

Who Owns What?

- | | |
|-------------------------|----------------------------------|
| 1. Braun: | 1. American -- owned by Gillette |
| 2. Bic: | 2. French |
| 3. Ben & Jerry's: | 3. British |
| 4. RCA TV: | 4. French |
| 5. Green Giant: | 5. British |
| 6. 7-Eleven: | 6. Japanese |
| 7. Vaseline: | 7. Dutch |
| 8. Wrangler: | 8. American -- owned by VF Corp. |
| 9. Rajah Spices: | 9. American |
| 10. Anheuser-
Busch: | 10. Belgian |

Revenues From Non-U.S. Operations For Selected Companies

<u>Company</u>	<u>Non-U.S. Revenues as Percent of Total</u>
Manpower	77.0%
Exxon Mobil	71.8
Colgate-Palmolive	71.6
Texas Instruments	67.8
Avon	65.8
McDonald's	61.6
Coca-Cola	61.2
Gillette	60.1

Process of Globalization

- **Globalization:** Set of specific and general forces that work together to integrate and connect economic, political, and social systems across countries, cultures, or geographical regions.
- **Four principal forms of capital that flow between countries are:**
 - Human capital
 - Financial capital
 - Resource capital
 - Political capital



Key Information about Three Global Attitudes

	Ethnocentric	Polycentric	Geocentric
Orientation	Home Country	Host Country	World
Advantages	<ul style="list-style-type: none">● Simpler structure● More tightly controlled	<ul style="list-style-type: none">● Extensive knowledge of foreign market and workplace● More support from host government● Committed local managers with high morale	<ul style="list-style-type: none">● Forces understanding of global issues● Balanced local and global objectives● Best people and work approaches used regardless of origin
Drawbacks	<ul style="list-style-type: none">● More ineffective management● Inflexibility● Social and political backlash	<ul style="list-style-type: none">● Duplication of work● Reduced efficiency● Difficult to maintain global objectives because of intense focus on local traditions	<ul style="list-style-type: none">● Difficult to achieve● Managers must have both local and global knowledge

Declining Trade Barriers

Tariff

- A tax that the government imposes on imported or, occasionally, exported goods.
- Intended to protect domestic industry and jobs from foreign competition

Free-Trade Doctrine

- The idea that if each country specializes in the production of the goods and services that it can produce most efficiently, this will make the best use of global resources and will result in lower price

European Union

Maastricht Treaty


- ✓ ***Formed in 1992 with 12 European countries***
- ✓ ***Total membership is now 28 countries***
- ✓ ***Transformed these countries into the European Union, forming one economic market and one common currency (the Euro)***
- ✓ ***Opened up and simplified trade among member nations***



European Union Countries



Other Regional Trading Agreements



North American Free Trade Agreement
U.S.-Central America Free Trade Agreement (CAFTA)
Free Trade Area of the Americas
Southern Cone Common Market (Mercosur)
Association of Southeast Asian Nations (ASEAN)
African Union
South Asian Association for Regional Cooperation (SARRC)

Managing in a Global Environment

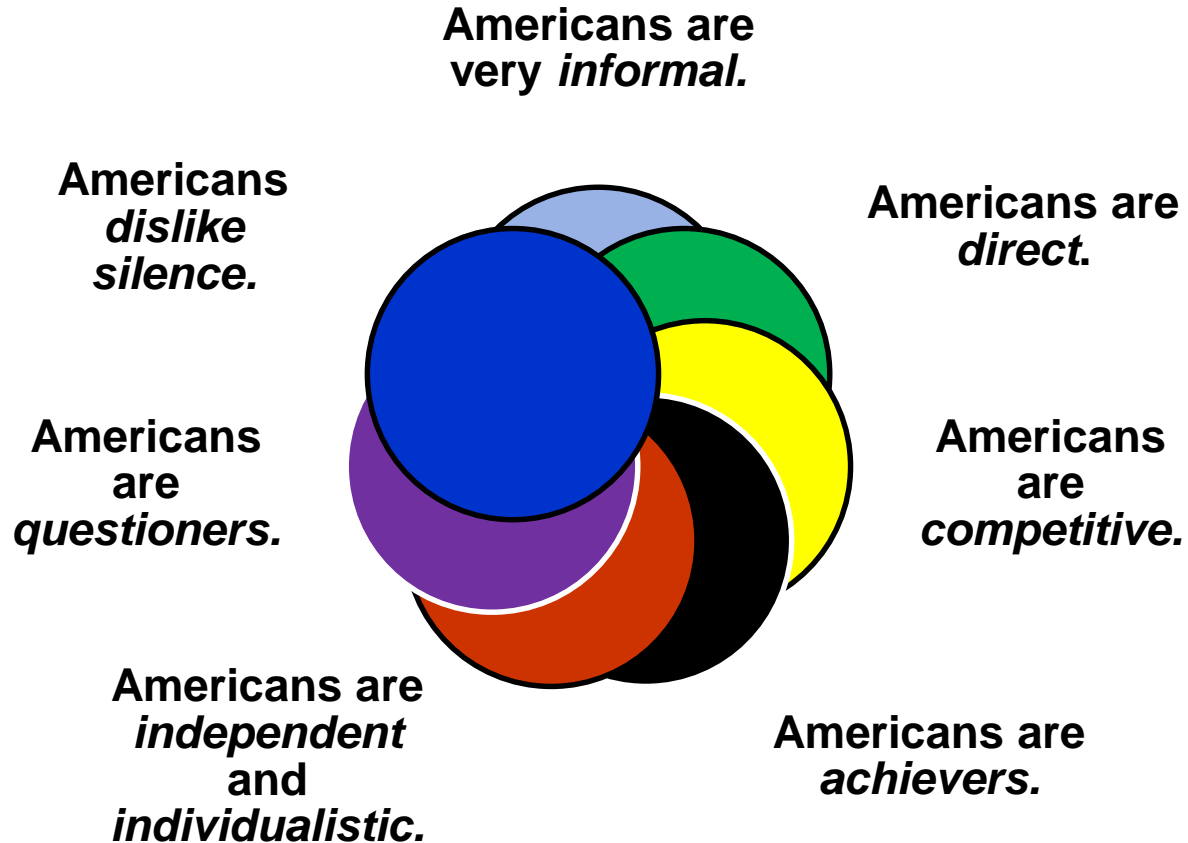
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graph TD; A[Managing in a Global Environment] --- B[Legal-Political Environment]; A --- C[Economic Environment]; A --- D[Cultural Environment];
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Legal-Political Environment

Economic Environment

Cultural Environment

What Are Americans Like?



Sources: Based on M. Ernest (ed.), *Predeparture Orientation Handbook: For Foreign Students and Scholars Planning to Study in the United States* (Washington, DC: U.S. Information Agency, Bureau of Cultural Affairs, 1984), pp. 103–05; A. Bennett, “American Culture Is Often a Puzzle for Foreign Managers in the U.S.,” *Wall Street Journal*, February 12, 1986, p. 29; “Don’t Think Our Way’s the Only Way,” *The Pryor Report*, February 1988, p. 9; and B.J. Wattenberg, “The Attitudes behind American Exceptionalism,” *U.S. News & World Report*, August 7, 1989, p. 25.

Hofstede's Framework for Assessing Cultures

Individualism



Collectivism

**Low power
distance**



**High power
distance**

**Achievement
orientation**



**Nurturing
orientation**

**Low uncertainty
avoidance**



**High uncertainty
avoidance**

**Short-term
orientation**



**Long-term
orientation**

Examples of Hofstede's Cultural Dimensions

Country	Individualism/ Collectivism	Power Distance	Uncertainty Avoidance	Achievement/ Nurturing ^a
Australia	Individual	Small	Moderate	Strong
Canada	Individual	Moderate	Low	Moderate
England	Individual	Small	Moderate	Strong
France	Individual	Large	High	Weak
Greece	Collective	Large	High	Moderate
Italy	Individual	Moderate	High	Strong
Japan	Collective	Moderate	High	Strong
Mexico	Collective	Large	High	Strong
Singapore	Collective	Large	Low	Moderate
Sweden	Individual	Small	Low	Weak
United States	Individual	Small	Low	Strong
Venezuela	Collective	Large	High	Strong

^aA weak achievement score is equivalent to high nurturing.

Source: Based on G. Hofstede, "Motivation, Leadership, and Organization: Do American Theories Apply Abroad?" *Organizational Dynamics*, Summer 1980, pp. 42-63.

Criteria for Making Global Employee Selection Decisions

Ability to adapt

Overseas experience

Technical skills

Knows host culture

Spouse and family

Academic standing

Human relations skills

Language skills

Desire to go overseas

Knows home culture

Globalization Questions

1.

Should you import your supplies or obtain them locally?

2.

Should you hire local workers and managers? How will you train them?

3.

Which countries should you enter first?

4.

Should you set up company stores or look for local investors? Or should you set up joint ventures?

5.

Will you have to make changes to accommodate local tastes and traditions?