

Chapter 4 – International Management
Kreitner/Eliason Foundations of Management

I. Global Organizations for a Global Economy

International Management – Pursuing organizational objectives in international and cross-cultural settings.

A. **The Internationalization Process** – From lowest level of commitment (Stage 1: Licensing) to highest level of commitment (Stage 6: Direct Foreign Investments)

1. **Licensing**
2. **Exporting**
3. **Local Warehousing and Selling**
4. **Local Assembly and Packaging**
5. **Joint Ventures**
6. **Direct Foreign Investments**

B. **From Global Companies to Transnational Companies**

1. **Global Company**- A multinational venture centrally managed from a specific country.
2. **Transnational Company** – A futuristic model of a global, decentralized network with no distinct national identity.

II. Toward Greater Global Awareness and Cross-Cultural Competence

A. **Travelers Versus Settlers** – travelers are foreign visitors that stay for days or weeks, settlers take foreign assignments lasting from two to five years or more

B. **Ethnocentric Versus Geocentric Attitudes**

1. **Ethnocentric Attitude** – A view that assumes the home country's personnel and ways of doing things are the best.
2. **Geocentric Attitude** – A world oriented view that draws upon the best talent from around the globe.

C. **The Cultural Imperative**

1. **Culture** – A population's taken for granted assumptions, values, beliefs, and symbols, which foster patterned behavior.
2. **High Context Cultures** – Cultures in which nonverbal and situational messages convey primary meaning.
3. **Low Context Cultures** – Cultures in which words convey primary meaning.
4. **Individualistic Cultures** - Cultures that emphasize individual rights, roles, and achievements.
5. **Collectivist Cultures** – Cultures that emphasize duty and loyalty to collective goals and achievements.
6. **Monochronic Time** – A perception of time as a straight line broken into standard units.

7. **Polychronic Time** – A perception of time as flexible, elastic, and multi-dimensional.

III. Comparative Management Insights

Comparative Management – The study of how organizational behavior and management practices differ across cultures.

A. Made-in-America Management Theories Require Cultural Translation

1. **Geert Hofstede** - his 1970's studies involving 116,000 IBM employees in 40 different countries recommended that American management theories should be adapted to local cultures rather than imposed on them.
 - Collectivist countries such as Mexico, Brazil, and Japan do not respond well to American preoccupation with individualism in management.

B. A Cross-Culture Study of Work Goals

1. **Survey of 8,192 employees from seven countries** - found general disagreement about the relative importance of 11 different work goals such as interesting work, pay, job security, opportunity to learn, and job variety

C. An International Contingency Model of Leadership

1. **Leadership styles vary** - in effectiveness from country to country and culture to culture.
 - Participative leadership is the most broadly accepted model in most countries and cultures, followed closely by achievement oriented and supportive models
 - Directive leadership is the model that is least effective in the group of countries in this study.

IV. Staffing Foreign Positions

A. Why Do U.S. Expatriates Fail?

1. **Culture Shock** – Negative feelings triggered by an expectations-reality mismatch.

B. Cross Cultural Training

1. **Cross Culture Training** – Guided experience that helps people live and work in foreign cultures.
2. **Specific Techniques:**
 - Documentary programs
 - Cultural assimilator
 - Language instruction
 - Sensitivity training
 - Field experience

C. What About North American Women on Foreign Assignments?

1. **North American Women** – have enjoyed above-average success on foreign assignments
2. **The greatest barriers** – to foreign assignments for North American women have been self-disqualification and prejudice among home-country managers.

3. **Culture** – is a bigger hurdle than gender. North American women on foreign assignments abroad are seen as North Americans first and women second.

D. Relying on Local Managerial Talent

1. **Foreign Nationals** – already know the language and culture and do not require huge relocation expenditures, however they may have an inadequate knowledge of home-office goals and procedures.

Reference:

Kreitner, Robert (2005) Foundations of Management: basics and best practices, Houghton Mifflin Company, New York