

# AN INTRODUCTION TO INTERNATIONAL MANAGEMENT

Timeframe:	Minimum 20 hours
Learning Outcome:	<ul style="list-style-type: none"> <li>Understand the globalised economy as it reflects decisions of nations, corporate and business entities.</li> </ul>
Recommended Book:	<ul style="list-style-type: none"> <li>Chapters 1 and 2 in: Deresky, H. 2014, <i>International Management: Managing Across Borders and Cultures</i>, 8<sup>th</sup> ed., New Jersey: Pearson.</li> </ul>
Recommended Articles:	<ul style="list-style-type: none"> <li>Ardichvili, A., Jondle, D., Kowske, B., Cornachione, E., Li, J. and Thakadipuram, T. 2010, 'Ethical business practices in BRICs: Comparing perceptions of managers and employees in Brazil, Russia, India and China, and G7 nations', <a href="http://www.cebcglobal.org/uploaded_files/Ethical_Business_Practices_in_BRICs.pdf">http://www.cebcglobal.org/uploaded_files/Ethical_Business_Practices_in_BRICs.pdf</a> (accessed 29 January 2013).</li> <li>Deresky, H. (nd), 'CEO speaks out: Ethics abroad — business fundamentals, value judgments', <a href="http://www.prenhall.com/behindthebook/0131746170/pdf/Deresky_CH02.pdf">http://www.prenhall.com/behindthebook/0131746170/pdf/Deresky_CH02.pdf</a> (accessed 04 December 2013), pp. 48–50</li> <li>Mehalu, K.G. 2011, 'Responsibility and managerial ethics: A focus on MNCs, Vienna', <a href="http://www.druckerchallenge.org/fileadmin/user_upload/essays_pdf/kidusmehalu.pdf">http://www.druckerchallenge.org/fileadmin/user_upload/essays_pdf/kidusmehalu.pdf</a> (accessed 29 January 2013).</li> <li>Kakabadse. 2009, 'What is the global manager?' [video clip], <a href="http://www.youtube.com/watch?v=e6XDm8eeMt0">http://www.youtube.com/watch?v=e6XDm8eeMt0</a> (accessed 28 January 2013).</li> <li>Lynch, R. 2012, 'Chapter 19: Strategic management', in <i>International Expansion and Globalisation Strategies</i>, 6<sup>th</sup> ed., Cape Town: Pearson.</li> </ul>
Section Overview:	<p>The purpose of this section is to set the scene for the remainder of this module — encourage you to read widely and apply reflective and critical analysis to the many fields and perspectives that surround this area of study.</p> <p>The level, scope, and complexity of international business is presenting managers with hypercompetitive situations and therefore the fate of international operations rests on managers being able to apply a broad range of knowledge and skills judiciously within their own and host countries' business practices.</p>

## Challenges Facing International Managers

International management is not without its challenges. It is useful to begin this module by thinking broadly about some of these challenges, including contradictions, and then use these as sources of reflection as you work through the study guide and other supplementary materials.

Some key challenges facing international managers in today's rapidly changing economy:

- There is an excess demand for resources such as oil and water with a limited supply leading to large-scale mergers and acquisitions, and even war between countries.
- Nations are at different stages of development, and whilst it is tempting to assume all first-world countries are more advanced, keep in mind that some emerging economies have superior systems (eg the banking system in South Africa is highly developed and may be more advanced than some first-world countries).
- There are many contradictions from nation to nation (eg in terms of hierarchy, Americans reward performance whereas in Japan they reward seniority — this has consequences for human resource management).
- Time zones, seasonal demands, and travel and transport logistics play a significant role in meeting needs and deadlines (eg the climates of the southern hemisphere are contrary to the northern hemisphere).
- The strategic intentions for going global may be in conflict with the long-term planning of host nation governments (eg the host nation may have long range planning that incorporates job protectionism, whereas the global entity may see opportunities for efficiencies derived from mechanisation).
- Working and engaging in virtual environments rather than face-to-face is an inherent challenge in global management (eg a handshake is a powerful mechanism of engagement and agreement).
- Resistance to foreigners and multinational enterprises, who may be seen to exploit the host country, is not uncommon.

Perkowski (in Forbes, 2012) illustrates the changing dynamics and the need for constant re-evaluation of these and the ensuing challenges.



“With most of the world’s major economies still spluttering, there isn’t a day that goes by that economic and business commentators don’t bring up China, and the fact that the biggest, fastest-growing economy in the world is slowing, and dampening the growth prospects for the global economy in the process.

The government has said that China’s GDP grew by 10.4 percent in 2010; 9.2 percent in 2011; and 7.6 percent in the second quarter of 2012. The slowdown is obvious. However, many China watchers point to weak global commodity prices, the slow growth in power consumption, and a host of other factors as evidence that China’s economy is growing at a substantially lower rate.

... the Chinese economy is transitioning away from one that is dominated by heavy industry and infrastructure spending to one where light manufacturing, services and domestic consumption are the key drivers. ... retail sales have been up by more than 12 percent in each of the last three months, supporting the belief that China’s economy may be stronger in the second half of the year than it was in the first. On the housing front, home sales increased by 18.8 percent in August, further indicating that consumption — and the consumers — are alive and well in China.

In addition to varying rates of growth in specific industry sectors, it’s important to understand that consumption is spreading across China into the country’s populous rural areas. Approximately one-half of China’s people live in cities, while the balance of the population lives in the rural areas.

Over 90 percent of China's urban population live in Tier 2 and Tier 3 cities, which is why it is important to look beyond what is happening in Beijing, Shanghai and Shenzhen to truly understand what is happening in the country as a whole.

Over the past 10 years, incomes in urban areas increased by 151 percent, while those in rural areas lagged, only growing by 111 percent. That trend is now reversing. In 2012, rural incomes have grown by 12.4 percent, while those in urban areas have only grown by 9.7 percent. That is one of the reasons why household spending in China's countryside is up 12.9 percent this year, compared to 8.4 percent in the urban areas.

There is no question that China's growth is slowing, but the country's economy is also in transition. In addition to the major industry sector shifts that are underway, there is also a geographical shift that is changing consumption patterns in the country. Savvy retailers have already discovered this trend and have begun focusing their future expansion in China's lesser-known cities.

More than ever, it is dangerous to generalize about an economy as large, as diverse, as complex and as fast changing as China's."



### Task Questions

1. Examine other key challenges facing international managers.
2. What are some of the common assumptions made about countries and regions of the world? How might these be flawed?
3. Identify three to four credible websites that will provide you with insightful global business news. Schedule time to follow the discussions as they unfold. Reflect critically on cutting edge news that may impact on your country, industry, organisation, your teams, and you.
4. Take time to meet with international managers in your organisation (and other organisations where possible) to discuss their concerns and how they intend overcoming these. Keep these on hand for further reflection as you progress through this module.

## Key Knowledge and Competencies Required by International Managers

Our module is guided by the learning outcomes (see Section 6 above). However, operating proficiently as an international manager requires further introspection — what are the knowledge areas, skills and competencies you need to be successful in the global environment?

To guide your introspection, we have provided a framework (Javidan, Hough and Bullough, 2010, in Smith and Victorson, 2012) as shown below. Use the framework as a self-assessment tool to guide your personal development.

**TABLE 1: GLOBAL MINDSET INVENTORY**

	Items	Y/N		Items	Y/N
1	Self-confidence		19	Respecting cultural differences	
2	Optimism		20	Understanding cultural similarities	
3	Resiliency		21	Knowing other languages	
4	Curiosity		22	Willingness to work across time and distance	
5	Adaptability		23	Ability to suspend judgement about those from other countries	
6	Flexibility		24	Passion for learning about and being in other cultures	
7	Fearlessness		25	Positive attitude towards those from other cultures and regions	
8	Quest for adventure		26	Openness to cultural diversity	
9	Risk-taking		27	Understanding how a person who is closed to cultural diversity behaves	
10	Collaborativeness		28	Willingness to accept good ideas no matter where they come from	
11	Desire to learn about other cultures and other parts of the world		29	Acknowledgement of the validity of different views	
12	Understanding of the global business and industry		30	Willingness to adapt, learn, and cope with other cultures	
13	Understanding of the political and economic systems in other parts of the world		31	Ability to connect with people from other parts of the world	
14	Knowledge and understanding of how to build and manage global alliances		32	Ability to adjust behaviour in a different cultural setting	
15	Understanding of partnerships and value networks		33	Ability to handle complex cross-cultural issues	
16	Ability to manage the tension between corporate requirements and local challenges		34	Knowledge of how someone incapable of handling complexity behaves in an international setting	
17	Knowledge of how to manage such tension successfully		35	Ability to generate positive energy in people from different parts of the world	
18	Understanding other cultures and histories				

(Smith and Victorson, 2012)



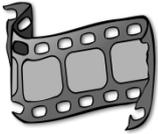
### Task Questions

1. Complete the Global Mindset Inventory Tool.
2. Selecting 'No' for any of the items indicates key areas for personal development.



Reflect on the global mind-set inventory provided above (Smith and Victorson, 2012). Evaluate your own strengths and weaknesses. As you progress through the module, return to and reflect critically on the inventory (eg determine why specific areas are critical to you, your team and your organisation).

To supplement your understanding of the global manager go to:



- Kakabadse. 2009, 'What is the global manager?' [video clip], <http://www.youtube.com/watch?v=e6XDm8eeMt0> (accessed 28 January 2013).

As you can see, international management is a vast topic requiring both generalist and specialist areas of knowledge and competence ('hard' and 'soft' skills). Let's look at defining and conceptualising this area of learning.

## Defining the Broad Concepts



**International management:** "The management of business operations for an organisation that conducts business in more than one country. International management requires knowledge and skills above and beyond normal business expertise, such as familiarity with the business regulations of the nations in which the organisation operates, understanding of local customs and laws, and the capability to conduct transactions that may involve multiple currencies."

(Business Dictionary, 2013)

**"International management** is the process of developing strategies, designing and operating systems, and working with people around the world to ensure sustained competitive advantage."

(Deresky, 2014:53)