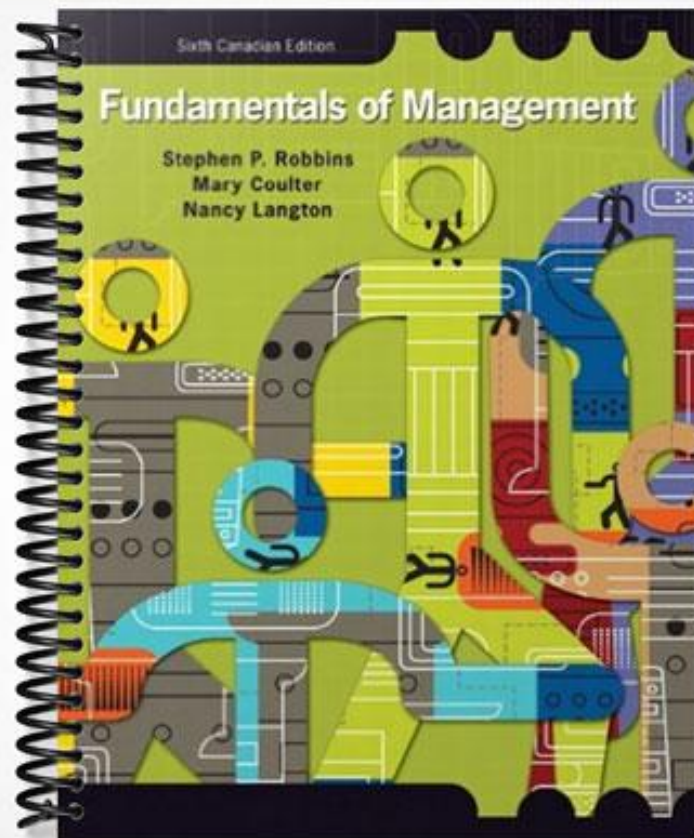


SOLUTIONS MANUAL



Chapter 2

Environmental Constraints on Managers

Lecture Outline

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This chapter discusses the components and complexities of the external environment and how these may constrain managers. The chapter also explores the opportunities and challenges managers face in managing in a global environment. Managers in all types and sizes of organizations must be prepared to monitor changes in the global environment.

Learning Outcomes

What constraints do managers face?

1. How much control do managers have?
2. What is the external environment for managers?
3. What challenges do managers face in a global environment?
4. How do organizations do business globally?
5. How does the environment affect managers?

CHAPTER OVERVIEW

1. INTRODUCTION

Managers must be aware that organizational environments will influence both the way an organization is managed and its effectiveness. In this chapter, organizational environments as well as the global environment are explored in order to understand the complexities involved in each. Managers who don't closely monitor changes in the global environment, or who don't take the specific characteristics of their location into consideration as they plan, organize, lead, and control are likely to find limited global success.

2. THE MANAGER: HOW MUCH CONTROL?

Two positions on the role that managers play in an organization's success or failure have been proposed.

- A. The **omnipotent view of management** says that managers are directly responsible for the success or failure of an organization.
 1. This view of managers as omnipotent is consistent with the stereotypical picture of the take-charge executive who can overcome any obstacle in carrying out the organization's objectives.
 2. When organizations perform poorly, someone must be held accountable. According to this view, that "someone" is "management."
- B. The **symbolic view of management** takes the view that much of an organization's success or failure is due to external forces outside managers' control.
 1. What managers do affect greatly are symbolic outcomes.
 2. Organizational results are influenced by factors outside the control of managers: the economy, market changes, government policies, competitors' actions, the state of the particular industry, the control of proprietary technology, and decisions made by previous manager in the organization.
 3. The manager's role is seen as creating meaning out of randomness, confusion, and ambiguity.
 4. According to the symbolic view, the actual part that management plays in the success or failure of an organization is minimal.

- C. Reality suggests a synthesis, as managers are neither helpless nor all powerful. Instead, it's more logical to look at the manager operating within constraints imposed by the organization's culture and environment (see **Exhibit 2-1**).

3. THE EXTERNAL ENVIRONMENT

The impact of the **external environment** (see **Exhibit 2-2**) on a manager's actions and behaviour cannot be overemphasized. There are forces in the environment that play a major role in shaping managers' endeavours.

A. The Specific Environment

The **specific environment** is that part of the environment that includes the constituencies that are directly relevant to the achievement of an organization's goals. The main forces that make up the specific environment include customers, suppliers, competitors, and public pressure groups.

1. Customers

Customers are the reason that organizations exist, as they absorb the outputs. They obviously represent potential uncertainty, particularly if their tastes and desires change.

2. Suppliers

This force includes firms that provide materials and equipment as well as financial and labour inputs. Managers seek to ensure a steady flow of the needed materials, equipment, and financial and labour inputs at the lowest possible prices.

3. Competitors

All organizations—profit and not-for-profit—have competitors which are an important environmental force to monitor and respond to. Competitors give customers a choice and therefore present a challenging force to all organizations.

4. Public Pressure Groups

Managers also cannot ignore public pressure groups. Changes in social and political movements influence the power that these pressure groups have on organizations.

B. The General Environment

The **general environment** includes the broad economic, legal–political, socio-cultural, demographic, and technological conditions.

1. Economic conditions

These conditions include interest and inflation rates, disposable income, stock market fluctuations, and the general business cycle, among other things.

2. Legal–political conditions

Legal–political conditions include the general political stability of the countries in which an organization operates and the specific attitudes that elected officials have toward business. Federal and provincial governments can influence what organizations can and cannot do. Some examples of legislation that affect what organizations can do include the following:

- a. The *Canadian Human Rights Act* makes it illegal for any employer or provider of service that falls within federal jurisdiction to discriminate on the following grounds: race, national or ethnic origin, colour, religion, age, sex (including pregnancy and childbirth), marital status, family status, mental or physical

- disability (including previous or present drug or alcohol dependence), pardoned conviction, or sexual orientation.
 - b. *Canada's Employment Equity Act* of 1995 protects several categories of employees from employment barriers: Aboriginal peoples (whether First Nation, Inuit, or Metis); persons with disabilities; members of visible minorities (non-Caucasian in race or nonwhite in colour); and women. This legislation aims to ensure that members of these four groups are treated equitably.
 - c. *The Competition Act* of 1986 created the Bureau of Competition Policy to maintain and encourage competition in Canada.
 - d. To protect farmers, the Canadian government has created marketing boards that regulate the pricing and production of such things as dairy and eggs.
 - 3. **Socio-cultural conditions**
These conditions include both the static and the ever-changing expectations of society. Societal values, customs, and tastes are rooted in centuries of practice and can also change with outside pressure and societal trends; managers must be aware of both these aspects of socio-cultural conditions.
 - 4. **Demographic conditions**
This includes various characteristics of a population, such as gender, age, level of education, geographic location, income, and family composition, which can also change, and managers must adapt to these changes.
 - 5. **Technological conditions**
These conditions can vary with locale and include the changes that are occurring in technology.

4. UNDERSTANDING THE GLOBAL ENVIRONMENT

The global environment presents managers with opportunities to expand and treat the entire world as a market. There are also substantial challenges associated with managing in a global environment, including the fact that managers must continually monitor the global market.

A. Global Trade

Two significant forces that are reshaping the global environment are regional trading alliances and the agreements negotiated with the World Trade Organization.

1. Regional Trading Alliances

- a. The **European Union (EU)** is a union of 27 European nations created to eliminate national barriers to travel, employment, investment, and trade. The primary motivation for the creation of the EU (in February 1992) was to allow these nations to reassert their position against the industrial strength of the United States and Japan.

The EU took an enormous step towards full unification in 1999 when 12 of the 15 countries became part of the EMU—the economic and monetary union, the formal name for the system where participating countries share the same currency, the Euro.

The **North American Free Trade Agreement (NAFTA)** is an agreement among the Mexican, Canadian, and US governments in which all barriers to free trade will eventually be eliminated. NAFTA

went into effect on January 1, 1994. Exports to the United States are equivalent to nearly one-third of Canada's GDP.

The **Association of Southeast Asian Nations (ASEAN)** is a trading alliance of 10 Asian nations. In the future, the Asian region promises to be one of the fastest-growing economic regions of the world. ASEAN economic impact could eventually rival that of both NAFTA and the EU.

2. The **World Trade Organization (WTO)** was formed in 1995 evolving from the General Agreement on Tariffs and Trade (GATT). The WTO is a global organization that sets rules for trade among nations and also helps to negotiate trade problems and settle trade disputes.

B. The Legal–Political Environment

The stability of the legal–political environment is extremely important to managers in a global business environment. Stability provides some assurance that the “rules of the game” will not change drastically and, if they do change, that the change will be orderly and transparent. Managers in a global organization must stay informed of the specific laws in countries where they do business in order to understand the constraints in which they operate and the opportunities that may exist.

C. The Economic Environment

The economic environment of a nation has the potential to constrain management decisions and actions, which is why a global manager must be aware of economic issues.

1. A **market economy** is one in which resources are primarily owned and controlled by the private sector.
2. A **command economy**, on the other hand, is one in which all economic decisions are controlled by a central government.

D. The Cultural Environment

Research by Geert Hofstede, a Maastricht University professor, indicates that national culture has a greater impact on employees than does the organization's culture (see **Exhibit 2-3**). He identified the following five value dimensions of national culture:

1. Individualism vs. collectivism (the degree to which people prefer to act as individuals vs. members of a group)
2. Power distance (the degree to which people accept that power in organizations is distributed unequally)
3. Uncertainty avoidance (the degree to which people prefer structured over unstructured situations)
4. Achievement vs. nurturing (the degree to which values such as assertiveness, the acquisition of money and material goods and competition prevail)
5. Long-term vs. short-term orientation (the degree to which people look to the future vs. value the present and the past)

5. DOING BUSINESS GLOBALLY

In today's business environment, there are many organizations in different industries and from different countries that are pursuing global opportunities.

A. Different Types of International Organizations

Despite the fact that doing business internationally is widespread, there is no one generally accepted approach to describing the different types of international companies; they are called different things by different authors. We use the terms

multinational, multidomestic, global, transnational, and born global to describe the various types of international organizations.

1. **Multinational Corporations**
A multinational corporation (MNC) is a company that maintains significant operations in multiple countries simultaneously but manages them all from one base in a home country.
2. **Multidomestic Corporations**
 A multidomestic corporation is a company that maintains significant operations in more than one country but decentralizes management to the local entity rather than trying to manage activities from the home country.
3. **Global Companies**
 A global company treats the world market as an integrated whole, focusing on the need for global efficiency, and in doing so centralizes its management and other decisions in the home country.
4. **Transnational or Borderless Organizations**
 A transnational corporation (TNC) or borderless organization attempts to increase efficiency and effectiveness in world markets by eliminating structural divisions that impose artificial geographic barriers.
5. **Born Globals**
 Born global corporations are businesses that choose to “go global” from their inception, committing resources up front to international ventures.

B. How Organizations Go Global

Organizations have various global options, depending upon the level of investment and risk the company is willing to take (see **Exhibit 2-4**):

1. **Global Sourcing.** During the initial stages of going global, managers look at ways in which to enter international markets without having to invest a lot of capital. At this stage companies may start with **global sourcing** (sometimes referred to as outsourcing) which refers to purchasing of materials or labour from around the world, usually from the most cost effective locations.
2. **Importing and Exporting.** A relatively low-investment strategy is to go global by **exporting** the organization's products to other countries, that is, by making products at home and selling them overseas. In addition, an organization can go global by **importing** products, that is, selling products at home that are made overseas. Both exporting and importing are small steps toward being a global business and involve minimal investment and minimal risk.
3. **Licensing and Franchising.** An organization can give another organization the right to use its brand name, technology, or product specifications in return for a lump-sum payment or a fee usually based on sales through licensing or franchising. The only difference is that **licensing** is used primarily by manufacturing organizations and **franchising** is used by service organizations.
4. **Strategic Alliance.** **Strategic alliances** are partnerships between an organization and a foreign company in which both share resources and knowledge in developing new products or building production facilities. The partners also share the risks and rewards of this alliance.
 - a. A specific type of strategic alliance in which the partners agree to form a separate, independent organization for some business purpose is called a **joint venture**.

5. Foreign Subsidiary. Managers can make a direct investment in a foreign country by setting up a **foreign subsidiary**, a separate and independent production facility or office.
 - a. This subsidiary can be managed as an MNC (domestic control), a TNC (foreign control), or as a borderless organization (global control).
 - b. This arrangement involves the greatest commitment of resources and poses the greatest amount of risk.

6. HOW THE ENVIRONMENT AFFECTS MANAGERS

The environment affects managers through the degree of environmental uncertainty that is present, through stakeholder relationships, and through the challenges that occur as a result of managing in a global environment.

A. Assessing Environmental Uncertainty

Environments are not all the same: they differ in their degree of **environmental uncertainty**, which is defined as the degree of change and complexity in an organization's environment (see **Exhibit 2-5**).

1. Degree of change is measured as dynamic or stable. If the components in an organization's environment change frequently, it's a dynamic environment. If change is minimal, the environment is called a stable one.
2. The other dimension of uncertainty relates to the degree of **environmental complexity**, which is defined as the number of components in an organization's environment and the extent of an organization's knowledge of these components.
3. If the number of components is minimal and there's little need for sophisticated knowledge, the environment is classified as simple. If there are a number of dissimilar components and there is a great need for sophisticated knowledge, the environment is complex.
4. Because uncertainty is a threat to organizational effectiveness, managers must try to minimize it.

B. Managing Stakeholder Relationships

The more obvious and secure an organization's relationships become with external stakeholders, the more influence managers will have over organizational controls.

1. **Stakeholders** are groups in the organization's external environment that are affected by or have a vested interest in the organization's decisions and actions. **Exhibit 2-6** identifies some of the most common types of stakeholders.
2. **Shareholders** (also known as stockholders) own shares of stock in the company and as such are also stakeholders.
3. Stakeholder relationship management is important for two reasons.
 - a. It can lead to improved predictability of environmental changes, more successful innovation, greater degrees of trust, and greater organizational flexibility in reducing the impact of change.
 - b. It is the "right" thing to do, because organizations are dependent on external stakeholders as sources of inputs and outlets for outputs and should be considered when making and implementing decisions.
4. There are four steps in managing external stakeholder relationships.
 - 1) Identify the organization's stakeholders.

- 2) Determine the particular interests or concerns that stakeholders might have.
 - 3) Decide how critical each stakeholder is to the organization's decisions and actions.
 - 4) Determine how to manage the different stakeholder relationships.
 - a. The more complex and the more uncertain the environment, the more important it is to work toward establishing stakeholder partnerships rather than just acknowledging their existence.
- C. The Pros and Cons of Globalization
- Globalization has both positive and negative effects on countries and their citizens. The viewpoints expressing these contrasting effects are summarized in **Exhibit 2.7**.
1. There are economic and social benefits from globalization; however, there are challenges that stem from the openness that is necessary for it to work. For example, if one country's economy falters, it may have a negative effect on the countries with which it does business.
 2. Some have claimed that globalization is no longer a force, while others believe that even though there has been a slowdown in the amount of activity in the aftermath of the September 11, 2001 terrorist attacks, globalization still remains a strong force.
 3. The United States is sometimes criticized for wanting to "Americanize" other parts of the world through its increased interest in globalization.
 4. Canadian managers may have an advantage over their American counterparts in doing business internationally due to the fact that Canada is not seen as being intent on promoting Canadian values and culture to other parts of the world.

Answers to Reading for Comprehension Questions

1. *Describe the components of the specific and general environments.*
The specific environment includes the following components: customers, suppliers, competitors, and public pressure groups. The general environment consists of the following conditions: economic, legal–political, socio-cultural, demographic, and technological.
2. *Describe the role of the World Trade Organization (WTO).*
The WTO was designed to help businesses conduct trade between countries without undesired side effects and, as such, plays an important role in monitoring and promoting global trade. This global organization sets rules for national trade and helps negotiate and settle trade problems and disputes.
3. *Contrast multinational corporations, multidomestic corporations, global companies and transnational corporations or borderless organizations.*
Multinational corporations maintain operations in multiple countries but manage their operations from headquarters in their home country; multidomestic corporations, though operating somewhat like multinationals, decentralize management decisions to the local entity. Global corporations focus on efficiency and effectiveness through treatment of the world as "one market" with decision making centralized in home office. Transnational corporations or borderless organizations choose to decentralize

management to the local country and remove structural divisions that impose geographical barriers of any kind in terms of managing their global organization.

4. *Define exporting, importing, licensing, and franchising.*
Exporting is making products at home and selling them in other countries. *Importing* involves selling products at home that are made in other countries. *Licensing* occurs when a manufacturer gives another organization the right to use its brand name, technology, or product specifications. *Franchising* is a business arrangement whereby an organization gives a person or group the right to sell a product, using specific business methods and practices that are standardized.
5. *Define global strategic alliances, joint ventures, and foreign subsidiaries.*
A strategic alliance is a partnership between a domestic and a foreign company in which both share resources and knowledge in developing new products or building production facilities. *A joint venture* is a business arrangement whereby partners agree to form a separate, independent organization for a specific business purpose. *Foreign subsidiaries* are a form of direct investment in a foreign country where independent production facilities or offices are set up.
6. *Discuss the two dimensions of environmental uncertainty.*
 The two dimensions of environmental uncertainty are the degree of change and the degree of complexity (see **Exhibit 2-5**). The degree of change in an environment has an impact on management strategy and decision making. For example, if an organization finds that their environment changes frequently, it is considered dynamic and as such may be counted as uncertain and unpredictable at times. An environment that is more stable with minimal changes will experience less environmental uncertainty. The degree of complexity refers to the number of components in an organization's environment and the extent of knowledge that the organization has about those components. The greater the complexity, the more uncertain the environment is.
7. *Identify the most common organizational stakeholders.*
 The most common organizational stakeholders include customers, social and political action groups, competitors, trade and industry associations, governments, media, suppliers, communities, shareholders, unions, and employees (see **Exhibit 2-6**).

Answers to Linking Concepts to Practice Questions

1. *Why is it important for managers to understand the external forces that are acting on them and their organizations?*
 The external environment consists of many factors that have an impact on the organization. Political and legal factors (government regulations), demographics (that can affect labour supply), technological improvements, and other factors directly affect the management of the organization, including planning and decision making.
2. *"Businesses are built on relationships." What do you think this statement means? What are the implications for managing the external environment?*
 Organizations depend on their environment and their stakeholders as sources of inputs and recipients of outputs. Good relationships can lead to organizational outcomes such as improved predictability of environmental changes, more successful innovations, greater degrees of trust among stakeholders, and greater flexibility in acting to reduce the

impact of change. Also, relationship management and the maintaining of good relationships have been proven by many researchers to have an effect on organizational performance. The high-performing companies tend to consider the interests of all major stakeholder groups as they make decisions.

3. *What would be the drawbacks in not managing stakeholder relationships?*
The term *boundary spanner* refers to the fact that managers must span (bridge) the boundary between the organization and its environment. When managers are being boundary spanners, or are utilizing stakeholder management or stakeholder partnering, the boundaries of the organization become more flexible and permeable. This could lead to organizational information being “leaked” or known outside of the organization. In addition, these relationship management techniques all require managers’ time, which can be very limited to begin with.
4. *What are the managerial implications of a borderless organization?*
In a borderless organization, artificial geographic borders do not separate functions, divisions, or activities. The managerial implications are that this type of organization is far more flexible in responding to changing marketplace conditions; however, it is also much more difficult to control.
5. *Compare the advantages and drawbacks of the various approaches to going global.*
Global Sourcing: Sourcing of some aspects of a company’s operations to global suppliers or partners offers a world of opportunity to cut costs (and in theory pass those cost reductions to consumers in the form of lower prices). However, the movement of some business functions to other off-shore sources contributes to job loss in the home country.
Importing and Exporting: Both exporting and importing are small steps toward being a global business and involve minimal investment and minimal risk. Many organizations start doing business globally this way.
Licensing and Franchising: Licensing and franchising involve more investment and risk than exporting and importing because the company’s brand is more at stake.
Strategic Alliances: Strategic alliances are partnerships between an organization and a foreign company in which both share resources and knowledge in developing new products or building production facilities. The partners also share the risks and rewards of this alliance. However, it is not always easy to find a partner.
Foreign Subsidiaries: Managers can make a direct investment in a foreign country by setting up a foreign subsidiary, a separate and independent production facility or office. This arrangement involves the greatest commitment of resources and poses the greatest risk.
As we move down the list, the risks increase and the involvement in the foreign country becomes greater.
6. *What challenges might confront a Mexican manager transferred to Canada to manage a manufacturing plant in Winnipeg? Will these be the same for a Canadian manager transferred to Guadalajara, Mexico? Explain.*
The Mexican manager would have to become familiar with the legal–political, economic, and cultural environments of Canada. The cultural environment would be particularly challenging, as the national culture of Mexico is very different from the national culture of Canada in terms of some of the value dimensions associated with Hofstede’s research. On the individualism–collectivism dimension, Mexico is more of a collective society whereas Canada is somewhat more individualistic. On the power distance dimension, Mexico rates large whereas Canada rates small. On the uncertainty avoidance dimension,

Mexico rates high while Canada rates low. Only in the quality of life dimension are the two countries similar. The adjustments required of the Mexican manager would also be required of the Canadian manager, simply in reverse.

MANAGEMENT FOR YOU TODAY

Dilemma

You are considering organizing an event to raise funds for a special cause (children living in poverty, breast cancer research, illiteracy, or something of your choice.) Think about who you might invite to this event (that is, your “customers”—those who will buy tickets to the event). *What type of event might appeal to them? What suppliers might you approach for help in organizing the event? What legal issues might you face in setting up this event? After considering all these issues, how difficult is the environment you face in holding this event?*

Teaching Suggestions:

During the discussion of this dilemma, have students identify which elements of the specific and general environment have the most potential to impact the success or failure of the event. As well, you may ask students to discuss the role that stakeholders would play in this event and suggest ways to manage the specific stakeholder relationships.

WORKING TOGETHER—Team-Based Exercise

Assessing Employees' Global Aptitudes

This exercise asks students to consider the characteristics, skills, and attitudes required for someone to be a successful global employee.

Teaching Suggestions

Students should work in groups of three to five to act as Global Human Resource specialists and develop a rough draft of an aptitude assessment form for individual employees being considered by Zara for global assignments. The teams' drafts should cover only personal (not organizational) criteria and should be at least one-half page but no longer than one page. These drafts should then be presented to Zara's top-management team—classmates and faculty member.

Option: Some groups might be assigned an assessment form for (a) individual employee characteristics, and other groups for (b) spouses' characteristics, or (c) dependents' (children) characteristics.

Research indicates that not only is the adjustment of the employee important for the successful completion of a global assignment, but the adjustment of spouse and dependents is quite important for executive assignment success. Each character—employee, spouse, or dependent—has a different set of criteria to be addressed for adjustment to a global assignment. The student groups should approach the global assignment from the perspective of their assigned character and attempt to think about the specific issues that are important to that individual and that will require cultural adjustment when being assigned to a global opportunity.

ETHICS IN ACTION

Ethical Dilemma Exercise: What Should a Company Do When It Faces Opposition to Expansion in Another Country?

Does it make sense to simply abandon the mining plans in the face of protests? What should Travis Engen tell shareholders at the meeting about Alcan's future plans for the region?

Teaching Suggestions

This exercise could be used in class as a debate format. Divide the class in half, with students assigned to (or volunteering for) the following opposing positions:

Alcan should abandon mining plans vs. Alcan should move forward with plans

Subdivide the students into smaller groups to formulate their positions, and then have everyone report back after 15 minutes. Remind students to consider the opposition of the Adivasis and what should be done about this, if anything. After the students report back on what they think should be done and why, you could finish up by reviewing with them the different types of global organizations and how each makes different impacts on host countries.

Thinking Critically About Ethics

This situation involving ethical decision making in relation to labeling requirements (the political–legal conditions) of a foreign market can again be approached in a debate format with students taking up different and opposing positions involving the legal vs. ethical requirements. The key points to draw out are the need for adaptation to foreign market/country requirements regardless of cost as well as the ethical obligation for full disclosure. Such disclosure would also be expected in the home market—so why should it be considered an option in a foreign market?

CASE APPLICATION

National Basketball Association

Case Problem: *What strategies can Stern take to increase consumer familiarity with basketball both domestically and globally? How can he develop a greater basketball presence in Canada?*

Answer (Suggestion only, and should be developed by the instructor)

Have students brainstorm suggestions, and then help them evaluate them.

Stern's actual strategy: One of the actions that Stern took was to expand its network of offices globally. Why? The league hoped to ignite the NBA's popularity with global consumers by becoming more visible. He explained, "The model is the rock concert. Sell lots of records. Tour occasionally."

Another thing that Stern did was enhance the league's Internet presence through its website. Today, some 40 percent of the visitors to the website (which includes sites in Spanish, Japanese, and Chinese) log on from outside the United States. The NBA pushes its games and merchandise to fans around the world via their computers.

The global appeal is filling the league's coffers. About 20 percent of all NBA merchandise is now sold outside the United States—an extra \$430 million in annual revenue. Almost one million fans pay \$10 a month to listen to streaming English or Spanish audio of almost any game on the league's website. The NBA is building an NBA City theme restaurant in the Dominican Republic and is thinking of opening NBA stores in Asia and Europe. Separate NBA boutiques

can be found in big department stores such as El Corte Ingles in Spain. Then there's the television revenue: nearly 15 percent of its \$900 million in annual TV revenue comes from partners in 212 countries and territories outside the United States.

Further information about basketball in Canada is available at www.nba.com/canada.

Additional Discussion Questions

- What global attitude do you think the NBA and its member teams exhibit? Explain why this attitude has or hasn't contributed to the NBA's global success.*

The NBA and its member teams appear to exhibit the geocentric attitude, a world-oriented view that focuses on using the best approaches and people from around the globe. Major issues and decisions are viewed globally utilizing best practices and people, regardless of country origin. This attitude has contributed to the NBA's success because the decision makers recognized that, in order to successfully transplant the NBA, they would have to tailor their product to best suit the needs of the various markets they were looking at.
- What legal–political, economic, and cultural differences might be significant to an NBA team recruiting a player from a foreign country? How would you deal with these differences? As NBA teams start playing in other countries, would these differences change? Explain.*

Legal–political differences could arise in contractual terms and conditions. Economic differences wouldn't be as significant because a player from a foreign country would probably want to be paid in US dollars. However, currency exchange rates might present a challenge. Cultural differences could arise in how a player adapts to the realities and expectations of team members, coaches, and audiences, and this is most likely as each country has a different set of norms and cultural values.
- How has the NBA exhibited effective and efficient managing in the global environment?*

The NBA has capitalized on its inherent popularity around the world. In addition, NBA commissioner David J. Stern has been instrumental in marketing both the game of basketball and Michael Jordan (one of the game's most influential players) globally. He understood the similarities and differences between the domestic (US) and foreign markets. In addition, the league itself reflects a geocentric attitude in that it has been willing to showcase talent from around the globe. (For another assessment of the NBA's success in global markets, see: William Echikson, "Michael, the NBA, and the Slam-Dunking of Paris," *Business Week*, November 3, 1997, p. 82.)
- What could other organizations learn from the NBA's global experience?*

Physical presence of the corporation is necessary. It is not sufficient to just "sell" the product (or play games as in the NBA). It is necessary to develop a "relationship" with consumers in the different countries in which you are doing business. Developing a truly international web presence can also be effective. Understanding and being sensitive to different cultural values is a key to success as well.

DEVELOPING YOUR DIAGNOSTIC AND ANALYTICAL SKILLS

When Yes Does Not Always Mean Yes, and No Does Not Always Mean No

This series of scenarios provides examples of managers and employees operating in a number of different cultural environments. These situations provide a backdrop for discussing the attitude and aptitude that people should bring to conducting operations in a global marketplace.

1. *What global attitude do you think would most support, promote, and encourage cultural awareness? Explain*
Many different ideas could be brought forward here but the core of a suitable response would be an attitude of openness to learning about the cultures in which an individual is working and “adaptability.”
2. *Would legal–political and economic differences play a role as companies design appropriate cultural awareness training for employees? Explain.*
Certainly, cultural awareness training should be conducted in harmony with all aspects of the operating environment, including the political and economic. Developing an awareness of certain political view points or the economic conditions is important because they contribute to the values and belief systems below the surface of what we observe. The use of Hofstede’s value dimensions would be helpful here.
3. *Pick one of the countries mentioned in the case and do some cultural research on it. What did you find out about the culture of that country? How might this information affect the way a manager in that country plans, organizes, leads, and controls?*
The variety of responses here will depend on the countries chosen. Again, the use of Hofstede’s dimensions will assist with interpreting the application and effect of the various management functions in each respective country.
4. *UK-based company Kwintessential has several cultural awareness “quizzes” on its website (www.kwintessential.co.uk/resources/culture-tests.html). Go to the company’s website and try two or three of these. Were you surprised at your score? What does your score tell you about your cultural awareness?*
This question may be best answered via a take-home assignment and will involve students in a more reflective, personal assessment.
5. *What advice might you give to a manager who has little experience working with people in other countries?*
The core of the response here is that managers who will operate in a new country environment would be well advised to do their “cultural homework”.

DEVELOPING YOUR INTERPERSONAL SKILLS

Becoming More Culturally Aware

Students are asked to read four descriptions of employees working for the same organization and then write a short paragraph describing what the goals and priorities of each employee might be. *With what types of employee issues might the manager of each employee have to deal with? How could these managers exhibit the value of diversity?*

Teaching Suggestions

1. Assign students to various small groups to come up with a group consensus to the questions posed above. Encourage students to share any insight they may have regarding the cultures described in the scenarios.
2. Ask each group to elect a spokesperson to share the group’s thoughts and opinions with the rest of the class regarding the employee issues. Each group should also offer suggestions as to how the value of diversity could be demonstrated by each of these managers.

3. **After the groups have all presented, take the opportunity to review the ways that managers can improve their handling of diversity issues by referring to the eight behaviours identified in this exercise.**