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Chapter 1
Introduction to Global Business Management

What's in It for Me?

1. What is international business?
2. Who has an interest in international business?
3. What forms do international businesses take?
4. What is the globalization debate?
5. What is the relationship between international business and ethics?
6. What is the role of a global manager?

Case Study—Google's Steep Learning Curve in China

- The internet is a key development that made the world smaller (flat or flattening).
- Because of the flattening effect, in theory, internet businesses should be able to cross borders easily and profitably with little constraint.
- However, cross-border business ventures seem to challenge businesses.
- Google Inc.'s experiences in China illustrate the learning curve.
    - In 2006, Google opened its Chinese language website. It grew quickly before facing challenges. At the root of those challenges were ethical issues due to censorship by Chinese authorities. Much of the content could be banned by the Chinese government.
    - The situation seemed to conflict with Google's informal motto "Don't be evil."
    - Despite the conflict, Google attempted to make their business work in China, stating they needed to work within the market to see how to best operate there.
    - Google developed a new search engine that would comply with the censorship.
    - People in the United States were unhappy with Google's actions, hurting the standing of the company. Eventually, Google decided to stop their censorship after attempts were made to hack in and access the contact information of human rights activists.
    - In response, the Chinese government blocked access to the Google search engine.
    - Most recently, Google is in talks with the Chinese government to re-enter the market. Google must balance their business interests, weighing out the risk of

losing a large market or international opinion of them if they agree to any form of censorship.

Case Questions

1. Can Google afford *not* to do business in China?

   Answer: Will vary based on student viewpoints. Google has been able to sustain their business without a consistent presence in China. A bigger concern may be whether they *can* afford to do business in China. By doing business there, they may alienate their other customers. They need to balance potential gains versus costs to their overall standing and potentially compromising their ethics.

2. Which stakeholders were affected by Google's managers' decision to shut down its China operations?What trade-offs did the managers have to consider?

   Answer: Will vary based on student viewpoints. China-based employees and investors were be affected. Some people lost their jobs. However, the decisions made around operations in China impacted the standing of the company, which could affect investors for good or ill either way. If they can make a model that works in the Chinese market, then they may be able to improve their financial assets and perhaps benefit their investors. The trade-offs involve financial opportunities versus standing in public opinion. Either way there may be financial costs and risks. They might make money in China. However, they could lose money if others are unhappy with their decisions.

3. Should Google's managers be surprised by the China predicament?

   Answer: Will vary based on student viewpoints. The managers should not have been surprised if they researched the situation thoroughly before attempting to build in the Chinese market. Their censorship laws would likely be observed as running counter to Google's unofficial model and human rights advocacy. It is unlikely the Chinese government will change their laws just to suit Google. Managers need to be aware of changing rules and regulations that might impact their businesses.

1. What Is International Business and Global Management?

1. Know the definition of international business.
2. Comprehend how strategic management is related to international business.

3. Understand how entrepreneurship is related to international business.

Section Outline

The Definition of International Business

- International business relates to any situation where the production or distribution of goods or services crosses country borders.
- Globalization is the shift toward a more interdependent and integrated global economy.
- Globalization has allowed more opportunities for international business.
- Globalization can occur in markets, production, and work outsourcing.
- Large multinational firms and one-person companies engage in international business.

Forms of International Business

- A business can be a person or organization engaged in commerce with an aim of achieving a profit. It may follow a social and environmental mission.
- The international portion of a firm could be involved with importing or exporting, or foreign direct investment.
- When choices increase national and local responsiveness, the organization is more able to adapt to national and local market conditions.
- The greater the standardization within and across markets, the greater the efficiency.
- Foreign locations may offer unique advantages called location advantages (access to raw materials, cheap labor, suppliers, customers, energy, and national resources).
- Managerial choices regarding efficiency versus local responsiveness are a function of strategy and help determine overall performance.

Strategic Management and Entrepreneurship

- Strategic management is the body of knowledge that answers questions about the development and implementation of good strategies, mainly concerned with the determinants of firm performance.
    - Strategy is the central, integrated, and externally oriented concept of how an organization will achieve its performance objectives.
    - One tool of strategy is a SWOT (strengths, weaknesses, opportunities, threats) assessment to take stock of internal characteristics and external environmental conditions.
- Entrepreneurship is the recognition of opportunities and the use of resources to implement innovative ideas for new, planned ventures.
    - An entrepreneur is a person engaged with entrepreneurship.
- Spotlight on international strategy and entrepreneurship: Hemali Thakkar and her

classmates invented a soccer ball that can generate electricity. This has grown into a larger social enterprise grounded in energy-generating play products.

- Intrapreneurship is a form of entrepreneurship that takes place in an existing business.
    - An intrapreneur is a person who takes responsibility (often in a manager role) for turning an idea into a profitable finished product.

Key Takeaways

- International business encompasses a full range of cross-border exchanges of goods, services, or resources between two or more nations. These exchanges can go beyond the exchange of money for physical goods to include international transfers of other resources, such as people, intellectual property (e.g., patents, copyrights, brand trademarks, and data), and contractual assets or liabilities (e.g., the right to use some foreign asset, provide some future service to foreign customers, or execute a complex financial instrument).
- International businesses take on a variety of forms. Importers sell goods and services obtained from other countries, while exporters sell goods and services from their home country abroad.
- Strategic management is the body of knowledge that answers questions about the development and implementation of good strategies and is mainly concerned with the determinants of firm performance. Because strategic management is concerned with organizational performance, your understanding of a company's SWOT (strengths, weaknesses, opportunities, threats) helps you better assess how international business factors should be accounted for in the firm's strategy.
- Entrepreneurship is the recognition of opportunities (i.e., needs, wants, problems, and challenges) and the use or creation of resources to implement innovative ideas. Entrepreneurship helps you think about the opportunities available when you connect new ideas with new markets.

Exercises

1. What is international business?

    Answer: International business relates to any situation where the production or distribution of goods or services crosses country borders. International business encompasses a full range of cross-border exchanges of goods, services, or resources between two or more nations. These exchanges can go beyond the exchange of money for physical goods to include international transfers of other resources, such as people, intellectual property (e.g., patents, copyrights, brand trademarks, and data), and contractual assets or liabilities (e.g., the right to use some foreign asset, provide some future service to foreign customers, or execute a complex financial instrument). International businesses take on a variety of forms. Importers sell goods and services obtained from other countries, while exporters sell goods and services from their home country abroad.

2. Define importer and exporter.

   Answer: Importer: A person or organization that sells products and services that are sourced from other countries. Exporter: A person or organization that sells products and services in foreign countries sourced from the home country.

3. Define government and nongovernmental entities.

   Answer: Government entities are those linked to the government of a country or region. They tend to be involved with businesses for activities related to taxes and environmental regulations. Nongovernmental entities can include people and organizations that have no specific governmental affiliation. These could include any stakeholders ranging from employees to investors. It could also include private or non-profit organizations, such as other companies and charities.

4. Why is an understanding of strategic management important in the context of international business?

   Answer: An understanding of strategic management is important in the context of international business because there are many more additional variables when working in an international context. Often, more planning is required to ensure that all the variables are considered, such as local rules/regulations, and ultimately the costs versus benefits of working within a specific region.

5. Why is an understanding of entrepreneurship important in the context of international business and global management?

   Answer: One must understand the fundamentals of entrepreneurship to best function on a broader international/global scale. By having that foundation, it sets a person on the path to being able to understand business development/operations and market trends, so that the broader global scope can be taken into consideration for decision making.

Key Terms

- **Business:** A person or organization engaged in commerce to achieve a profit.

- **Entrepreneur:** A person who engages in entrepreneurship.
- **Entrepreneurship:** The recognition of opportunities (needs, wants, problems, and challenges) and the use or creation of resources to implement innovative ideas for new, thoughtfully planned ventures.
- **Exporter:** A person or organization that sells products and services in foreign countries that are sourced from the home country.
- **Foreign direct investment:** The investment of foreign assets into domestic structures, equipment, and organizations.
- **Globalization:** The shift toward a more interdependent and integrated global economy.
- **Importer:** A person or organization that sells products and services in the home country that are sourced from other countries.
- **International Business:** All cross-border exchanges of goods, services, or resources between two or more nations. These exchanges can go beyond the exchange of money for physical goods to include international transfers of other resources, such as people, intellectual property, and contractual assets or liabilities.
- **Intrapreneur:** A person within an established business who takes direct responsibility for turning an idea into a profitable finished product through assertive risk taking and innovation.
- **Intrapreneurship:** A form of entrepreneurship that takes place inside a business that is already in existence.
- **Location advantages:** Advantages due to choice of foreign markets: can include better access to raw materials, less costly labor, key suppliers, key customers, energy, and natural resources.
- **Strategic Management:** The body of knowledge that answers questions about the development and implementation of good strategies; mainly concerned with the determinants of firm performance.
- **Strategy:** The central, integrated, and externally oriented concept of how an organization will achieve its performance objectives.
- **SWOT (strengths, weaknesses, opportunities, threats):** A strategic management tool that helps an organization take stock of its internal characteristics (strengths and weaknesses) to formulate an action plan that builds on what it does well while overcoming or working around weaknesses and also assess external environmental conditions (opportunities and threats) that favor or threaten the organization's strategy.

2. Who Is Interested in International Business?

1. Know who has an interest in international business.
2. Understand what a stakeholder is and why stakeholder analysis might be important in the study of international business.
3. Recognize that an organization's stakeholders include more than its suppliers and customers.

Section Outline

The Stakeholders

- A stakeholder is any individual or organization whose interests may be affected as a result of what another individual or organization does.
  - Stakeholders will have an interest in international business as it may affect them.
- Use stakeholder analysis to identify and assess the importance of key people, groups, and institutions that may influence the success of your business.
- Managers need to pay attention to domestic and international as well as internal and external stakeholders.
- Even companies that operate domestically need to concern themselves with international business as foreign suppliers and competitors may affect them.
- There may be governmental stakeholders as a result of paying taxes in other countries and if there is a governmental role in protecting the environment.
- Other stakeholders include industry associations, trade groups, suppliers, and labor.
- Employees themselves are stakeholders, including contract workers.
- Case example—Concepts of Privacy Differ by Country
  - Google and Right to be Forgotten Laws

Key Takeaways

- Beyond yourself, as an international business student and future global manager, you can identify the people and organizations that might have an interest in international business if their interests are affected now or in the future by it. Such international business stakeholders include customers, employees, managers, businesses, suppliers, partners, governments, and nongovernmental organizations.
- Stakeholder analysis is a technique used to identify and assess the importance of key people, groups of people, or institutions that may significantly influence the success of an activity, project, or business.

Exercises

1. What is a stakeholder? What is stakeholder analysis?

    Answer: Stakeholder: An individual or organization whose interests may be affected as the result of what another individual or organization does.

Stakeholder Analysis: A technique used to identify and assess the importance of key people, groups of people, or institutions that may significantly influence the success of an activity, project, or business.

2. Why is it important for global managers to be aware of operational, legal, and cultural differences between countries?

   Answer: Global managers need to be aware of differences between countries so they can make sound decisions about their business practices. Those decisions should be informed by local regulations and cultural values/norms. A global manager can also use this knowledge to help employees with different backgrounds communicate and interact effectively, and ensure they are complying in all applicable areas.

Key Terms

- **Stakeholder:** An individual or organization whose interests may be affected as the result of what another individual or organization does.
- **Stakeholder Analysis:** A technique used to identify and assess the importance of key people, groups of people, or institutions that may significantly influence the success of an activity, project, or business.

3. Debate on Globalization

1. What is globalization?
2. Understand two current competing theories about globalization.
3. State arguments for and against globalization.
4. Recognize how the debate on globalization impacts global firms.

Section Outline

What Do Global Managers Need to Understand about Globalization?

- Technology is allowing people to work closely even across distances.
- People demand goods and products from around the globe.

- Long-distance commerce started in ancient times via extended land and sea trade routes, including the famed Silk Road through central Asia. Today, trade is increasingly common, far easier, and much faster today than in the past.
- Companies also increasingly use foreign countries for production, sales, and trade because the process is much more supported by institutions and governmental policies.
- Globalization is inevitable. All countries allow some foreign trade. Some have decided it benefits their companies. Private companies are always looking for their best options.
- Yet, it is difficult to define globalization. This text views it as a shift toward a more integrated and interdependent world economy, in which people in one part of the world interact with people in another part, as buyers, sellers, and intermediaries.
- This interdependency came under scrutiny in 2020 as COVID-19 ravaged countries and the global economy. It's unclear on the long-lasting impact of COVID-19, but it's not likely to end globalization. The second age of globalization that began in 1945 will morph into a new version of globalization. WWI ended the first stage, from 1870–1914. COVID-19 has triggered a new wave of improved globalization which will eventually offer more opportunities for innovation and improvements in productivity, technological and organizational innovation, and rethinking of traditional supply chain strategies.
- Globalization creates opportunities and challenges. Some people gain, while others lose. This has led to some nationalist and populist movements around the world to advocate for unilateral policies to protect their local economies.
    - Economists assess the impact of global trade and solutions to address challenges.
    - Global managers need to be aware of the social, economic, and political concerns that may affect their business.

What Is the Debate on Globalization?

- The shift toward globalization is fueled by declining trade/investment barriers and new technologies such as the internet.
- Debate includes whether and how fast markets are merging.
    - A difference of opinion on how internationalization of businesses is affecting countries' cultural, consumer, worker, and national identities, and whether that change is welcome.
- Two key viewpoints for globalization
    - Flat-world perspective views the world as a level playing field for commerce, where all competitors have equal opportunity.
        - Viewpoint developed by Thomas Friedman (*The World is Flat*).
        - He says globalization is in its third stage. The first stage was global development, which included the discovery of the New World (1492 to 1800). The second stage was (from 1800 to 2000) disrupted by the Great Depression, World Wars, and shaped by the emerging power of multinational corporations. But it grew with the European mercantile

stock companies as they searched for new markets, cheap labor, and raw materials. Advances in sea and rail transportation also helped.

- The current stage started in 2000 with advances in global electronic interconnectivity that allowed efficient long-distance communication. This allows companies to outsource their work or specific processes.
- Home-sourcing has also grown, where people can work from home.
- Essentially, today, people can work from anywhere.

How the World Got Flat

- Friedman identified ten major events that reshaped the world and made it flat:
  1. 11/9/89: Fall of Berlin Wall, end of communism/planned economies.
  2. 8/9/95: Netscape went public.
  3. Work-flow software.
  4. Open-sourcing: Self-organizing and collaborative communities.
  5. Outsourcing: Y2K.
  6. Offshoring: Running with gazelles, eating with lions.
  7. Supply-Chaining: Eating sushi in Arkansas.
  8. Insourcing: What the guys in funny brown shorts are really doing.
  9. Informing: Google.
  10. The Steroids: Digital, mobile, personal, and virtual.
- A convergence of three forces (new software, incorporation of knowledge, and market influx of people) allowed for increases in global collaboration.
- Political allegiances factor into decisions (leading companies to heed social pressure).
  - However, corporate nationality is blurring. Multinational companies do what is best for them, not their home countries.

We Live in a Multidomestic World, Not a Flat One!

- International business professor Pankaj Ghemawat says the world is “semiglobalized” and “multidomestic,” not flat.
- He says this explains why international business is not always easy. Flat would make it easy. However, he argues that global strategy must begin with noticing differences.
- Ghemawat argues for using the CAGE framework and CAGE analysis to study “barriers to cross-border economic activity.” The CAGE framework:
  - ***Culture***—cultural differences reduce economic exchange. Culture includes norms, common beliefs, practices. Cultural distance also refers to differences.
  - ***Administration***—bilateral trade flows show administratively similar countries trade with each other more often. This is often linked to historical ties. They may have similar laws, regulations, institutions, and policies.

        - ***Geography***—the most obvious difference between countries. Usually more distance results in less trade due to time zones, lack of shared borders.
        - ***Economics***—differences in demographic and socioeconomic conditions. Could be measured by size, GDP, per capita income. May correlate to other differences in labor costs, capital costs, human capital, land value, natural resources, transportation networks, communication infrastructure. More effect when:
            - Nature of demand varies with income level.
            - Economics of scale are limited.
            - Cost differences are significant.
            - Distribution or business systems are different.
            - Organizations must be highly responsive to customers' concerns.
    - CAGE dimensions share a notion of distance. Differences matter when distance is great. When differences are small, there is more opportunity to see business across borders.

Opportunities and Challenges of Globalization

- Key arguments support both challenges and opportunities in the debate on globalization.
    - Some people lose while others gain, both in absolute and relative terms.
        - Globalization does not benefit everyone. Some countries and some people benefit more than others. Globalization can contribute to income inequalities between and within countries.
        - Globalization takes advantage of "cheap labor," raising ethical concerns.
        - Globalization may not be good for the world as a whole.
    - Countries diminish their sovereignty.
        - Globalization may be viewed with suspicion and as a potential risk to the countries' political and national interests.
        - Both other countries and supra-national organizations might be perceived as threats. These organizations may be viewed as dictating policies.
        - Others feel economic interdependence can keep a balance among governments. Countries may be less likely to take action against countries with whom they are interdependent.
    - National cultures change and become diluted.
        - Countries fear Americanization/Coca-Colanization
    - Governments have fewer ways to monitor companies and hold them accountable.
        - Global firms could avoid following standards, paying taxes.
        - However, globalists say countries should work together to agree on standards for monitoring and accountability.

Key Takeaways

- The globalization debate pits the opinions of Thomas Friedman against those of Pankaj Ghemawat. Their differing views help you better understand the context of international business. Through exposure to Friedman's ideas, you gain a better perspective on the forces, or "flatteners," that are making cross-border business more prominent.
- Ghemawat portrays a world that is "semiglobalized" and "multidomestic," where global strategy begins with noticing national differences.
- Ghemawat's CAGE framework covers four factors—culture, administration, geography, and economics.
- Global managers need to be aware of the broader social, economic, and political concerns that may impact the business of their firms.

Exercises

1. What are the basic tenets of the flat-world perspective?

    Answer: The flat-world perspective views the world as a level playing field for commerce, where all competitors have equal opportunity. Viewpoint was developed by Thomas Friedman. He says globalization is in its third stage. The first was global development, which included the discovery of the New World (1492 to 1800). The second was (from 1800 to 2000) disrupted by the Great Depression, World Wars, and shaped by the emerging power of multinational corporations. But it grew with the European mercantile stock companies as they searched for new markets, cheap labor, and raw materials. Advances in sea and rail transportation also helped. The current stage started in 2000 with advances in global electronic interconnectivity that allowed efficient long-distance communication. This allows companies to outsource their work or processes. Friedman identified ten major events that reshaped the world and made it flat.

2. What are the four components of the CAGE analytical framework?

    Answer: <u>Culture</u>—cultural differences reduce economic exchange. Culture includes norms, common beliefs, practices. Cultural distance also references differences. <u>Administration</u>—bilateral trade flows show administratively similar countries trade with each other more often. This is often linked to historical ties. They may have similar laws, regulations, institutions, and policies. <u>Geography</u>—the most obvious difference between countries. Usually, more distance results in less trade due to time zones, lack of shared borders. <u>Economics</u>—differences in demographic and socioeconomic conditions. Could be measured by size, GDP, per capita income. May correlate to other differences in labor costs, capital costs, human capital, land value, natural resources, transportation networks, and communication infrastructure.

3. What is one argument against globalization and the countering argument in favor?

   Answer: Student answers will vary. Countries diminish their sovereignty. Globalization may be viewed with suspicion and as a potential risk to the countries' political and national interests. Others feel economic interdependence can keep a balance among governments and nurture peace and stability. Countries may be less likely to take action against countries with whom they are interdependent. Governments have fewer ways to monitor companies and hold them accountable. However, globalists say countries should work together to agree on standards for monitoring and accountability.

4. Why do global managers need to understand the debate on globalization?

   Answer: Global managers need to understand the debate on globalization so that they can make decisions that support globalization in a healthy and ethical way, and do not accidentally present some of the stances, values, and characteristics that people may fear. They can make not only sound decisions, but also present the facts to others who may express concerns. By structuring businesses well, global managers contribute to the ongoing increase in globalization as people will become increasingly comfortable with it and it will be more welcome.

Key Terms

- **CAGE framework:** The analytical framework used to understand country and regional differences along the distance dimensions of culture, administration, geography, and economics.
- **Flat-world Perspective:** A metaphor for viewing the world as a level playing field in terms of commerce, where all competitors have an equal opportunity; largely credited to Thomas Friedman and his 2005 bestseller, *The World Is Flat*.
- **Silk Road:** The Silk Road was a network of trade routes that connected the East and West, and was central to the economic, cultural, political, and religious interactions between these regions from the 2nd century BCE to the 18th century. The Silk Road primarily refers to the land routes connecting East Asia and Southeast Asia with South Asia, Persia, the Arabian Peninsula, East Africa, and Southern Europe. The Silk Road derives its name from the lucrative trade in silk carried out along its length.

4. Navigating Ethics and International Business

1. Learn about the field of ethics.
2. Gain a general understanding of business ethics.
3. See why business ethics might be more challenging for global managers operating in international settings.

Section Outline

A Framework for Ethical Decision Making

- Ethics is a branch of philosophy that seeks virtue. Deals with “right” and “wrong.”
- Those interested in international business ethics and ethical behavior examine activities and ask whether global business managers are acting ethically.
- Ethical decision making is challenging. However, a decision-making framework can help. Markkula Center for Applied Ethics at Santa Clary University:
    - Is it an ethical issue? Differs from law and religious beliefs.
    - Get the facts—Consult with others as needed.
    - Evaluate alternative actions using one of five approaches:
        1. Utilitarian approach—which actions lead to most good and least harm?
        2. Rights-based approach—which action respects everyone’s rights?
        3. Fairness or Justice approach—which action treats people fairly?
        4. Common good approach—which action contributes to quality of life?
        5. Virtue approach—which action embodies valued character strengths?
    - Test your decision—do you feel comfortable with it?
    - Just do it—but what did you learn? Once you make the decision, implement it, and then evaluate what adjustments may be needed.

What Ethics is Not

- It is challenging to identify ethical standards and know how to apply them in situations.
- Experts agree on what ethics is not. It is not feelings, religion, the law, science, or culturally accepted norms. Ethics may conflict with any of these.

Key Takeaways

- The subject of ethics is important in almost any context—be it medicine, science, law, or business. You learned a framework for ethical decision making as well as some opinions on what ethics is not.
- Many would argue that international business ethics can have a strong foundation in national culture. Some argue that ethics shouldn't follow culturally accepted norms. However, business managers should have a good understanding of which norms their ethical standards are based on and why and how they believe they should apply in other national contexts.

Exercises

1. To what does the term *business ethics* refer?

   Answer: The branch of philosophy that examines various kinds of business activities and asks, "Is this business conduct ethically right or wrong?"

2. What are the five steps in the ethical decision-making framework?

   Answer: 1) Is it an ethical issue? Differs from law and religious beliefs. 2) Get the facts—Consult with others as needed. 3) Evaluate alternative actions using one of five approaches. 4) Test your decision—Do you feel comfortable with it? 5) Just do it—but what did you learn? Once you make the decision, implement it, and then evaluate what adjustments may be needed.

3. What five areas have experts agreed are not ethics?

   Answer: It is not feelings, religion, the law, science, or culturally accepted norms. Ethics may conflict with any of these.

Key Terms

- **Business Ethics:** The branch of ethics that examines various kinds of business activities and asks, "Is this business conduct ethically right or wrong?"
- **Ethics:** A branch of philosophy that seeks virtue and morality, addressing questions about "right" and "wrong" behavior for people in a variety of settings; the standards of behavior that tell how human beings ought to act.

5. Understanding the Roles and Function of a Global Manager

1. Identify the types of global managers.
2. Understand the difference between business, country, and functional managers.
3. Understand what we mean by going global versus being global.

Section Outline

What Does It Mean to Be a Global Manager?

- A manager is someone responsible for controlling or administering all or part of a company or similar organization.
- A global manager is responsible for a company/organization in one or more countries.
- Typically, global managers had either country or language expertise, but not necessarily a deep knowledge of a company's business, industry, or functions in the company.
- Today, there is no such thing as a universal global manager. Multinational companies require three kinds of specialists: business managers, country managers, and functional managers. There are also senior corporate executives who overseeand manage tiers of managers junior to them,
- Business managers typically supervise and oversee day-to-day activities and employees within a company.
- Business managerial goals—further the company's global scale efficiency and competitiveness in one specific business area of the company. Need to recognize opportunities and risks across boundaries, have the skill to coordinate activities, with administrative and interpersonal skills. Serve as a strategist. Manage assets.
- Country managers oversee company operations within a country or geographic region.
- Country managerial goals—achieve global-scale efficiency and competitiveness, be sensitive and responsive to the local market, understand local customer's needs, satisfy host government's requirements, defend market positions. Adapt to changes.
- Functional managers have management authority over an organizational unit**.**
- Corporate managers oversee a broad range of corporate activities across multiple business units, markets, and countries. Leads, develops talent, balances negotiations.

Mindset: Going Global versus Being Global

- Traditionally, managers thought they could apply the same practices everywhere.
- However, effective management needs vary by location.

    - Incorporate local practices into corporate culture (or organizational culture). This involves values and behaviors in the social environment of a business.
- Global management requires a global mindset—knowing processes of international business and integrating various cultural/business perspectives into daily operations.
- In today's VUCA (volatile, uncertain, complex, and ambiguous) world, companies need leadership skills and organizational capabilities different from those that helped them succeed in the past.

Key Terms

- **Business managers:** Business managers are typically people who are responsible for supervising and overseeing the day-to-day activities and employees within a company.
- **Corporate culture:** A company's culture is also referred to as the organization's culture, which encompasses values and behaviors that contribute to the unique social and psychological environment of a business.
- **Corporate managers:** Corporate managers oversee the broad range of corporate activities across multiple business units, markets, and countries.
- **Country managers:** Country managers oversee a company's operations within a country or geographic region setting (regional managers).
- **Functional managers:** Functional managers have management authority over an organizational unit, for example finance, accounting, or human resources.

6. Tips in Your Managerial Toolkit: Developing a Career in International Management

Developing a Career in Global Management

- There is no one path to developing a career in global management. The best approach is to develop functional skills and country/culture/language skills.
- Additionally, ask yourself these questions to self-assess talents/skills/interests.
    - Do you have a background, familiarity, or interest in a particular country or language? How interested are you in developing country or language skills?
    - Do you have a technical skillset, such as engineering or finance, which would enable you to explore opportunities in a global industry and/or country?
    - Are you comfortable working and managing across cultures with different ways of thinking, interacting, and working?

7. End-of-Chapter Questions and Exercises

Experiential Exercises

1. You like international business so much that you are inspired to start up an international business club at your school. While some of your classmates share this interest, you would like to start the club with strong membership numbers. Your teacher has agreed to give you five minutes at the start of the next class to introduce your club idea and build support for it. You think that you can also use this presentation to build awareness of international business among students who might really enjoy the class and the topic if they knew more about it. Develop a five-minute presentation that explains why you are passionate about international business, what international businesspeople do, and what types of organizations are involved in international business.

    Answer: Student presentations would vary but should likely include the definition of international business, and a description of various stakeholders.

2. If you were a manager of a global firm, how would you evaluate the viewpoints on the debate on globalization addressed in Section 1.3? Should global firms be worried about challenges of globalization?

    Answer: Student answers will vary based on their perspectives but should incorporate the viewpoints. Students may also discuss conducting research to better understand the locations they might build a business in, to see how those arguments may or may not apply, and how they could best explain that business to assuage people's concerns.

Ethical Dilemmas

1. In Section 4 under the subhead "What Ethics Is Not," you read the statement "Ethics is not following culturally accepted norms." This is a tough statement, as many argue that ethics is impacted by cultural values. What are some examples of culturally accepted norms from one country that challenge the ethical beliefs in another?

    Answer: Student answers will vary. Students may discuss an example such as women's rights or segregation of gender/races/religions, and how those would challenge human rights.

2. Giving gifts is an accepted and legal tradition in the Japanese business setting but is discouraged (and in some cases illegal) in the U.S. business setting. As a manager, evaluate if this difference affects the competitive advantage of Japanese firms doing business in the United States or U.S. firms doing business in Japan.

    Answer: Student answers will vary based on their perspectives. They may argue that it could cause discord because not accepting a gift could hurt business relations, and not offering a gift when it is expected could also hurt business relations.