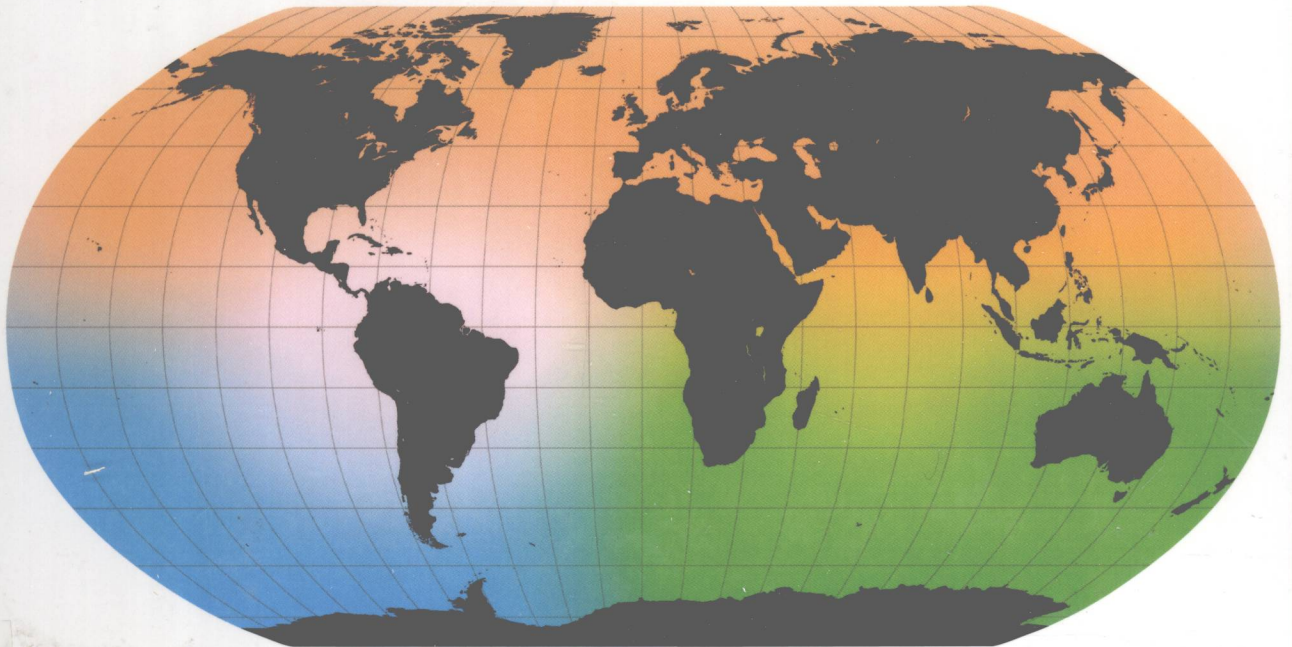


INTERNATIONAL MANAGEMENT

Managing Across Borders and Cultures

FOURTH EDITION



HELEN DERESKY



FOURTH EDITION

INTERNATIONAL MANAGEMENT

Managing Across
Borders and Cultures

Helen Deresky

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To my husband, John
and my children, John, Mark and Lara,
for their love and support

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International Management

Preface

The hyper-competitive global arena of the twenty-first century mandates that managers develop the skills necessary to design and implement global strategies, to conduct effective cross-national interactions, and to manage daily operations in foreign subsidiaries. Companies operating abroad often report that their global strategy is undermined by expatriate failure—the ineffective management of intercultural relations. This means that the fate of overseas operations depends at least in part on the international manager’s cultural skills and sensitivity, and the ability to carry out the company’s strategy within the host country’s business practices.

Clearly, the skills needed for effective management of people and processes in a global 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 necessary to develop global vision and management skills at both an organizational—**strategic**—(macro) level, and the **interpersonal** (micro) level. *International Management: Managing Across Borders and Cultures*, Fourth Edition, fills this need.

This text places the student in the role of a manager of any nationality, encouraging the student to take a truly global perspective in dealing with dynamic management issues in both foreign and diverse host environments. Cross-cultural management and competitive strategy is evaluated in the context of global changes—the European Union, the North American Free Trade Agreement (NAFTA), the liberalization of eastern Europe, and the evolving marketplace 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 processes and behaviors. In addition, the growing competitive influence of technology is emphasized throughout the text, and with boxes featuring the use of e-business for global competitive strategic positioning.

This textbook is designed for undergraduate and graduate students majoring in international business or general management. 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*, Fourth Edition, 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 students majoring in other areas, such as political science or international relations, who would benefit from a background in international management.

NEW TO THIS EDITION

Although the entire text has been reworked to reflect current research, current events, and company examples from the field of international management, specific revisions to the text material include:

Streamlined text—from 13 to 11 chapters, with particular focus on global strategic positioning, effective cross-cultural understanding and management, and developing and retaining an effective global management cadre.

Comprehensive cases—twelve of the fifteen comprehensive cases are new and current; ten are exclusive to this book and three are favorites rolled over from the third edition. There is an emphasis on technology in several of the cases. The selection of cases has drawn from a broad array of geographical locations for the settings: France, Malaysia, Germany, Japan, China, Canada, West Indies, South Africa, Singapore, Burma, Indonesia, and “the world.” The integrative case presents the student-manager with a variety of strategic, cultural, and social responsibility issues involved in making a decision about the setting up a factory in Mexico.

E-Business—the increasing emphasis on technology in global business transactions is highlighted in every chapter with text coverage, such as that in Chapter 6, “Using E-Business for Global Expansion,” and with E-biz boxes in every chapter.

New chapter opening profiles, management focus boxes, chapter-ending cases, and comparative section.

DISTINCTIVE TEXT FEATURES

- **Comprehensive Cases**, which place the student in the decision-making role of the manager regarding issues of strategy, culture, HRM, social responsibility, technology, and politics in the global arena. Examples are TelSys International, which deals with a cross-cultural negotiation situation set in Malaysia and which can be used as a negotiation simulation; SoftBank Corp., a Japanese company, on the subject of Internet and web-related acquisitions; West Indies Yacht Club Resort, which deals with challenges of expatriate assignments and cross-cultural leadership and motivation; and the DaimlerChrysler AG case.
- **Chapter Opening Profiles** giving practical and current illustrations of the chapters topics—such as “Nokia’s China Strategy,” and “The Rise of the NAFTA Manager.”
- **Comparative Management in Focus Sections** providing in-depth comparative applications of chapter topics in specific countries—such as “Interdependence: Borderland Amexica,” “Labor Relations in Germany,” and “Communicating with Arabs.”
- **Management Focus Boxes** that give management and company examples around the world and highlight the chapter topics—such as “In Japan and India, E-Business Must Be Localized,” “Technology Shift Adds to Culture Clash in France,” “Nextlink Enables Global Strategy Implementation,” “Unions without Borders? The Case of the Duro Bag Factory in Rio Bravo,” and “Leadership in a Digital World.”
- **E-Biz Boxes** explaining the application of IT—specifically B2B—around the world, such as “Airbus Joins Global Aerospace B2B Exchange,” “B2B Markets: Fast Negotiations and Transactions,” and “Bikeworld Goes Global Using FedEx Technologies and Shipping.”
- **Chapter-Ending Cases:** short cases, such as “The EU Grounds the GE-Honeywell Merger,” “Toyota’s Tough Boss,” and “The Venezuelan Coup.”
- **Experiential Exercises** that challenge students on topics such as ethics in decision making, cross-cultural negotiations, and strategic planning are at the end of each chapter.
- **Internet Exercises** pertaining to selected topics throughout the book are 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>.
- **Integrative Term Project**, outlined at the end of the text, provides a vehicle for research and application of the course content.
- **Integrative Case:** AT&T Consumer Products: The Mexico Decision

SUPPLEMENTS PACKAGE

Instructor's Manual with Test Item File: For each chapter, the Instructor's Manual provides a comprehensive lecture outline, chapter discussion questions, and "Student Stimulation" questions and exercise, as well as additional Teaching Resources and Lecture Notes annotated in the lecture outline. There are also additional Experiential Exercises for selected chapters. The Test Item File consists of multiple choice questions (with page references for instructors), discussion questions, and longer essay questions.

Instructor's Resource CD-ROM, Including PowerPoint Slides: The Instructor's Resource CD-ROM contains the computerized Test Item File, PowerPoint Electronic Transparencies, and Instructor's Manual. A revised, comprehensive package of text outlines and figures corresponding to the text, the PowerPoint Electronic Transparencies, are designed to aid the educator and supplement in-class lectures. Containing all of the questions in the printed Test Item File, Test Manager is a comprehensive suite of tools for testing and assessment. Test Manager allows educators to easily create and distribute tests for their courses, either by printing and distributing through traditional methods or by on-line delivery via a Local Area Network (LAN) server.

PH International Custom Video: This video, drawn from Prentice Hall's custom On Location! video series, features experts discussing a wide range of issues in the global marketplace. By focusing on the ways in which well-known companies (including Yahoo!, MTV Europe, Sebago Shoes, and Nivea) become successful beyond their home markets, these videos bring to life chapter concepts and terms, tying them together in a real-world context.

Companion Web Site: The companion web site for this text, located at <http://www.prenhall.com/Deresky>, contains valuable resources for both students and professors, including an interactive student study guide.

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**Opening Profile: Nokia's China Strategy:
Exchanging Technology for Market Access**

The Finnish company's China chairman talks about the challenges of doing business under Beijing's watchful eye

When Folke Ahlback, chairman of Nokia (China) Investment Company, arrived in Beijing six years ago, the local office consisted of about 250 staffers working in a former Beijing movie theater. Since then, he's built Nokia's China operation into a sales powerhouse with 5,000 employees. In 1999, it contributed 14 percent of Nokia Corporation's global sales.

Small wonder Nokia has invested more than \$1 billion in the Chinese market. Already, there are more than 70 million wireless subscribers in the Middle Kingdom, with 2 million new users signing up each month. Ahlback, also a Nokia senior vice president, recently spoke about his company's operations in China with Irene M. Kunii, a *BusinessWeek* correspondent covering telecommunications. Here are excerpts from their conversation.

Q: Has there been any downturn in your China business?

A: There have been no cancellations of orders. Growth has continued to climb steadily. . . . We're satisfied since China's gross domestic product is on the 8 percent level.

Q: Nokia seems to have good relations with its Chinese partners. Why is that? And how many partners are there?

A: Chinese and Finns have some common characteristics. They don't brag and are modest. They are aware that life isn't easy. It makes you a little more humble. We have seven joint ventures, and all but one are state-owned.

Q: You're transferring sophisticated technology to these partners. Aren't you concerned that they might take your market share in the future?

A: Because the telecom industry is so important [in China], there are rules and regulations. You transfer technology and you get market access. It's a mix between a central and a planned economy. We've learned that every country has its own characteristics. In 1998, China became the second most important market for Nokia [after the United States].

Q: How much market share do Chinese handset makers have?

A: The MII's [Ministry of Information Industry] task is to make sure that 30 percent will be Chinese. It's likely to be in the range of 5 percent to 10 percent now.

Q: Are you concerned that China is backing the development of yet another third-generation, or 3G, cellular standard, TD-SCDMA?

A: We are firm believers that . . . regardless of what choice will be made, the point is to make an evolutionary path to wideband CDMA (or W-CDMA, the 3G standard backed by Japan and Europe). If we don't do this, we haven't achieved our path.