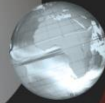


GLOBAL
EDITION



Management

THIRTEENTH EDITION

Stephen P. Robbins • Mary Coulter

MANAGING IN A GLOBAL ENVIRONMENT

4

LEARNING OBJECTIVES

1. **Contrast** ethnocentric, polycentric, and geocentric attitudes toward global business.
 - **Develop your skill** at collaborating in cross-cultural settings.
2. **Discuss** the importance of regional trading alliances and global trade mechanisms.
3. **Describe** the structures and techniques organizations use as they go international.
4. **Explain** the relevance of the political/legal, economic, and cultural environments to global business.
 - **Know how to** culturally aware.



WHAT'S YOUR GLOBAL PERSPECTIVE?

- **Parochialism** – viewing the world solely through your own perspectives, leading to an inability to recognize differences between people.
- **Ethnocentric Attitude** – the parochialistic belief that the best work approaches and practices are those of the home country.



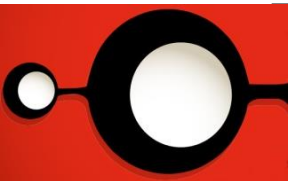
OTHER GLOBAL PERSPECTIVES

- **Polycentric attitude** – the view that the managers in the host country know the best work approaches and practices for running their business.
- **Geocentric Attitude** – a world-oriented view that focuses on using the best approaches and people from around the globe.



FYI!

- ▶ Ranked #1 on a list of three skills every 21st century manager needs is **GLOBAL MIND SET!**
- ▶ 58 percent of high-performing companies have some types of global leadership program in place.



GLOBAL TRADE

Regional Trading Alliances

EU

NAFTA

ASEAN

Etc.

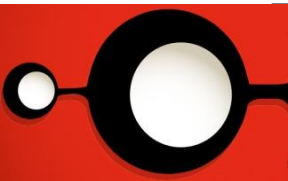
Global Trade Mechanisms

WTO

IMF

World Bank

Etc.



UNDERSTANDING THE GLOBAL ENVIRONMENT – TRADING ALLIANCES

- **European Union (EU)** – a union of 28 democratic European nations created as a unified economic and trade entity with the **Euro** as a single common currency.

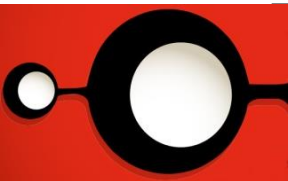


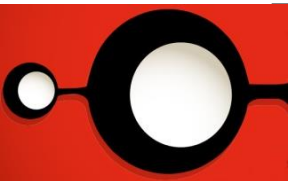
EXHIBIT 4-1

EUROPEAN UNION MAP



TRADING ALLIANCES (CONT.)

- **North American Free Trade Agreement (NAFTA)** – an agreement among the Mexican, Canadian, and U.S. governments in which certain barriers to trade have been eliminated.



TRADING ALLOWANCES (CONT.)

- **Association of Southeast Asian Nations (ASEAN)** – a trading alliance of 10 Southeast Asian nations.



EXHIBIT 4-2 ASEAN MAP



GLOBAL TRADE MECHANISMS

- **World Trade Organization (WTO)** – a global organization of 153 countries that deals with the rules of trade among nations.
- **International Monetary Fund (IMF)** – an organization of 185 countries that promotes international monetary cooperation and provides advice, loans, and technical assistance.



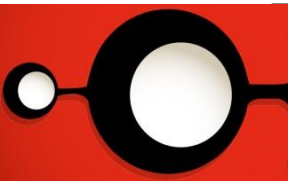
GLOBAL TRADE MECHANISMS (CONT.)

- **World Bank Group** – a group of five closely associated institutions that provides financial and technical assistance to developing countries.
- **Organization for Economic Cooperation and Development (OECD)** – an international economic organization that helps its 30 member countries achieve sustainable economic growth and employment.



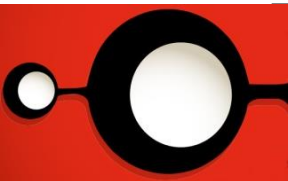
TYPES OF INTERNATIONAL ORGANIZATIONS

- **Multinational Corporation (MNC)** – a broad term that refers to any and all types of international companies that maintain operations in multiple countries.
- **Multidomestic Corporation** – an MNC that decentralizes management and other decisions to the local country.



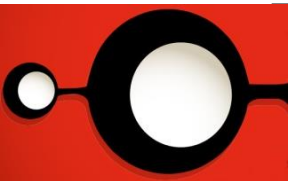
TYPES OF INTERNATIONAL ORGANIZATIONS (CONT.)

- **Global Company** – an MNC that centralizes management and other decisions in the home country.
- **Transnational or Borderless Organization** – an MNC in which artificial geographical barriers are eliminated.



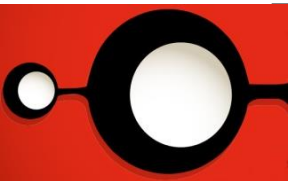
HOW ORGANIZATIONS GO GLOBAL

- **Global Sourcing** – purchasing materials or labor from around the world wherever it is cheapest.
- **Exporting** – making products domestically and selling them abroad.



GOING GLOBAL (CONT.)

- **Importing** – acquiring products made abroad and selling them domestically.
- **Licensing** – an organization gives another organization the right to make or sell its products using its technology or product specifications.
- **Franchising** – an organization gives another organization the right to use its name and operating methods.



GOING GLOBAL (CONT.)

- **Strategic Alliance** – a partnership between an organization and one or more foreign company partner(s) in which both share resources and knowledge in developing new products or building production facilities.
- **Joint Venture** – a specific type of strategic alliance in which the partners agree to form a separate, independent organization for some business purpose.



GOING GLOBAL (CONT.)

- **Foreign Subsidiary** – directly investing in a foreign country by setting up a separate and independent production facility or office.



EXHIBIT 4-3

HOW ORGANIZATIONS GO GLOBAL



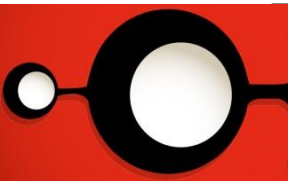
THE POLITICAL/LEGAL ENVIRONMENT

- Managers must stay informed of the specific laws in countries where they do business
- Some countries have risky political climates



THE ECONOMIC ENVIRONMENT

- **Free Market Economy** – an economic system in which resources are primarily owned and controlled by the private sector.
- **Planned Economy** – an economic system in which economic decisions are planned by a central government.
- **Currency exchange rates, inflation rates, and diverse tax policies**



THE CULTURAL ENVIRONMENT

- **National Culture** – the values and attitudes shared by individuals from a specific country that shape their behavior and beliefs about what is important.
- **Hofstede's framework for assessing cultures** – one of the most widely referenced approaches to helping managers better understand differences between national cultures.

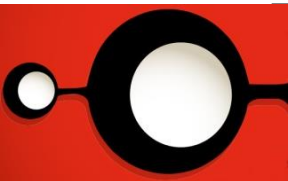
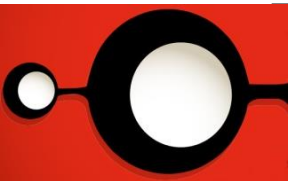


EXHIBIT 4-5

HOFSTEDE'S FIVE DIMENSIONS OF NATIONAL CULTURE

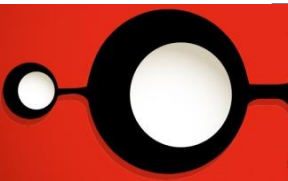


GLOBE

- **Global Leadership and Organizational Behavior Effectiveness (GLOBE)** program – a research program that studies cross-cultural leadership behaviors.

Contains of nine factors:

- Power distance
- Uncertainty avoidance
- Assertiveness
- Humane orientation
- Future orientation
- Institutional collectivism
- Gender differentiation
- In-group collectivism
- Performance orientation



GLOBAL MANAGEMENT IN TODAY'S WORLD

- The Challenge of Openness
 - Economic interdependence of trading countries
 - Intense underlying and fundamental cultural differences—differences that encompass traditions, history, religious beliefs, and deep-seated values.



CHALLENGES OF MANAGING A GLOBAL WORKFORCE

- **Cultural Intelligence** – cultural awareness and sensitivity skills.
- **Global Mind-Set** – attributes that allow a leader to be effective in cross-cultural environments.



EXHIBIT 4-6

A GLOBAL MIND-SET

Intellectual capital:

Knowledge of international business and the capacity to understand how business works on a global scale



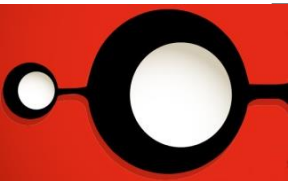
Psychological capital:

Openness to new ideas and experiences



Social capital:

Ability to form connections and build trusting relationships with people who are different from you



SO, WHAT YOU CAN DO?

