CHAPTER 4. GLOBAL MANAGEMENT: Managing across Borders.

The focus of this chapter is to introduce the process of globalization (p. 104 – pay attention to the phrase “interdependent system”) and then to apply it to the field of management. The phenomenon of globalization is widely discussed, has many proponents, opponents, and is going to be even more studied as the 21st century progresses. As an inevitable process that has a huge impact on every sphere of our life, including culture, politics, environment, labor issues, it definitely plays an important part in the job of a modern manager.

The textbook’s description of globalization is quite limited. I also want to mention that there is a variety of opinions and sources on the Web that provide alternative views on globalization’s origins, its current and future impact on our civilization. Some of the better sources include The Globalization Website sponsored by Emory University, IMF’s Globalization Homepage, and the Global Policy Forum’s Globalization Website.

Please find additional perspectives on both pro-globalization and anti-globalization at the PBS website.

Now, since we have a better understanding of globalization, we are ready to discuss international management illustrated at either multinational corporations (MNC) or multinational organizations (see p. 109). Being an international manager does not necessarily mean working outside of the United States (by the way, those who live and work in a foreign country are called expatriates defined on page 130). Almost 5.5 million Americans are employed by foreign companies in the USA (the phenomenon of insourcing, the opposite of outsourcing), including 620,000 jobs in California alone, or 24% of all manufacturing and 5% of all private jobs in the state. Some companies owned by foreign MNCs include Motel 6, Toyota, Nestle, Nokia, Burger King, T-Mobile, Gerber, Philips, etc. Many American firms deal with foreign suppliers, employ foreign citizens, and sell their products to foreign consumers.

Our textbook distinguishes among three types of international managers (p. 111): ethnocentric, polycentric, and geocentric. It concludes that most successful international managers use the geocentric approach. You might find it interesting to take a self-assessment on pp. 134-135 to see if you are suited to become a global manger.

Your textbook discusses 5 major methods to expand into an international market (pp. 113-116).

Various barriers to international trade also would fall under the political-legal environment. These barriers include tariffs, import quotas, embargoes (see pp. 117-118), and antidumping laws.

While most governments restrict international trade (even if they claim to be pro-globalization), certain international organizations promote it. These include WTO, the World Bank, and IMF. As they are briefly described in the text, it will be worth your while to check out the organizations’ websites that I linked above.

Besides world-wide organizations, there are over 150 regional trading blocks that usually strive to integrate economies of neighboring countries in a certain geographic area. Your textbook mentions NAFTA, European Union (check out the link to Europa – it’s so cool, fun and comprehensive!), ASEAN (Southeast Asia), and Mercosur (South America, including Argentina, Brazil, Paraguay, and Uruguay).
The importance of **culture**, defined on p. 122, includes such elements as language, nonverbal communication, religion, social classes, educational systems, family systems/values, etc. The knowledge of these elements is crucial to an international manager as it can either make or break your company’s ability to successfully operate abroad, work with foreign suppliers, or market foreign consumers. Our discussion in this chapter focuses on Hofstede’s cultural dimensions described on page 123.