In today’s highly competitive global economy, it is said that most managers are – or soon will be – *global* managers. They may work in their home country, but they are still influenced by global events and have to manage a diverse workforce. As such, they need both multicultural competence and global management skills to work and manage successfully across cultures.

This new edition pairs a richly illustrated text with management applications, key concepts, discussion questions, and web-based cases and exercises aimed at current and aspiring managers. Each chapter is accompanied by a Manager’s Notebook, highlighting field strategies and encouraging students to develop multicultural competence that will be highly valued by future employers.

Exploring the challenges and opportunities facing global managers, the authors examine the global manager’s cultural, organizational, and managerial environments and help the reader to develop a range of skills, from communication and leadership to negotiation and global team management.

This text is designed for courses in International Management, Cross-Cultural Management, and International HRM at advanced undergraduate, Master’s, and MBA levels.

**Richard M. Steers** is the Kazumitsu Shiomi Professor of Management and former Vice Provost for International Affairs at the University of Oregon, USA. A past President and Fellow of the Academy of Management, he has authored over two dozen books and numerous research articles on topics ranging from employee motivation and organizational behavior to cross-cultural management. He served as senior editor for the *Journal of World Business* and co-editor of *The Global Mindset* (2007) and the *Cambridge Handbook of Culture, Organization, and Work* (2009). He has lectured extensively and served as a visiting professor at Oxford University, Erasmus University, Nyenrode Business University, Hanyang University, Yonsei University, University of California, Irvine, and the University of Cape Town.
Joyce S. Osland is the Lucas Endowed Professor of Global Leadership and Executive Director of the Global Leadership Advancement Center at San José State University, USA. A Past President of the Western Academy of Management, she has authored over 150 publications on topics ranging from global leadership to intercultural communication and women in management. She coauthored Global Leadership: Research, Practice, and Development (2017) and co-edits Advances in Global Leadership (2018) and the Sage Handbook of Contemporary Cross-Cultural Management. She has lived and worked in seven countries over sixteen years, including work in international development in Latin America and West Africa, served as a faculty member at INCAE, and is a consultant to universities and global organizations worldwide.
There has never been a time in the history of the world when cross-cultural understanding and skills were more important or more necessary. Management Across Cultures is written by two of the luminaries of the field and could not be a better guide for managing in a global economy.

Nancy Adler, S. Bronfman Chair in Management
McGill University, Canada

It is a truism that there is no one theory of management that fits all situations. The manager of today needs critical analytical skills that take into consideration diverse operating environments and cultural differences. This book provides a spectrum of cultural perspectives in which contradictions are discussed rather than rationalized, to emphasize the need for flexibility, in contrast to reliance on traditional axioms.

Soon Ang, Goh Tjoel Kok Chair and Professor of Management,
Nanyang Technological University, Singapore

Management Across Cultures is a must read for any current or aspiring leader. The days when leaders could just think about domestic business are gone. Only those who understand and have the skills to manage across cultures have any hope of success. As a consequence, this book is one they should read and have on their desk for frequent reference.

Stewart Black, Professor of Global Leadership and Strategy,
INSEAD, France

Steers and Osland are rock stars of research and teaching on global management. A veritable dream team with years of experience in writing texts, they joined forces for the latest edition of Management Across Cultures and the result is simply superb! I give this book my highest possible recommendation.

Nakiye Boyacigiller, Emerita Professor and former dean,
Sabanci University, Turkey;
Past President of Academy of International Business

In this fourth edition, the authors have brought all their expertise from their distinguished careers and created a masterpiece of a textbook. I am especially impressed with its strong focus on cross-cultural skill-building in addition to knowledge conveyance and case analysis. For any instructor who teaches an international management course that focuses on developing skills in addition to imparting knowledge, this book is the entire package.

Mark Mendenhall,
J. Burton Frierson Chair of Excellence in Business Leadership,
University of Tennessee, Chattanooga, USA

With theoretically sophisticated content and cutting-edge management applications, this is likely the best cross-cultural management textbook on the market. With its interdisciplinary focus, a wealth of real-life examples, captivating cases and practical exercises, the book is timely, relevant, and engaging for both novice and expert audiences.

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Inventories

Information regarding third-party inventories is available on the instructor’s website.

- **Diversity Icebreakers.** Incorporates a questionnaire assessing individual preferences for interaction, communication, and problem-solving styles with a set of unique group processes to develop a shared understanding of how to capitalize on group diversity. Available in nineteen languages.

- **GlobeSmart Profile.** An online inventory to assess and compare an individual’s preferred work style across five cultural dimensions, and how this profile compares with people from other cultures, countries, colleagues, and teams. Available in thirteen languages.

- **Intercultural Effectiveness Scale.** An online inventory to assess an individual’s global management skills for interacting with people from other cultures. Dimensions include continuous learning, interpersonal engagement, and hardiness. Includes pre- and post-measurements for changes in multicultural competence. Available in seven languages.
Success in the global economy requires a number of ingredients, including innovative ideas and products, cutting-edge technologies, access to raw materials and competitive labor, solid financing, savvy marketing strategies, and sustainable supply chains. The central driver in this complex endeavor, however, is the manager – who is perpetually caught in the middle of these various forces. Indeed, no one ever said being a manager was easy, but it seems to get more difficult with each passing year. As competitive pressures increase across most industries and services, so too do the pressures on managers to deliver results. Succeeding against the odds often catapults a manager into the higher echelons of an organization, with a concomitant increase in personal rewards. Failure to deliver, however, often slows one’s career advancement if it doesn’t stop it altogether. The stakes are very high for managers and organizations alike.

In this pursuit, the difference between winners and losers is often the ability of managers both to prepare for upcoming challenges and opportunities and to recognize such opportunities when they emerge. Seeing opportunities for the future without adequate preparation or preparing for the future without adequate study of emerging opportunities are both recipes for finishing in second or third place.

Rationale for this Book

With this in mind, a logical question emerges: What do managers need to know to survive and succeed in today’s complex and turbulent global business environment? Certainly, they need the business skills mentioned above, but there is something else. Managers must understand how to work with other people and organizations around the world to get the jobs done. They need a capacity to build working relationships that facilitate mutual benefit. We refer to this quality as multicultural competence, and it is the focus of this book.

To develop multicultural competence, managers must improve their proficiencies in working across cultures, because this is where most future threats and opportunities will be found. They must develop an ability to distinguish between cultural differences and similarities across borders, as well as differences within single countries. They must develop an ability to tease out the subtle contradictions and dualities that are rooted in various cultures, and accept that easy answers may not
exist. They must also develop an ability to adapt traditional management skills, such as leadership, negotiation, and communication, to fit cross-cultural or multicultural venues. We refer to these as *global management skills*, and herein lies the essence of effective global management.

This book is aimed at managers from around the world. It aims to explore managerial processes and practices from the standpoint of managers from all regions of the globe – China and Brazil, India and Germany, Australia and Singapore – as they pursue their goals and objectives in the field. This is done in the belief that the fundamental managerial role around the world is a relative constant, even though the details and specifics of managerial cognitions, situations, and actions may often vary – sometimes significantly – across cultures. Our goal in this book is to help managers develop an enhanced behavioral repertoire of cross-cultural management skills that can be used in a timely fashion when they are confronted with challenging and at times confusing situations. It is our hope that, by better understanding cultural realities on the ground and then using this understanding to develop improved coping strategies, future managers will succeed where many of their predecessors did not.

We draw heavily in this book on recent research in cultural anthropology, psychology, economics, and management as they relate to how managers structure their enterprises and pursue the day-to-day work necessary to make a venture succeed. We further emphasize differences and similarities across cultures, since we believe that this approach mirrors reality. We explore the psychological underpinnings that help shape the attitudes and behaviors of managers, as well as their approaches to people from other regions of the world. Most of all, though, we focus on learning and providing a useful guide to both the intellectual and the practical development of managers seeking global experience.

Our aim here was not to write a bias-free volume, as we believe this would have been an impossible task. Indeed, the decision to write this book in English, largely for reasons of audience, market, and personal competence, does itself introduce some bias into the learning process. Rather, our intent was to write a book that simultaneously reflects differing national, cultural, and personal viewpoints, in which biases are identified and discussed openly instead of being hidden or rationalized. As a result, this book contains few certainties and many contradictions, reflecting our views on the life of global managers.

---

**Learning Strategy**

Throughout this book, our emphasis is on developing critical analysis skills, not drawing arbitrary conclusions or selecting favorites. This is done in the belief that
successful global managers will focus more on understanding and flexibility than evaluation and dogmatism. Such understanding can facilitate a manager’s ability to prepare and act in ways that are more in tune with local environments. As a result, managers who are better prepared for future events are more likely to succeed – period. By integrating these two perspectives – explorations into both the cultural drivers underlying managerial action and common management strategies used in the field – it is our intention to present a more process-oriented look at global managers at work.

To accomplish this, we propose a three-stage learning strategy to guide managers in their developmental activities:

- **Stage 1.** This strategy begins in Chapter 1 with an exploration of the challenges and opportunities facing global managers. Here we examine the changing nature of global business and global managers. Basic global business understanding represents the foundation upon which management development is built. Various types of global managers are reviewed. Finally, we introduce the twin concepts of multicultural competence and global management skills that form the basis for the remainder of the book.

- **Stage 2.** In Chapters 2–4, we explore the global manager’s workplace, which incorporates three interrelated parts: the cultural, organizational, and managerial environments. Added to this is the need to recognize a variety of situational contingencies or context variables that serve to make virtually any global work environment unique.

- **Stage 3.** Finally, in Chapters 5–10, we explore six critical global management skills that are important for interpersonal, as well as managerial, success in the global workplace. These are cross-cultural communication, global leadership, managerial ethics, global partnerships, global teams, and global assignments. Chapter 11 then summarizes what has been learned throughout the book and discusses where we go from here. What are the future challenges facing global managers?

Each chapter begins with clear learning objectives, and concludes with a Manager’s Notebook that highlights specific strategies for successful skill development and implementation and a Chapter Review section that includes a summary, key concepts, and discussion questions. Management applications are incorporated into each chapter to illustrate how concepts work in the field. Cases, exercises, and video clips are available on a companion website for use with this book. Three third-party self-assessment inventories are also available for added learning. Taken together, it is our hope that we have provided a useful guide to developing the skill set managers will require to tackle the challenges – and opportunities – in the coming years.
Acknowledgements

In writing this book, we were able to draw on our research, teaching, and consulting experiences in thirty-five countries around the world. We also learned from our global colleagues, strategic partners, and students, and believe that these experiences have made this a better book. The field is fortunate in having so many knowledgeable and committed scholars who are dedicated to quality research and conscientious teaching. Indeed, few projects of this magnitude could be successful without their many contributions.

Any successful book is a joint venture between authors, colleagues, instructors, students, and publishers. In this regard, we were fortunate to have received help and support from colleagues, instructors, and outside reviewers aimed at making this volume useful for readers interested in global management. This includes Luciara Nardon and Carlos Sanchez-Runde, who helped create earlier editions of this volume but are now pursuing other academic endeavors. We also thank Ramanie Samaratunge, Subamaniam Ananthram, Di Fan, and Ying Lu, who helped develop cases in support of this text. Student comments, both in our own classes and those of others, have helped us improve the final work.

We appreciate the helpful comments and suggestions on this book made by our colleagues in the field, including Harold Bashor, Cam Caldell, Ignacio Canales, Val Finnigan, Jerry Haar, Keith Jackson, Jim Johnson, Yvonne McNulty, Asbjorn Osland, David Palmer, Carol Reade, Jenny Rodrigues, Laurence Romani, Suk Sakchutchawan, Andrea Smith-Hunter, Natalie Wilmot, and Ying Zhang. Finally, we wish to recognize the support of the Donald and Sally Lucas Family Foundation, the Global Leadership Advancement Center at San José State University, the Lundquist College of Business at the University of Oregon, and the International Organizations Network.

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Finally, we wish to express our appreciation for the considerable help, love, and support from our families – Sheila, Kathleen, and Allison for Richard, and Asbjorn, Jessica, Joe, Zoe, Lucy, Michael, Anna, Jacob, Gavin, Katrina, Scott, Izzy, and June for Joyce. Throughout, our families have been there for us in every way possible, and for this we are indeed grateful.

Richard M. Steers
Joyce S. Osland
PART 1
Global Managers: Challenges and Opportunities
LEARNING OBJECTIVES

- Examine the changing business environment.
- Examine the changing management environment.
- Explore different global management career options, both at home and abroad.
- Review learning strategies for developing multicultural competence and global management skills.

CHAPTER OUTLINE

- The Changing World of Business
- MANAGEMENT APPLICATION 1.1 Local Consequences of Global Connectivity
- The Changing World of Management
- Global Managers at Home and Abroad
- MANAGEMENT APPLICATION 1.2 Dermot Boden, Expatriate
- MANAGEMENT APPLICATION 1.3 Mary Gadams, Global Entrepreneur
- MANAGEMENT APPLICATION 1.4 Roos Dekker, Home Country Manager
- Multicultural Competence
- MANAGER’S NOTEBOOK: Developing Global Management Skills
- Chapter Review
In the future, the ability to learn faster than your competitors may be the only sustainable competitive advantage.\(^1\)  
Arie de Geus  
Royal Dutch Shell

During a dinner meeting in Prague between marketing representative Hiroko Numata and her Czech host, Irena Novák, confusion quickly emerged when the Japanese guest went off to find the restroom. She began to open the door to the men’s room when her host stopped her. “Don’t you see the sign?” Novák asked. “Of course I do,” Numata responded, “but it is red. In our country, a red-colored sign means it’s the ladies’ room. For men, it should be blue or black.” Novák returned to her table, remembering that she too had looked at the sign but had focused on what was written, not its color. She wondered how many other things she and her Japanese colleague had seen or discussed but interpreted very differently.\(^2\)

Hiroko Numata and Irena Novák face the same challenge that is shared by many others. We live in a contradictory and turbulent world, in which there are few certainties and change is constant. Over time, we increasingly come to realize that much of what we think we see around us can, in reality, be something entirely different. We require greater perceptual insight just as the horizons become cloudier. Business cycles are becoming more dynamic and unpredictable, and companies, institutions, and employees come and go with increasing regularity. Much of this uncertainty is the result of economic forces that are beyond the control of individuals and companies. Much results from recent waves of technological change that resist pressures for stability and predictability. Even more results from the failures of individuals and corporations to understand the realities on the ground when they pit themselves against local institutions, competitors, and cultures. Knowledge is definitely power when it comes to global business and, as our knowledge base becomes more uncertain, companies and their managers seek help wherever they can find it.

Considering the amount of knowledge required to succeed in today’s global business environment and the speed with which this knowledge becomes obsolete, it is the thesis of this book that mastering learning skills and developing an ability to work successfully with partners in different parts of the world may well be the best strategy available to managers who want to succeed. Business and institutional knowledge is transmitted through interpersonal interactions. If managers are able to build mutually beneficial interpersonal and multicultural relationships with partners around the world, they may be able to overcome their knowledge gaps. The aim of this book, then, is to develop information, learning models, and global skills that managers can build upon to successfully pursue their job responsibilities, corporate missions, and careers in the global workplace.

As managers increasingly find themselves working across borders, their list of cultural contradictions continues to grow. Consider just a few examples. Most French
and Germans refer to Europeans as “we,” while many British refer to Europeans as “they.” To some Europeans, Japan is part of the “Far East,” while, to some Japanese, Europe is part of the “Far East”; it all depends on where you are standing. Many Central American organizations do not define Belize as part of Central America, despite the English-speaking country’s shared border with Guatemala and southern Mexico. Criticizing heads of state is a favorite pastime in many countries around the world but criticizing the king in Thailand is a felony punishable by fifteen years in jail. Every time Nigerian-born oncologist Nkechi Mba fills in her name on a form somewhere, she is politely told to write her name, not her degree. In South Korea, a world leader in IT networks, supervisors often assume employees are not working unless they are physically sitting at their desks in the office. When you sink a hole in one while playing golf with friends in North America and Europe, it is often customary for your partners to pay you a cash prize; in Japan, you pay them. The head of Nigeria’s Niger Delta Development Corporation was fired from his job after it was discovered that he had paid millions of dollars of public money to a local witch doctor to vanquish a rival. Finally, dressing for global business meetings can be challenging: wearing anything made of leather can be offensive to many Hindus in India; wearing yellow is reserved for the royal family in Malaysia; and white is the color of mourning in many parts of Asia.

When confronted by such examples, many observers are dismissive, suggesting that the world is getting smaller and that many of these troublesome habits and customs will likely disappear over time as globalization pressures work to homogenize how business is done – properly, they believe – across national boundaries. This may be incorrect, however. The world is not getting smaller; it is getting faster, and managers ignore this fact at their own peril. Many globalization pressures are currently bypassing – and, indeed, in some cases actually accentuating – divergent local customs, conventions, and business practices, if for no other reason than to protect local societies from the ravages of economic warfare. What this means for managers is that many of these and other local customs will likely be around for a long time, and wise managers will prepare themselves to capitalize on these differences, not ignore them.

With this in mind, in this chapter we begin our exploration of management across cultures by exploring four key topics aimed at laying the foundation for developing global management skills:

- the changing nature of business, with new relationships, challenges, and uncertainties
- the changing nature of management, with new strategies, responsibilities, and opportunities
- the diversity of global managers, with different skill sets, locations, and responsibilities
- a learning strategy for developing multicultural competence and global management skills.
The Changing World of Business

Much of what is being written today about the changing global landscape is characterized by a sense of energy, urgency, and opportunity. We hear about developing global leaders, building strategic alliances, launching global product platforms, leveraging technological breakthroughs, first-mover advantages, global venturing, outsourcing, sustainable supply chains, and, most of all, making money. Action and winning seem to be the operational words. Discussions about global business assume a sense of perpetual dynamic equilibrium. We are told that nothing is certain except change, and that winners are always prepared for change; we are also told that global business is like white water rafting – always on the edge; and so forth. Everything is in motion, and opportunities abound.

At the same time, however, there is another, somewhat more troublesome side to this story of globalization that is discussed far less often, yet it is equally important. This side is characterized by seemingly endless conflicts with partners, continual misunderstandings with suppliers and distributors, mutual distrust, perpetual delays, ongoing cost overruns, political and economic risks and setbacks, constant travel, personal stress, and, in some cases, lost careers. Indeed, over 50 percent of international joint ventures fail within the first five years of operation. The principal reasons cited for these failures are cultural differences and conflicts between partners.3

Problems such as these have several potentially severe consequences for organizational success, especially in the area of building workable global partnerships. Although it is not easy to get a handle on all the changes occurring in the global environment, three prominent changes stand out: the evolution from intermittent to continual change, from isolation to increasing interconnectedness, and from biculturalism to multiculturalism (see Exhibit 1.1).

Continuous Change

Change is everywhere. Companies, products, and managers come and go. This turbulence increasingly requires almost everyone, from investors to consumers, to pay greater heed to the nature, scope, and speed of world events, both economically and politically. Details of contracts and agreements have become more important. Personal relationships in business, even though they are under increasing strain due to the pace and nature of global work, remain one of the last safe havens in an otherwise largely unpredictable world. Across this changing environment – indeed, as one of the principal causes of these changes – we can see the relentless development and application of new technologies, especially with regard to the digital revolution. Technology is largely held to be a principal driver of globalization and the key to national economic
development and competitiveness. At the same time, globalization has resulted in an increase in the transfer and diffusion of technological innovation across borders, as well as competition among nations to develop and adopt advanced technologies. As business becomes more global, the need for better and cheaper technology increases, pushing technological development to new heights.

**Increased Interconnectedness**

Globalization is not a debate; it is a reality. This is not to say that the challenges and potential perils of globalization are a recent phenomenon. Indeed, quite the contrary is true; globalization has always been a major part of commerce. What is new, however, is the magnitude of globalization today and its impact on standards of living, international trade, labor conditions, governments, social welfare, culture and community, and environmental sustainability. The economic and political power of India and China continues to grow exponentially, and both are struggling to manage the positive and negative consequences of growth and development. Russia is trying to reassert itself politically and economically in the world, overcome rampant corruption in its business sector, and reform its economic system in order to build local companies that can compete effectively in the global economy. Arab nations are struggling for greater democracy and human rights, while South Africa continues to struggle to shed the vestiges of its old apartheid system and build a new stronger economy based on more egalitarian principles. Brazil, once known for its leadership and economic strength as an emerging BRICS economy, is currently
retrenching due to recession and political turmoil. Throughout, there is a swelling consumer demand for high-quality but low-cost goods and services that challenge most governments and corporations. In a nutshell, welcome to today’s increasingly global economy. What are the ramifications of this increase for organizations and their managers? What are the implications for developed and less developed countries? Is there a role for governments and public policy in this revolution?

**Increased Multiculturalism**

In the past, international business relied largely on expatriates who were sent by their companies to live and work in foreign countries, some of whom became bicultural as a result. Today, however, the increasing intensity and diversity that characterize the global business environment require managers to succeed simultaneously in multiple cultures, not just one, regardless of where they live. What exactly does this mean? Multiculturalism is the view that cultures, races, and ethnicities, particularly those of minority groups, deserve recognition of their differences within a dominant social culture. That acknowledgement can take the forms of recognition of contributions to the cultural life of the community as a whole, a demand for special protection under the law for certain cultural groups, or autonomous rights of governance in cultures. Multiculturalism is both a response to the existence of cultural pluralism in modern societies and a way of compensating cultural groups for past exclusions. It seeks the inclusion of the views and contributions of diverse members of society while maintaining respect for their differences and withholding the demand for their assimilation into the dominant culture. And, perhaps most important for companies, it provides an underutilized human resource in support of a company’s mission and goals.

**Local Consequences of Global Connectivity: Some examples**

To better understand how the increasingly complex business environment can have local consequences and not just a global one, take a look at some recent examples:

- **Postal strike in Canada.** When unionized Canada Post workers went on strike for better wages and working conditions, their goal was to create sufficient customer hardships that would force management to settle. Local and international mail deliveries were halted for several weeks. As a result, millions of people who were accustomed to paying their bills through the mail simply converted to electronic bill pay. E-mails replaced traditional letter-writing. As a result, when the strike was settled, Canada Post had lost millions of customers
and the cost of delivering a letter had increased because of the reduced mail volume and increased delivery costs. Electronics had replaced people.

- **Food prices in Egypt.** Because of continued water shortages, Egypt annually imports 90 percent of its wheat from Russia. When wildfires and heat waves significantly reduced Russia’s wheat crop, food prices in Egypt rose 30 percent. The results were disastrous for the Egyptian economy, while Russia lost valuable export revenue.7

- **Cashew processing in India.** For several hundred years, Kollam, an Indian Ocean port city, was the world’s center for cashew processing.8 Cashews were shelled by hand, mostly by women. Kollam’s near-monopoly on processing created wealth for some and stability for others. Wages were low and working conditions were poor. But when Indian workers began asking for improved wages and conditions, entrepreneurs in Vietnam saw an opening. They realized that cashew processing was essentially a manufacturing job in which mechanization might provide an edge. Inventing their own processing machines, Vietnam quickly began to capture much of the cashew market, eclipsing the Indian processors. Now, however, African entrepreneurs are visiting Vietnam, wishing to purchase cashew processing machines. The value chain is always moving.

- **Ethanol and tortillas in Mexico.** When the use of ethanol as an additive to gasoline production increased significantly in American and European markets, corn prices around the world skyrocketed, and the price of tortillas in Mexico, a staple food among Mexico’s poor, nearly doubled. A short time later, however, the bottom fell out of the ethanol market as oil prices dropped and the price of corn fell.9 Then, a year later, oil prices skyrocketed again, as did the price of corn. Caught in the middle of all of this is the Mexican peasant, trying to survive. Unintended, yet nonetheless very real, consequences.

- **Trade barriers in the US.** When the US government increased import tariffs from other countries on steel and aluminum in order to secure more favorable trade terms, the affected countries quickly retaliated with trade barriers of their own, mostly against US agricultural products. As a result, American steel and aluminum companies prospered, while many American farmers were decimated.10

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**MANAGEMENT APPLICATION 1.1 Local Consequences of Global Connectivity**

1. Based on your reading of these examples, did any of these countries have a way of buffering themselves from the global economic and technological changes that confronted them?
2. Was there an alternative solution for the head of Canada Post that would have been better for labor, management, and consumers?

3. What could the Egyptian government administrators have done to better protect their country’s food supply? Why didn’t they do this?

4. If you were hired as an outside consultant, what would you recommend that the Indian authorities do to rebuild the crumbling economy in Kollam?

5. In the case of Mexico, do foreign companies have an obligation, moral or otherwise, to consider the economic, social, or environmental ramifications of their actions beyond the confines of their own borders? Realistically, what, if anything, can executives do in such circumstances while still complying with their legal obligations to their stockholders?

6. Finally, if the US had a sound case to make against what they saw as unfair trade practices by other countries, was there a better and perhaps more effective way to go about this?

Taken together, these three global business challenges – continuous change, increased interconnectedness, and greater multiculturalism – illustrate just how difficult it can be to work or manage across cultures in today’s complex, uncertain, rapidly evolving business environment. As management guru Peter Drucker noted, “The greatest danger in turbulent times is not the turbulence, but to act with yesterday’s logic.” Furthermore, the old ways of communicating, negotiating, leading, and doing business are simply less effective than they were in the past. Thus, as noted earlier, the principal focus of this book is how to facilitate management success in global environments by becoming an effective global manager.

The Changing World of Management

What does all of this mean for managers? Things are changing here, too. For starters, gone are the days when most international managers prepared for long-term assignments in one country or, at most, one region at a time. Today these same managers must deal simultaneously with partners from perhaps a dozen or more different cultures around the globe. As a result, learning one language and culture may no longer be enough, as it was in the past. In addition, the timeline for developing business relationships has declined from years to months – and sometimes to weeks. This requires a new approach to developing managers.

This evolution from a principally monocultural or bicultural business environment to a more multicultural or global environment presents managers with at least
three new challenges in attempting to adapt quickly to the new realities on the ground:

- It is sometimes unclear to which culture we should adapt.
- Many multicultural encounters occur on short notice, leaving little time to learn about the other culture.
- Multicultural meetings increasingly occur virtually instead of through more traditional face-to-face interactions.

All three of these challenges require speed in the absence of knowledge – a situation not unfamiliar to many managers. As such, managers require a change in mindset that involves developing cultural understanding, global management skills, and cultural adaptations skills, as discussed below and throughout this book (see Exhibit 1.2).

### From Managers to Global Managers

Did you ever wonder what management really is beyond textbook definitions? Consider two recent definitions: “Management involves coordinating and overseeing the work activities of others so that their activities are completed efficiently and effectively”;\(^1\) and: “Management is the process of assembling and using sets of resources in a goal-directed manner to accomplish tasks in an organizational setting.”\(^2\) These are the same definitions we would have seen a century ago, which...
implies a certain stability in our assumption that all managers do essentially the
same work. Indeed, in one of the most frequently cited studies of management,
Henry Mintzberg concludes that “managers’ jobs are remarkably alike,” whether
we are looking at foremen, company presidents, or government administrators.\textsuperscript{14} In the end, “the primary purpose of the manager is to ensure that his or her
organization serves its basic purpose – the efficient production of specific goods
and services.”

While all this may be correct as far as it goes, this line of reasoning seems to
ignore the challenges facing global managers in performing these roles across
cultures. As we discuss throughout this book, cultural differences can play an
important role in both the conceptualization and practice of management around
the world. People’s conceptions of business management, as well as their applica-
tion of management principles, often result from a combination of cultural back-
grounds, personal experiences, and the situations confronting them. Thus, we must
ask: would a typical Australian manager approach business decisions and actions in
the same way as their Indian, Chilean, or French counterparts? If not, how might
their approaches be different? And how can global managers simultaneously deal
with such diverse worldviews and practices?

Intensifying globalization pressures, along with expanded educational opportu-
nities around the world, have created a new reality in the world of management. Like
it or not, in today’s increasingly turbulent and complex business environment many
believe that most people are or are rapidly becoming global managers, regardless of
where they live and work. Perhaps this is an exaggeration, but probably not much.
A few years ago, people focused considerable attention on the differences between
British managers, Japanese managers, Mexican managers, and so forth. They were
relatively comfortable with their well-intentioned cultural stereotypes. Today these
stereotypes have become somewhat blurred, as the global economy becomes a
reality and most business is international. This is not to say that substantial
differences no longer exist between managers from various countries or the ways
in which they do business. Of course, they do. Rather, it is to say that the very
definition of effective management has changed in ways that have little to do with
national origin. Most managers today have to engage with customers, business
partners, and employees from various regions of the world. Success or failure
depends on these managers’ ability to communicate, negotiate, contract, lead,
organize, coordinate, and control activities across borders.

The responsibility of managers in all of this is to make things happen – to
maximize consumer benefit and the company’s bottom line. At the same time,
society asks – and often demands – that managers pay fair wages, provide safe
and equitable working conditions for their employees, follow the laws and regula-
tions in the countries where they do business, protect the environment, act in
socially responsible ways, and abide by ethical norms and professional standards.
It is an understatement to point out that accomplishing these often conflicting goals is no easy task. In view of this, the question for today’s managers is how they can best prepare themselves for this brave new world of global business. Traditional models of management pay only scant attention to cultural differences. The assumption is that management is a largely universal pursuit and that the key to good management is to follow prescribed rules and policies. What is missing here is a serious consideration of how differences in the work environment can – and often do – affect how management is both defined and implemented.

In this regard, recent research findings by Allan Bird and Joyce Osland suggest that what differentiates global managers from traditional ones are the increased job demands that accompany the position, including the following:15

- a greater need for broad knowledge that spans both national and functional boundaries
- a strong requirement for wider and more frequent boundary-spanning, both within and across organizational and national boundaries
- pressures to understand a wider array of stakeholders when making decisions
- a heightened need for cultural understanding within a setting characterized by wide-ranging diversity
- a more challenging and expanded list of competing tensions, both on and off the job
- a heightened ambiguity surrounding decisions and related outcomes
- more challenging ethical dilemmas relating to the effects of globalization.

In view of these demands, it is no wonder that several observers have noted that being a global manager is not for everyone.16 Clearly, the world of management is changing in directions that increase both threats and opportunities for all.

**Characteristics of Global Managers**

Thomas A. Stewart, editor of the *Harvard Business Review*, observed, “A global manager is set apart by more than a worn suitcase and a dog-eared passport.”17 To the extent that this observation is correct, the onus is clearly on managers to prepare themselves for success in the future. Engaging with managers and entrepreneurs from different cultures opens up considerable opportunities to learn more about ourselves, discover new ways of doing and thinking, and find creative solutions to problems both old and new. It is clearly part of the developmental process for most managers; and, in this pursuit, continual cognitive, analytical, and experiential learning play a significant – and often underappreciated – role.

Global managers come in all shapes and sizes, as well as skills and abilities. Indeed, in today’s global economy, almost all managers are involved in some form
or another with global management. As such, it is difficult – if not impossible – to develop a precise definition that accurately encompasses all their activities and responsibilities. As a starting point, however, we define a global manager as someone who works with or through people across national and cultural boundaries to accomplish global corporate objectives. Inherent in this definition is the assumption that many – if not all – of these managers work with people from differing cultural backgrounds and, as such, must somehow accommodate or respond to these differences. This suggests that a global job title does not in and of itself qualify a person as a global manager; instead this title depends upon the degree of global complexity and interconnectedness demanded by one’s job. Also inherent in this definition is the recognition that some of these cross-cultural interactions may be across countries with fewer cultural differences than others, such as Canada and the United States as opposed to Canada and Saudi Arabia. (This is referred to as cultural distance and is discussed in Chapter 2.) Indeed, some of these cultural differences can often be found within a single country, such as English-speaking as opposed to French-speaking Canada.

Paramount to this definition is the assumption that global managers are – and must be – different to more traditional managers (see Exhibit 1.3). In particular, global managers must first have a worldview, not a national one. In addition, global managers must understand not just cultural differences, but also the ways in which to navigate such differences to achieve corporate objectives. They must also be able to seek partnerships, not domination. Finally, global managers must be able to exhibit both the competence and the confidence to work with colleagues and partners from around the world.

Exhibit 1.3 Characteristics of global managers

An understanding of cultural differences and an ability to navigate and leverage these differences to achieve corporate objectives

An understanding of the difference between seeking partnerships and seeking domination

An ability to view the world from a holistic standpoint, taking a worldview, not a national one

An ability to demonstrate both competence and confidence in working with global partners and colleagues

Characteristics of global managers
Global managers are a heterogeneous bunch and have very different corporate lifestyles. Some live abroad, some essentially live in airplanes, and some live at home. Some do all three. Some work for multinational corporations; some work for themselves. For the sake of parsimony, and acknowledging that there are obvious risks in categorizations, we suggest that these global managers can be roughly divided into four somewhat overlapping categories: expatriates, frequent flyers, global entrepreneurs, and home country managers. We suggest, further, that the characteristics and cultural challenges of each of these types of managers can be quite different (see Exhibit 1.4).

**Expatriates**

Traditionally, the most common foreign assignments have involved the long-term relocation of parent-company managers to various countries in which the parent firm does, or wants to do, business. Firms have often preferred to use expatriates for a number of reasons, such as needing parent-company representation and control in a distant location, providing developmental opportunities for parent-country managers, or plugging skill gaps which couldn’t be filled by local workers. Expatriates who are assigned to a parent-company’s corporate headquarters for training or special work are often referred to as inpatriates; that is, they come “in” to corporate headquarters instead of going out. Today, however, along with company-assigned expatriates and inpatriates, we also see an increasing number of self-initiated expatriates who voluntarily move to another country and seek employment to gain important experience or better employment opportunities (see Chapter 10).

For an example of a self-initiated expatriate at work, take a look at Dermot Boden. When Korea-based LG determined to become more globalized in their outlook and business practices, they set about recruiting several highly experienced foreign

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**Exhibit 1.4** Types of global managers

<table>
<thead>
<tr>
<th>Expatriates</th>
<th>Frequent flyers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assigned or self-initiated long-term residential assignments to manage local operations</td>
<td>Short-term travel assignments to network with branches, customers, or suppliers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Home country managers</th>
<th>Global entrepreneurs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local/home assignments with international or multicultural responsibilities</td>
<td>Independent business people traveling the world in search of new global opportunities</td>
</tr>
</tbody>
</table>
executives and placing them in positions of power where they could lead a fundamental cultural change. These changes would then cascade down through the organization from the top. One of their first new hires was an Irishman named Dermot Boden, who was given a three-year contract as the company’s new chief global marketing officer. Boden had built an impressive marketing career at Pfizer, rising to vice president and general manager in its Japanese headquarters. His job would be to rebrand LG products with an exciting new image. At the same time, LG hired several other global executives, mostly from Europe, and soon Boden and his colleagues represented a quarter of LG’s top management team. Moving to Seoul, Boden and his colleagues approached their new jobs with enthusiasm. To bring attention to LG as a “hip” brand, Boden sought out partnerships with Formula 1 racing teams and initiated the “Life is Good” branding campaign, a play on the company’s initials, LG. Customers began to pay more attention to the brand. Within a year, however, Boden and his colleagues ran into trouble as LG’s Korean executives began to chafe at changing their local customs and ways of doing business. Complaints emerged that the foreigners’ management style was incompatible with Confucian culture. There was too much conflict, and insufficient respect for Korean traditions. The more combative “shake-things-up” management style of the new foreign executives had run afoul of the existing culture. After just three years on the job, the contracts of Boden and his colleagues were not renewed, and they left the company. LG returned to an all-Korean executive suite.

MANAGEMENT APPLICATION 1.2 Dermot Boden, Expatriate

1. As a manager, what did Dermot Boden gain or lose from his experience with LG?
2. How do you explain the rapid build-up, and equally rapid termination, of the expatriate managers at LG?
3. What did LG gain – and possibly lose – from its three-year experiment with expatriate managers?
4. Overall, what lessons emerge from the LG experience for other managers entering a self-initiated expatriate experience?

Frequent Flyers

While extended expatriate assignments are often useful, some have suggested that the days when managers prepared for a long-term assignment in South Africa, Thailand, or Costa Rica are rapidly being eclipsed by a new reality in which managers sometimes seem to spend more time in the air than on the ground. Enter
the frequent flyer. Global assignments of shorter duration – often accompanied by increased intensity – are usually focused on specific tasks or projects, and, as such, can often provide easier ways to assess results. In addition, there are many managers who would not consider uprooting the family for long-term expatriate assignments but would be interested in shorter international opportunities. This increases the pool of talent available for such postings – a big plus, since the demand for highly qualified international assignees is often higher than the supply. Employees often see short-term assignments as being easier on their friends and family, as well as their home country career opportunities.

The main challenge facing managers on short-term assignments is that they often find themselves in a foreign country without family and friends, and with a very short time to develop relationships and become adjusted. Since assignees are usually sent abroad for a short period in order to solve a specific problem or perform a specific task, they are not given the time to learn the ropes and adjust to the new locale, as would be the case for traditional long-term expatriate assignments. Instead, frequent flyers are often expected to perform as soon as they hit the ground, which increases the challenges – and stresses – of such assignments. Strong pressures to perform quickly, coupled with a limited social and family life, frequently lead assignees to work long hours, enduring high levels of stress and, at times, a poor work–life balance. As a result, companies have experienced considerable burn-out among their frequent flyers. One sales executive observed, “I did a lot of commuting, basically every two weeks between the United States and Europe,” while an accounting firm chief executive officer (CEO) noted, “People ask me why I retired. I was spending 75 percent of my time on international travel!”

Global Entrepreneurs

The third category of global managers is global entrepreneurs. Traditionally, start-up companies expanded overseas only after they had secured their home base. Not anymore. Today companies are frequently born global. Entrepreneurs don’t automatically buy raw materials from nearby suppliers or set up factories close to their headquarters. Now they hunt for the world’s best manufacturing locations because political and economic barriers have fallen and vast amounts of information are readily available. These managers look for talent across the globe, tap investors wherever they may be located, and learn how to manage operations from a distance – the moment they go into business.

Global entrepreneurs cross borders for two reasons. One is defensive: To be competitive, many ventures must globalize some aspects of their business (e.g., manufacturing, service delivery, capital sourcing, or talent acquisition) as soon as they start operations. The other reason is offensive: Many new ventures are
discovering that a new business opportunity can span more than one country, or that they can use geography and distance to create new products or services. RacingThePlanet was founded by Mary Gadams to sponsor seven-day 250 km marathons in the world’s most hostile environments. Her team works out of a small Hong Kong office, but the company operates in the Gobi Desert in Mongolia, the Atacama Desert in Chile, the Sahara Desert in Egypt, and Antarctica. Distance has generated the opportunity: If the deserts were accessible, participants and audiences would find the races less attractive, and the brand would be diluted. RacingThePlanet isn’t just about running, however; it is also about creating a global lifestyle brand, which Gadams uses to sell backpacks, emergency supplies, clothing, and other merchandise, as well as to generate content for the multimedia division, which sells video for websites and Global Positioning System (GPS). One idea; one global entrepreneur; one more success story.

<table>
<thead>
<tr>
<th>MANAGEMENT APPLICATION 1.3 Mary Gadams, Global Entrepreneur</th>
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<tbody>
<tr>
<td>1. In the example of RacingThePlanet, what kind of training or background experiences might help Mary Gadams prepare for her chosen career?</td>
</tr>
<tr>
<td>2. What personal characteristics or attributes might help support Mary in her business venture?</td>
</tr>
<tr>
<td>3. Where do global entrepreneurs get the ideas that create new business opportunities?</td>
</tr>
</tbody>
</table>

Home Country Managers

Finally, there is a category of global managers that many people often forget about. These are home country managers, who typically work in their home country but nonetheless interact on a regular basis with people from other countries and cultures. We tend to think of global managers as traveling the world or living abroad on behalf of their employers, and many do. But, in fact, there are many global managers who never leave home. Despite working in the home office, they live and work in a multicultural world that includes both face-to-face and distant communications with co-workers, suppliers, customers, clients, partners, and so forth on behalf of corporate goals. Some of these people work electronically through social media and other electronic tools to manage international logistics with buyers and suppliers, while others support customer service for current and prospective customers. Still others conduct global research on future company products and
services. Some are hosts to company visitors from around the world, while others support global media efforts. In all cases, home managers also require global skills and multicultural understanding to succeed.

Equally important here are home country managers who may have no international face-to-face contacts per se, but nonetheless work in an environment consisting of colleagues and customers from divergent cultural backgrounds. As such, an understanding of multiculturalism is required at home, a theme which is discussed throughout this book. These managers, too, can benefit from an understanding of cultural differences and cross-cultural skills. Thus, the argument advanced here is that almost all managers in today’s global economy are global managers, whether they think of themselves as such or not. And all require similar job skills to fulfill their managerial responsibilities.

One example of a home country manager is Roos Dekker. Dekker is a logistics coordinator at Philips Healthcare, a division of a large Dutch multinational. Her responsibilities include coordinating global logistics for the company’s Healthcare@-home products, including supplies and product deliveries to and from Latin America, Asia, and Africa. Dekker was born and raised in the Netherlands and attended local schools. While she has traveled throughout Europe, she has never left the continent. Like many Dutch, she speaks fluent German and English, as well as a little French, in addition to her native language. Dekker took the job at Philips because she enjoys working with people from different cultures, is a good problem-solver, and has good communication skills. She had also studied logistics and supply chain management as part of her business degree and was confident this would help her in her daily challenges. However, global travel would be difficult for Roos, for family reasons.

**MANAGEMENT APPLICATION 1.4 Roos Dekker, Home Country Manager**

1. While Roos Dekker is multilingual, none of her foreign language capabilities match those of her overseas colleagues and partners in Latin America, Asia, or Africa. Is this a problem and, if so, what could she realistically do to mediate this situation?
2. How might global management skills differ for home country managers like Roos Dekker compared to managers working on foreign assignments such as expatriates or frequent flyers?
3. What could Roos Dekker do to further develop her global management skills without traveling beyond the Dutch border?
4. What could her employer do to encourage and support her as a global manager working in her home country?
Once again, it is important to remember that these four categories of global managers – expatriates, frequent flyers, global entrepreneurs, and home country managers – represent overlapping categories. Clearly, expatriates today spend time back in their home offices, while many home country managers must travel at times to do their work. Our purpose in differentiating among these four categories, even in terms of general trends, is to highlight differences in managerial responsibilities and challenges in doing business across national borders. All such managers, however, require an understanding of cultural influences on human behavior in order to succeed.

**Multicultural Competence**

Globalization pressures are a serious challenge for businesses and the way in which they conduct themselves in the global economy, and they have a direct influence on the quality and effectiveness of management. Globalization presents companies with opportunities as well as challenges. The manner in which businesses respond – or fail to respond – to such challenges will in large measure determine who wins and who loses. Companies that succeed will need to employ managers with sufficient economic grounding, political and legal skills, and cultural awareness to decipher the complexities that characterize their surrounding environment. Tying this all together will be the management know-how to out-smart, outperform, or outlast the competition on a continuing basis. Although globalization seems to be inevitable, however, not all cultures and countries will react in the same way, and therein lies one of the principal challenges for managers working across cultures.

In view of these myriad challenges, managers viewing global assignments – or even global travel – would do well to learn as much as they can about the world in which they will work. The same holds true for local managers working in their home countries, where the global business world is increasingly challenging them on their own turf. Like it or not, with both globalization and competition increasing almost everywhere, the challenge for managers is to outperform their competitors, individually or collectively. This can be attempted either by focusing exclusively on one’s own company’s self-interests or by building mutually beneficial strategic alliances with global partners. Either way, the challenges and pitfalls can be significant.

Another important factor to take into consideration here is a fundamental shift in the nature of geopolitics. No longer do global business leaders focus on one or two stock markets, currencies, economies, or political leaders. Today’s business environment is far too complex and interrelated for that. Contrary to some predictions,
however, nation states and multinational corporations will remain both powerful
and important; we are not, in fact, moving towards a “borderless society.” Global
networks, comprising technological, entrepreneurial, social welfare, and environ-
mental interest groups, will also remain powerful. Indeed, global networks will
increasingly represent power, instead of traditional or historic institutions. Like
future political, social, and environmental endeavors, future economic and business
endeavors will hopefully be characterized by a search for common ground, product-
ive partnerships, and mutual benefits. Whether or not this turns out to be true
remains to be seen.

Multicultural Competence and Managerial Success

As globalization pressures increase and managers spend more time crossing borders
to conduct business, the training and development community has increasingly
advocated more intensive analyses of the criteria for managerial success in the
global economy. As more attention is focused on this challenge, a growing cadre of
management experts is focusing on the need for managers to develop perspectives
that stretch beyond domestic borders. This concept is identified in many overlapping
and nuanced ways:

- A global mindset is typically defined as a complex cognitive structure, charac-
terized by an openness to and articulation of multiple cultural and strategic
realities on both global and local levels, and the cognitive ability to mediate and
integrate across this multiplicity.  
- Cultural intelligence is a related term, generally referring to a person’s capability
to function effectively in situations characterized by cultural diversity.
- As discussed below, we prefer the term multicultural competence because of its
simplicity and lack of jargon.

Whatever it is called, its characteristics and skills are in increasing demand as firms
large and small, established and entrepreneurial, strive for global competitiveness.

The concept of multicultural competence and how it can be developed is at the
heart of this book. The skills and abilities discussed throughout this volume repres-
ent an effort to develop such competence. The fundamental challenge of multcul-
tural competence isn’t whether or not managers possess it; rather, it is a question of
how much they possess. It is a question of degree. Simply put, better trained
managers – especially those with higher levels of multicultural competence – tend
to succeed in challenging foreign environments more often than those with lower
levels of competence. It is as simple as that.

The challenges discussed throughout this chapter are more successfully met by
hard work, critical analysis, serious reflection, and attentive behavior than any of