
INTERNATIONAL MANAGEMENT

Managing Across Borders and Cultures

TEXT AND CASES

Eighth Edition

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

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Preface

EIGHTH EDITION CHANGES

- **Comprehensive cases: 11 of the 12 comprehensive cases are new and current; one is a popular one from the seventh edition.** The case selection provides increased coverage of emerging markets and high-technology companies. A range of topics and geographic locations is included, as well as an interactive Ethics Role Playing Case.
- **Integrative Section: There are two new comprehensive cases in the Integrative section that are exciting because they cover topics from throughout the book: Mahindra and Mahindra, an “emerging” giant, and the Volkswagen-Suzuki breakup. In addition, the popular Integrative Term Project has been retained.**
- **A new feature box called “Under the Lens”** has been added—one or two in each chapter. This feature gives an in-depth look at important aspects of the chapter subjects, including, for example, “Doing Business in Brazil,” “How Feng Shui Affects Business,” “Negotiations and Decisions to Save the Eurozone System,” and “How SMEs Can Internationalize.”
- **Maps added throughout.**
- **Chapter-Opening Profiles: Nine of the 11 Opening Profiles are new, keeping two favorites.** Examples are “The Globalization of Risk,” and “The Impact of Social Media on Global Business.”
- **Chapter-Ending Cases: There are eight new chapter-ending cases, keeping three favorites.** Examples are “Apple’s iPhone – Not ‘Made in America,’” and “Facebook’s Continued Negotiations in China.”
- All of the “Comparative Management in Focus” sections have been revised and updated. These provide in-depth comparative applications of chapter topics in a broad range of specific countries or regions.
- All of the “Management in Action” boxes have been replaced or updated.
- New coverage of the global economic crisis and its effects on strategy has been added throughout the eighth edition.
- Updated coverage of developments in globalization and its growing nationalist backlash.
- **Expanded and updated coverage of management issues regarding emerging market economies—in particular China, India, Brazil, and Russia.**
- Expanded section on strategies for emerging markets.
- **Added and expanded sections on small businesses and strategies for SMEs.**
- **Expanded sections on “born global” companies and on strategy models.**
- NEW research data added on expatriate assignments and relocation.

The eighth edition of *International Management: Managing Across Borders and Cultures* prepares students and practicing managers for careers in a dynamic global environment wherein they will be responsible for effective strategic, organizational, and interpersonal management. While managing within international and cross-cultural contexts has been the focus of this text since the first edition, the eighth edition portrays the burgeoning level, scope, and complexity of international business facing managers in the twenty-first century. The eighth edition explores how recent developments and trends within a hypercompetitive global arena present managers with challenging situations; it guides the reader as to what actions to take, and how to 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 of all sizes wishing to operate overseas are faced with varied and dynamic environments in which they must accurately assess the political, legal, technological, competitive, and cultural factors that shape their strategies and operations. The fate of overseas operations depends greatly on the international manager's cultural skills and sensitivity, as well as the ability to carry out the company's strategy within the context of the host country's business practices.

In the eighth edition, cross-cultural management and competitive strategy are evaluated in the context of global changes—including the rapidly growing influence of technology, e-business, and social media on business strategy and operations, including “born globals”; the “Eurozone crisis”; the increasing trade among the Americas; and the emerging markets and rapidly growing economies in Asia—that require new management applications. In the eighth edition we have added focus on how rapidly developing economies, in particular the “BRICS,” present the manager with challenging strategic decisions in an increasingly “flat world,” as posited by Thomas Friedman. In addition, the eighth edition includes increased emphasis on small- and medium-sized businesses and their strategies. Throughout, the text emphasizes how the variable of culture interacts with other national and international factors to affect managerial processes and behaviors. Concerns about corporate social responsibility (CSR), sustainability, and ethics while operating in global locations are addressed at length.

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 conclude 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*, Eighth 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.

EIGHTH EDITION FEATURES

- **Streamlined text** in eleven chapters, with particular focus on global strategic positioning, entry strategies and alliances, effective cross-cultural understanding and management, and developing and retaining an effective global management cadre. The eighth edition has been revised to reflect current research, current events, and global developments, and includes company examples from the popular press. The following section summarizes specific features and changes:

NEW COMPREHENSIVE CASES IN EIGHTH EDITION

1. **An Ethics Role-Playing Case: Stockholders versus Stakeholders (Global/Sri Lanka)**
2. **BlackBerry in International Markets (Global/Middle East)**
3. **Google's Orkut in Brazil: What's So Social About it? (Brazil)**
4. **MTV Networks: The Arabian Challenge (Saudi Arabia)**
5. **Alibaba in 2011: Competing in China and Beyond**
6. **Carrefour's Misadventure in Russia**
7. **Walmart's Expansion in Africa**
8. **Evaluating the Chrysler-Fiat Auto Alliance in 2012 (Italy/U.S./Global)**
9. **Foreign Investment in Chinese Banking Sector: HR Challenges (China)**
10. **Indra Nooyi: A Transcultural Leader (India/Global)**
11. **Mahindra and Mahindra (B): An Emerging Global Giant? (India Global)**
12. **After the Breakup: The Troubled Alliance Between Volkswagen and Suzuki (Germany/Japan)**

COVERAGE AND FEATURES BY PART AND CHAPTER

PART 1: The Global Manager's Environment

Chapter 1: Assessing the Environment: Political, Economic, Legal, Technological

New opening profile: “The Globalization of Risk”

Updated Comparative Management in Focus (CMF): “China Helps Prop Up the Global Economy.

Updated Management in Action (MA): “Intel Brings Changes to Vietnam’s Economy and Culture”

New Box Feature—Under the Lens: Information Technology

New End Case: “Apple’s iPhone—Not “Made in America”

Chapter 1 has been revised and updated to reflect developments and events in global business. In Chapter 1 we introduce trends and developments facing international managers, and then expand those topics in the context of the subsequent chapters. For example, we discuss developments in globalization and its growing nationalist backlash that resulted, in particular, from the global economic crisis and the Eurozone problems. We discuss the effects on global business of the rapidly growing economies of China and India and other emerging economies such as Brazil, Russia, and those in Africa; the globalization of human capital; the escalating role of Information Technology and social media; and the global spread of e-business. In addition, we have added material and focus on small and medium-sized companies here and throughout the book. We follow these trends and their effects on the role of the international manager throughout the book.

Chapter 2: Managing Interdependence—Social Responsibility, Ethics, Sustainability

New Opening Profile: McDonald’s CSR Experience in China: Interview with Bob Langert, VP for Corporate Social Responsibility

New Under the Lens: Shareholders Pressure Wal-Mart for Transparency about How Its Suppliers Treat Workers

Revised CMF: Doing Business in China—CSR and the Human Rights Challenge

New Under the Lens: BP’s Sustainability Systems Under Fire

New MA: TerraCycle—Social Entrepreneurship Goes Global

End Case: Nike’s CSR challenge

Chapter 2, as indicated by the new title, takes a long-term view of the company’s global stakeholders and its strategy. It includes an expanded section on Sustainability Strategies, including a new model. The chapter is updated throughout, with new examples, and has a new section on Ethics in Uses of Technology.

PART 2: The Cultural Context of Global Management

Chapter 3: Understanding the Role of Culture

Opening Profile: Adjusting Business to Saudi Arabian Culture

New Under the Lens: Religion and the Workplace

MA: Updated “India’s IT Industry Brings Cultural Changes”

CMF: Expanded Profiles in Culture: Japan, Germany, Latin America.

New Under the Lens: Doing Business in Brazil—Language, Customs, Culture, and Etiquette

End Case: Australia and New Zealand: Doing Business with Indonesia

Chapter 3 examines the pervasive effect of culture on the manager’s role. It includes a new section, “Consequence or Cause”; expanded coverage of culture’s effects on management; and increased emphasis on CQ (cultural quotient). In particular, this chapter presents ways for managers to anticipate, understand, and therefore adjust to working with people in other countries; those ways include understanding the variables of culture through research and how to develop

a descriptive basis for a cultural profile. Several countries are represented, including an in-depth look at Brazil.

Chapter 4: Communicating Across Cultures

New Opening Profile: The Impact of Social Media on Global Business

New Under the Lens: Communicating in India—Language, Culture, Customs, and Etiquette

New Under the Lens: How Feng Shui Affects Business

MA: Oriental Poker Face: Eastern Deception or Western Inscrutability?

CMF: Communicating with Arabs

New Under the Lens: Google’s “Street View” makes Friends in Japan but Clashes with European Culture

New End Case: Miscommunications with a Brazilian Auto Parts Manufacturer.

Chapter 4 links culture and communication in its various forms and focuses on how that affects business transactions and how managers should act in other cultural settings. In particular, the section on Non-verbal Communication has been expanded in the eighth edition, along with the addition of three illustrative “Lens” sections.

Chapter 5: Cross-cultural Negotiation and Decision Making

New Opening Profile: Shiseido and Bare Escentuals—Cultural Conflicts in Negotiations

MA: Cultural Misunderstanding—The Danone-Wahaha Joint Venture in China Splits After Years of Legal Dispute

Revised and Expanded CMF—Negotiating with the Chinese

New Under the Lens: Negotiations and Decisions to Save the Eurozone System

CMF: Decision Making in Japanese Companies

New End Case: Facebook’s Continued Negotiations in China.

Chapter 5 continues the link among the variables of culture, communication, negotiation, and decision making—they are all intertwined. New examples, features, and cases are introduced to explain and illustrate the effects on the manager’s role.

PART 3: Formulating and Implementing Strategy for International and Global Operations

Chapter 6: Formulating Strategy

Opening Profile: Global Companies Take Advantage of Opportunities in South Africa

MA: Updated and revised: Global Economic Downturn Causes Mexico’s Cemex to Retrench

New Under the Lens: India Says No to Foreign Ownership of Supermarkets

CMF: Expanded and Updated: Strategic Planning for Emerging Markets

New End Case: Search Engines in Global Business

Chapter 6 explains the reasons that firms choose to take their business abroad, and the various means for them to do so. The steps in developing those strategies, for firms of all sizes, are examined, along with the explanatory models and the pros and cons of those options. The eighth edition expands on e-business and “born globals,” and includes an expanded, revised section on strategic planning for emerging markets, including an extensive discussion of a study of 247 executives by Deloitte Review regarding their strategies in emerging markets. Discussion of cultural distance relative to strategic planning has been added. Throughout, there are new features and updated examples.

Chapter 7: Implementing Strategy: Strategic Alliances; Small Businesses; Emerging Economy Firms

New Opening Profile: From BP to Exxon: Beware the Alliance with the Bear!

New Under the Lens: Dancing with Gorillas: How SMEs Can Internationalize Through Relationships with Foreign Multinationals

CMF: revised and updated: Joint Ventures in the Russian Federation

New Under the Lens: Breaking Down Barriers for Small Business Exports

New Under the Lens: Global Supply Chain Risks—The Japanese Disaster

MA: Mittal's Marriage to Arcelor Breaks the Marwari Rules

New End Case: The Nokia-Microsoft Alliance in the Global Smartphone Industry (Circa 2011)

Chapter 7, as indicated by the new title and the new features above, includes new sections regarding implementing strategies for small businesses and for emerging economy firms, as well as expanded coverage of implementing alliances. The revised CMF on JVs in the Russian Federation, as well as the feature on the global effects of the Japanese disaster in 2011, provide further updates on issues facing managers.

Chapter 8: Organization Structure and Control Systems

New Opening Profile: Kraft's Post-Merger Integration and Reorganization

Updated Under the Lens: Samsung Electronics Reorganizes to Fight Downturn

Updated MA: Procter & Gamble's "Think Globally—Act Locally" Structure—10 Years of Success

CMF: Changing Organizational Structures of Emerging Market Companies

New Under the Lens: FIFA—Restructuring for Governance Oversight of Ethics

New End Case: HSBC's Global Reorganization and Corporate Performance in 2012

Chapter 8 further examines how to effectively implement strategy by setting up appropriate structural and control systems. The eighth edition gives updated text and new features and cases to explain why and how the way the firm organizes must change to reflect strategic change, which in turn responds to competitive and other environmental factors affecting the industry and the firm. Issues of monitoring, controlling, and evaluating the firm's ongoing performance is discussed.

PART 4: Global Human Resources Management

Chapter 9: Staffing, Training, and Compensation for Global Operations

Opening Profile: Staffing Company Operations in Emerging Markets

New Under the Lens: Tata's Staffing Challenges in the United States

MA: Updated: Success! Starbucks' Java Style Helps to Recruit, Train, and Retain Local Managers in Beijing

CMF: IHRM practices in various countries

End Case: Kelly's Assignment in Japan

Chapter 9 continues strategy implementation by focusing on the IHRM issues of preparing and placing managers in overseas locations, as well as hiring, training, and compensating local managers. The eighth edition includes updated research information, in particular regarding the "war for talent" around the world, and new coverage of the staffing option called "inpatriates."

Chapter 10: Developing a Global Management Cadre

Opening Profile: The Expat Life

New Lens: Expatriates' Careers Add to Knowledge Transfer

MA: Updated: The Role of Women in International Management

New Under the Lens: Vietnam—The Union Role in Achieving Manufacturing Sustainability and Global Competitiveness

CMF: Updated: Labor Relations in Germany

New End Case: Expatriate Management in AstraZeneca.

Chapter 10 focuses on ways to maximize the long-term value to the firm of its expatriates, maximize the opportunities of its women in management, and effectively manage its knowledge transfer and the global management teams and virtual teams. In addition, this chapter brings new focus to

understanding the role of organized labor around the world and its impact on strategy and HRM. New survey results regarding expatriate retention and the roles of their families are examined, as well as a new feature examining the role of expatriates' careers in knowledge transfer to the firm.

Chapter 11: Motivating and Leading

Opening Profile: The EU Business Leader—Myth or Reality?

CMF Updated: Motivation in Mexico

NEW Under the Lens: Global Leaders from India

MA: Leadership in a Digital World

NEW End Case: The Olympus Debacle—Western Leader Clashes with Japan's Corporate Leadership Style

Chapter 11 of the eighth edition has been updated with new examples and research, and a new feature on Global Leaders from India, as well as a new end case. The chapter focuses on both classical and modern research on motivation and leadership in the global arena; specific attention is paid to "Global Mindset" characteristics and behaviors that are typical of successful "cross-cultural" leaders. Finally, an integrative model is presented which illustrates the complexities of the leader's role in various contextual, stakeholder, and cross-border environments.

Additional Eighth Edition Features:

- **Experiential Exercises** at the end of each chapter, challenging students on topics such as ethics in decision making, cross-cultural negotiations, and strategic planning.
- **Integrative Section** – Two new cases (Cases 11 and 12) incorporating a range of topics and locations covered in the text. These cases challenge students to consider the relationships among the topics and steps in this text and to use a systems approach to problem solving for the global manager's role, as well as illustrating the complexity of that role.
- **Integrative Term Project** outlined at the end of the text and providing a vehicle for research and application of the course content.

SUPPLEMENTS PACKAGE

All of the following supplements can be downloaded from our Instructor Resource Center. Request your user name and password from your Pearson Sales Representative. www.pearsonhighered.com/irc

If you ever need assistance, our dedicated technical support team is ready to help with the media supplements that accompany this text. Visit <http://247pearsoned.custhelp.com> for answers to frequently asked questions and user support.

Instructor's Manual: The Instructor's Manual has been completely revised. For each chapter, the Instructor's Manual provides a comprehensive lecture outline with references to slides in the PowerPoint package, chapter discussion questions and answers, as well as additional Teaching Resources, a list of related Web sites, and additional Experiential Exercises for selected chapters.

Test Item File: The Test Item File consists of a selection of multiple choice, true/false, and essay questions. Each question is followed by a rating of easy, moderate, or difficult, and a classification of either application or recall to help you build a well-balanced test.

PowerPoints: A fully revised, comprehensive package of slides, which outline each chapter and include exhibits from the text. The PowerPoint package is designed to aid the educator and supplement in-class lectures.

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COMPANION WEB SITE

The companion Web site for this text, located at <http://www.pearsonhighered.com/deresky> provides valuable resources for both students and professors, including an interactive student study guide.

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