

INTERNATIONAL

MANAGEMENT

MANAGING ACROSS
BORDERS AND CULTURES

THIRD EDITION

HELEN DERESKY



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TO MY HUSBAND, JOHN,
AND MY CHILDREN, JOHN, MARK, AND LARA,
FOR THEIR LOVE AND SUPPORT

Preface

Managers around the world are, or soon will be, involved to some degree in international business. The escalating level of international involvement and competition in today's business arena mandates that managers develop the skills necessary for effective cross-national interactions and daily operations in foreign subsidiaries. Feedback from companies operating abroad reveals that the cause of expatriate failure is often the ineffective management of intercultural relations, so the fate of expatriate missions depends at least in part on the international manager's cultural skills and sensitivity. Similarly, domestic managers also need "international management" skills because of increasing diversity in their own countries.

In recognition of the growing importance of international business and the need to prepare future managers to operate in a multicultural environment, the American Assembly of the Collegiate Schools of Business (AACSB) has required business schools to internationalize the curriculum. This requirement, along with the demands of the publics that business schools serve, has led schools to recognize that we are now in a global economy and that students need to take courses that will prepare them for international operations. Today, most schools have at least one international course in their curricula, and many offer a major in international business management.

Clearly, the skills needed for effective management of people and processes in an intercultural context are crucial for the twenty-first century. There is thus a pronounced need for a comprehensive textbook that addresses the actual management functions and behaviors required for effective cross-cultural management at both the **organizational/strategic** (macro) level and the **interpersonal** (micro) level. *International Management: Managing Across Borders and Cultures*, Third Edition, fills this need.

This text places the student in the role of a manager of any nationality, encouraging the student to make a truly global perspective in dealing with dynamic management issues in both foreign and diverse domestic environments. Cross-cultural situations are evaluated in the context of global changes—the European Union, the North American Free Trade Agreement (NAFTA), the liberalization of Eastern Europe, and the genesis of the Commonwealth of Independent States—that require new management applications. Throughout, the text emphasizes how the variable of culture interacts with other national and international factors to affect managerial process and behaviors.

This textbook is designed for undergraduate and graduate students majoring in international business or general management and for executive training programs with an

international focus. It can also be used by students in an elective international course or a course offered to meet AACSB requirements. Graduate students might be asked to focus more heavily on the comprehensive cases that end each part of the book and to complete the term project in greater detail. It is assumed, though not essential, that most students using *International Management: Managing Across Borders and Cultures* will have taken a basic principles of management course. Although this text is primarily intended for business students, it is also useful for practicing managers and for student majoring in other areas, such as political science or international relations, who would benefit from a background in international management.

Changes to the Third Edition

The third edition contains a number of changes, listed below, that provide a comprehensive framework for international management courses, which in the past have been ill-defined and inconsistently presented. This edition devotes particular attention to strategic management in a globally competitive environment and to the role of culture in motivation, leadership, communication, negotiation, decision making, IHRM practices, and the management of a multicultural workforce abroad or at home.

- **More than half the comprehensive and integrative cases are new**, dealing with management issues in Germany, Japan, Hong Kong, Hungary, Indonesia, and “the world.” The most popular cases from the second edition—covering issues in South Africa, Bangladesh, China, France, Taiwan, Mexico, and Kenya—have been retained.
- **A Restructured format** for parts and chapters changes the “principles” approach of the second edition to a more “global” approach. The third edition covers the *process* of management based on both the macro (organizational) level of environment and strategy and on the micro (interpersonal) level of culture and human resources. There are now four parts instead of five:

Part One: Assessing the Environment of International Management

Part Two: Understanding the Cultural Context of International Management

Part Three: Formulating and implementing Strategy for International Operations

Part Four: Managing Human Resources Around the World

- **A new chapter**, “Cross-Border Alliances and Strategy Implementation,” has been added.
- **Consolidation:** The second edition chapters on motivations and leadership have been combined into one chapter (Chapter 12, “Motivating and Leading”), and the second edition chapters on organizing and controlling have also been streamlined (Chapter 9, “Organization Structure and Coordinating Systems”).
- **Coverage of social responsibility and ethics** has been moved up from Chapter 14 to Chapter 3, “Managing Interdependence: Social Responsibility and Ethics.”
- **New chapter opening profiles** explore topics such as “The DaimlerChrysler AG Global Alliance” and “Global or Local? Contrasting Fedex and UPS in China.”
- **A new feature—the Technology Application box**—has been added to each chapter, covering topics such as “EU Imposes Cross-Border Electronic Data Privacy” and “Multicurrency Translation Software Provides a Global Solution for LAM Research.”

- **New Comparative Management in Focus** sections on topics, such as “Global Managers Respond to Economic Slide in Indonesia,” have been added; expanded and updated sections cover the most recent developments pertaining to the EU, the CIS, NAFTA, and South Africa.
- Several new **Management Focus** boxes, such as “Citibank Gives Advice on Career Planning,” and “Careers in Spain and in China,” have been added.
- **New chapter-ending cases** include “Balancing Human Rights Around the World: Nike and Reebok,” “Cola Wars: The Venezuelan Coup,” and “Ben & Jerry’s and Icebergs: Alliance Meltdown in Russia.”
- **A new feature—Internet Exercises**—are featured on the book’s Web site and organized by chapter. Go to <http://www.prenhall.com/Deresky>
- **New experiential exercises**, covering topics such as multicultural negotiations, Japanese decision-making, partner selection in IJVs, and myths of IM, have been added to the text and Instructor’s Manual.
- Information on recent world developments, including events in China and Europe, has been expanded and updated throughout with the inclusion of new data and research results.
- Topics suggested by reviewers, such as **strategic alliances**, **information technology**, and **expatriation/repatriation**, have been added.
- Selected charts have been simplified to increase student understanding.

Distinctive Text Features

This text offers a complete set of resources for instructors who wish to design a course in international or comparative management without having to collect materials, case studies, and examples from varied sources. Specifically, this text provides—and thus eliminates the need for instructors to search out—the following elements:

Research Base *International Management: Managing Across Borders and Cultures* is as current as possible, both from the perspective of empirical research in the field and that of current events and experiences of companies around the world. The book draws from a spectrum of interdisciplinary research literature and from popular business sources, including the *Journal of International Business Studies*, *Harvard Business Review*, *Columbia Journal of World Business*, *Journal of International Management Studies*, *International Journal of Psychology*, *International Journal of Personality and Social Psychology*, *International Studies of Management and Organization*, *International Journal of Intercultural Relations*, *Academy of Management Journal*, *Academy of Management Review*, *Administrative Science Quarterly*, *Management International Review*, *Research in Organizational Behavior*, *Journal of Applied Psychology*, *Organizational Dynamics*, as well as *Business Week*, the *Wall Street Journal*, the *Asian* and the European versions of the *Wall Street Journal*, *Fortune*, the *Financial Times* and the *Economist*.

Culture Base Where applicable throughout the text, the variable of culture is discussed in the context of its impact on the managerial function and issues presented.

Comparative Management in Focus Sections In most chapters, these sections illustrate the comparative application in specific countries of the topics discussed. Examples include “The Overseas Chinese: The Cultural Web of Chinese Alliances,” “Leadership in India,”

“Communicating with Arabs,” “Compensation in Russia,” “Strategic Planning for the EC Market,” “Joint Ventures in the Commonwealth of Independent States,” and “Negotiating with the Chinese.”

Management Focus Boxes These are short boxed sections that illustrate the chapter topics with examples of specific companies, managers, or situations, such as “Levi Takes a Stand for Human Rights,” “Ms. Wong: Employee of the Month,” and “Women in Foreign Postings.”

Technology Application Boxes These are short boxed sections that illustrate the role to technology as it pertains to the chapter topics; many examples discuss how real companies are currently using technology.

Internet Exercises Pertaining to selected topics throughout the book, Internet Exercises are provided on the book’s Web site to help students explore chapter content in more detail and relate what they’ve learned to real-world situations. Go to <http://www.prenhall.com/Deresky>

Chapter Cases There are two cases for each chapter: an opening profile that presents a real company, person, or situation to set the stage and preview the chapter contents; and an end-of-chapter case study, drawn from an actual situation, that poses a problem for students to resolve by applying their understanding of the subjects covered in the chapter. All chapter-closing cases are followed by discussion questions.

Comprehensive Cases Three to four longer, comprehensive cases are grouped at the end of each part and challenge students to apply their knowledge from a systems perspective. Students must analyze the case situation and make recommendations for action.

Integrative Cases Three integrative cases at the end of the book put students in a typical international manager’s role of having to make decision and carry out plans from a systems perspective, while taking into account the many interrelated issues discussed in the text.

Integrative Term Project A term project is outlined at the end of the text to provide a vehicle for research and the application of the course content.

Application and Experiential Exercises At the end of each chapter there are application and experiential exercises to facilitate active learning through application of chapter concepts and skills.

Other Pedagogical Tools Throughout the text, tables, charts, figures, real company examples, and vignettes are used to illustrate and clarify the chapter material. The summary of key points gives a review of the material. Discussion questions and application and experiential exercises aid the student’s review and understanding of each chapter. A glossary at the end of the book provided definitions for key terms and concepts.

Supplements

International Management: Managing Across Borders and Cultures is supported by a full range of Instructor supplements to facilitate the design and presentation of a comprehensive course.

Instructor's Manual with Test Bank and PowerPoint Exhibit Gallery

Prepared by George Puia of Indiana State University, the Instructor's Manual provides for each chapter a lecture outline, suggested answers to discussion questions and closing case questions, and a "Student Stimulation" activity. Lecture outlines are annotated with suggestions for using the Internet and other media sources. The Instructor's Manual also contains extra experiential exercises for selected chapters; an "Enrichment Resources Directory" that lists print and media sources; summaries and suggested solutions for each of the comprehensive and integrative cases; and sample syllabi.

The **Test Item File** portion of the Instructor's Manual, also written by George Puia, contains a variety of multiple-choice, short answer, and essay questions for every chapter. An electronic version of these questions can be found on the Prentice Hall Custom Test program.

Transparency Masters for all the PowerPoint slides are also included in the Instructor's Manual, making them easily viewable and available for copying.

Instructor's Manual on Disk

The Instructor's Manual material from the print version is available on disk in Word files, allowing professors to add notes for their classroom use.

PowerPoint Slides

Electronic PowerPoint slides are available on disk for each chapter. They contain a variety of text and nontext illustrations and exhibits.

Prentice Hall Custom Test

All the test questions from the Instructor's Manual are available in the Prentice Hall Custom Test program. Custom Test is available in a Windows format that has been upgraded to work in '95, '98, and NT environments. Professors can view, edit, and add questions to accommodate material not covered in the text, or rely on the random generator to develop chapter by chapter tests.

Prentice Hall Custom Video Library for International Management

Created specifically for *International Management*, this video library includes five 8- to 10-minute videos featuring such well-known companies as Land's End, Yahoo, MTV Europe/Latin America, Nivea, Sabago Shoes, Rollerblade, Kodak, and the World Bank.

Web Site

This text is supplemented with a companion Web site containing valuable resources such as Internet activities and an interactive study guide. For the latest material, please visit the site often at <http://www.prenhall.com/Deresky>.

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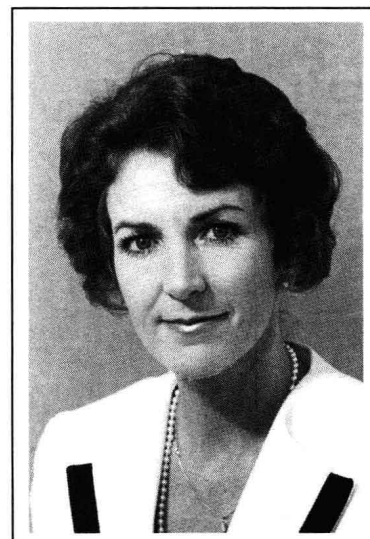
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—Helen Deresky, June 1999

About the Author

Helen Deresky (Ph.D., Concordia University, Montreal) is Professor of Strategic Management and International Management and Director of the International Business Program at the State University of New York, Plattsburgh. She is a Canadian Studies Associate and a member of the U.S.–Canada Business Council. She is a consultant for the Institute for International Business Education, Research, and Training (IBERT). Professor Deresky was born in England and worked and consulted in various industries in Europe for a number of years before settling in the United States and entering academia. Since then, her research interests have been in strategic implementation and also in management in Latin American countries and in Canada, for which she has developed teaching modules under U.S.D.E. research grants. Professor Deresky has published in various journals, including the *Strategic Management Journal*, *Organizational Dynamics*, and the *Journal of Business Education*, and has presented papers at numerous conferences in the United States and Canada. She consults for regional universities and colleges wishing to internationalize their curricula. She teaches courses in strategic management, small business management, and international management. She developed this text for her course in comparative and multinational corporation management.



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