization (ex. customers)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
At my organization we believe that building relationships is critical to our success in international work.  
When we do well internationally, a lot of it has to do with the importance placed on relationships.  
At my organization, we do a good job of building relationships with external stakeholders.

<table>
<thead>
<tr>
<th>Information Availability</th>
</tr>
</thead>
<tbody>
<tr>
<td>The ease with which information relevant to international business is obtainable and easily accessed across boundaries (ex. departments, locations)</td>
</tr>
<tr>
<td>Inf_1 If I have a question about a specific country, the organization's resources make it easy to answer.</td>
</tr>
<tr>
<td>Inf_2 International work is facilitated because good information is readily available.</td>
</tr>
<tr>
<td>Inf_3 Resources for international work are readily accessible (ex. language learning, import/export policies by country).</td>
</tr>
<tr>
<td>Inf_4 My organization facilitates access to tools (ex. language classes, cross</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Use of Global Metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clarity of Key Performance Indicators and goals for international business</td>
</tr>
<tr>
<td>Met_1 Employees in my business unit are held accountable to achieve the metrics that are set for international business.</td>
</tr>
<tr>
<td>Met_2 In international work, our metrics and key performance indicators are clear.</td>
</tr>
<tr>
<td>Met_3 Key performance indicators for international business are measured and tracked.</td>
</tr>
<tr>
<td>Ethical Standards</td>
</tr>
<tr>
<td>-------------------</td>
</tr>
<tr>
<td>Eth_1</td>
</tr>
<tr>
<td>Eth_2</td>
</tr>
<tr>
<td>Eth_3</td>
</tr>
<tr>
<td>Eth_4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Global Commitment of Top Leaders</th>
<th>The extent to which being a global organization is visibly and explicitly communicated and plays a role in decision making as well as the investment in and support of global endeavors.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comm_1</td>
<td>Top leadership makes international work a priority.</td>
</tr>
<tr>
<td>Comm_2</td>
<td>My business unit generally has faith that even if things aren't great initially, international business ventures will pay off.</td>
</tr>
<tr>
<td>Comm_3</td>
<td>My company is committed to operating internationally.</td>
</tr>
<tr>
<td>Comm_4</td>
<td>Top leadership at my company explicitly supports international business.</td>
</tr>
</tbody>
</table>
Table 10

**Confirmatory Factor Analysis Fit Statistics**

<table>
<thead>
<tr>
<th>Model</th>
<th>$\chi^2$</th>
<th>df</th>
<th>$\chi^2$/df</th>
<th>RMSEA</th>
<th>CFI</th>
<th>NFI</th>
<th>RFI</th>
<th>IFI</th>
<th>TLI</th>
<th>PNFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Factor</td>
<td>20.39</td>
<td>14</td>
<td>1.46</td>
<td>0.07</td>
<td>0.93</td>
<td>0.84</td>
<td>0.67</td>
<td>0.94</td>
<td>0.87</td>
<td>0.42</td>
</tr>
<tr>
<td>4 Factor</td>
<td>826.35</td>
<td>318</td>
<td>2.6</td>
<td>0.13</td>
<td>0.5</td>
<td>0.55</td>
<td>0.46</td>
<td>0.66</td>
<td>0.58</td>
<td>0.46</td>
</tr>
<tr>
<td>9 Factor</td>
<td>1132.27</td>
<td>629</td>
<td>1.8</td>
<td>0.09</td>
<td>0.77</td>
<td>0.62</td>
<td>0.55</td>
<td>0.78</td>
<td>0.73</td>
<td>0.52</td>
</tr>
<tr>
<td>7 Factor</td>
<td>447.08</td>
<td>303</td>
<td>1.47</td>
<td>0.07</td>
<td>0.90</td>
<td>0.76</td>
<td>0.69</td>
<td>0.91</td>
<td>0.88</td>
<td>0.61</td>
</tr>
</tbody>
</table>

*Note. RMSEA = root mean square error of approximation; CFI = comparative fit index; NFI = normed fit index; RFI = relative fit index; IFI = incremental fit index; TLI = Tucker-Lewis Index; PNFI = parsimony normed fit index.*
Table 11

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>SD</th>
<th>n</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Flexibility of Work Policies and Procedures</td>
<td>5.05</td>
<td>1.16</td>
<td>90</td>
<td>0.90</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Endorsement of Diverse Perspectives</td>
<td>5.45</td>
<td>1.10</td>
<td>93</td>
<td>0.83</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Investment of Relationships</td>
<td>5.76</td>
<td>0.88</td>
<td>85</td>
<td>0.77</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Information Availability</td>
<td>3.86</td>
<td>1.33</td>
<td>81</td>
<td>0.9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Use of Global Metrics</td>
<td>4.74</td>
<td>1.13</td>
<td>66</td>
<td>0.89</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Ethical Standards</td>
<td>6.41</td>
<td>0.75</td>
<td>93</td>
<td>0.87</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Global Commitment of Top Leaders</td>
<td>5.47</td>
<td>1.03</td>
<td>86</td>
<td>0.89</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Engagement</td>
<td>5.77</td>
<td>0.86</td>
<td>94</td>
<td>0.91</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Customer Loyalty</td>
<td>4.98</td>
<td>0.99</td>
<td>64</td>
<td>0.97</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Overall SGCS</td>
<td>5.27</td>
<td>0.69</td>
<td>53</td>
<td>0.92</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Sample size varied from 53 to 94 depending on missing data. Bolded values are Cronbach’s alpha statistics. 
*: p < 0.05; **: p < 0.01
### Table 12

**Convergent Validity – Hypotheses 1 – 7**

<table>
<thead>
<tr>
<th></th>
<th>Innovation and Flexibility ($\alpha = 0.85$)</th>
<th>Diversity Climate ($\alpha = 0.81$)</th>
<th>Social Support ($\alpha = 0.88$)</th>
<th>Knowledge Sharing ($\alpha = 0.90$)</th>
<th>Clarity of Organizational Goals ($\alpha = 0.93$)</th>
<th>Ethical Climate ($\alpha = 0.80$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$n$</td>
<td>92</td>
<td>93</td>
<td>93</td>
<td>91</td>
<td>94</td>
<td>84</td>
</tr>
<tr>
<td>$M$</td>
<td>4.83</td>
<td>5.60</td>
<td>5.99</td>
<td>4.12</td>
<td>4.61</td>
<td>5.38</td>
</tr>
<tr>
<td>$SD$</td>
<td>1.13</td>
<td>0.93</td>
<td>0.86</td>
<td>1.32</td>
<td>1.34</td>
<td>0.63</td>
</tr>
</tbody>
</table>

- **Flexibility of Work Policies and Procedures**: $0.24^*$ $0.32^{**}$ $0.20$ $0.31^{**}$ $0.27^{**}$ $0.02$
- **Endorsement of Diverse Perspectives**: $0.50^{**}$ $0.72^{**}$ $0.36^{**}$ $0.43^{**}$ $0.39^{**}$ $0.23^*$
- **Investment of Relationships**: $0.22^*$ $0.40^{**}$ $0.55^{**}$ $0.13$ $0.24^*$ $0.12$
- **Information Availability**: $0.32^{**}$ $0.26^*$ $0.39^{**}$ $0.27^*$ $0.43^{**}$ $0.13$
- **Use of Global Metrics**: $0.34^{**}$ $0.22$ $0.29^*$ $0.12$ $0.37^{**}$ $0.19$
- **Ethical Standards**: $0.25^*$ $0.31^*$ $0.24^*$ $0.11$ $0.19$ $0.31^{**}$
- **Global Commitment of Top Leaders**: $0.30^{**}$ $0.30^*$ $0.33^{**}$ $0.30^{**}$ $0.30^{**}$ $0.26^*$

*Note:* Sample size varied from 61 to 94 depending on missing data. Bolded values are predicted correlations.

*: $p < 0.05$, **: $p < 0.01$
Figures

Figure 1. 9 factor model
Figure 2. 7 factor model
Figure 3.1 factor model
Figure 4. 4 factor model
Appendix: Structured Interview Questions

My name is Leah Wolfeld and I work for Florida Tech’s Institute for Cross Cultural Management and I’m a doctoral student. We are working on a project to develop an instrument that will assess an organization’s climate for global business. The instrument will provide an indication of readiness for global business, as well as provide an organization with benchmarking data and targeted information about areas that need enhancement to facilitate global success and reduce the likelihood of global derailers. Today I would like to ask you a few questions about your global and international work related experiences here at [organization].

Any information you provide will be totally confidential. Nothing you say will be directly shared with [the organization]. We will just use this information to ensure our instrument addresses all the critical factors.

Would it be alright if I recorded our conversation? This is best, so I can actually engage in the conversation / be “present”.

I’ll be taking notes on what you tell me but again this information will never be shared with anyone at [organization].

Just to give you an idea of the process, I will first ask you a few general background questions followed by more specific questions about your international work. Before we get started, do you have any questions for me?
Where are you located? What is your job title? (Do you supervise? Job function?). What do you do?

On a scale from 1 to 10, ten being interacting with individuals outside of your country on a daily basis, how “global" would you say your job is?

How long have you been with the organization? In this position?

Tell me about a recent experience you had dealing globally at work. What went well? What, if anything, did not go so well?

Important info and, if necessary, for clarification purposes / follow up questions:

What did you do?

How did this fit into the context of your work?

What was the outcome / consequence?

Why did it go well/not well?

What would you make sure was done differently if a similar situation were to arise?

How did people within [the organization] react?

How did those people outside of [the organization] react?

Tell me about a time when a coworker was very effective in international work.

What did this person do? Why was it effective?
What was the outcome?

What did [the organization], the company, do that was particularly supportive?

Tell me about a time when a coworker was very ineffective in international work.

What did this person do?

Why was it effective?

What was the outcome?

What did the company do that was particularly unsupportive?

Maybe ask the above 2 questions again but with a broader reference than coworker and say “someone at [the organization]”

Do you have any similar stories that involved someone other than a coworker at [the organization] (effective, ineffective in international work)? If so, please elaborate (see above for specific questions)

What does [the organization] do that greatly facilitates international work?

What does [the organization] do that greatly hinders international work?

If you were to hire someone to work in an international job, what would you look for? What would you want to avoid?
What specific organizational processes are important for international work? In other words, if you were to start an international company, what kinds of processes would you make sure were in place?

What operating values are needed for your new international organization?

What would you make sure to avoid?

What can [the organization] do to support you in your international work?

What areas do employees at [the organization] need to improve/do better to be more effective in international work?

What does your work group or division need to do better to support international work?

What do other divisions need to do better to support international work?

That wraps up all the questions I have for you. Do you have anything else that you want to share that you think could be relevant?

Thank you so much for your time. If you are interested, I can provide you with a short summary of the study’s results when they are ready.