


SOLUTIONS MANUAL

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MANAGEMENT

PEOPLE
PERFORMANCE
CHANGE

Part 2 – The Culture of Management

An organization's external and internal environments are the context in which the practice of management takes place. Managers and nonmanagers alike must understand that effective business decisions take into consideration pressures from the external environment such as from global markets, technological changes, and the requirement to behave and be perceived as a socially responsible member of the community, as well as from internal factors within an organization such as the organizational culture and the expectation of ethical business conduct.

In Part 2, we will begin by examining threats and opportunities firms face in the global environment. This will lead to a discussion of global business strategies and advantageous ways to enter foreign markets given a firm's unique characteristics. Next we analyze the nature of business ethics and the basis of ethical decisions. Then, we present the broader context of social responsibility and identify key stakeholders and ways to manage relationships with them. Finally, we examine organizational culture and how it helps an organization achieve its objectives. In Part Two, we also explain the forces that drive organizational change and describe ways to manage and counsel employees who resist the need for change.

Chapter 2 - Managing in a Global Environment

Chapter Overview

This chapter begins with an exploration of the changing global business landscape, and then examines the major factors affecting international business. Next, the key decisions a firm makes when entering a foreign country are discussed and the different modes of entry are presented. Finally, issues related to managing the global firm are explored along with ethics and social responsibility in international business.

Learning Objectives

1. Describe the changing pattern of international business.
2. Identify major factors affecting international business.
3. Determine key decisions firms face when contemplating foreign expansion.
4. Differentiate the various ways firms can enter foreign markets.

5. Identify alternative ways of managing a foreign operation.
6. Recognize the key human resource policies that firms can develop to help expatriates succeed.
7. Understand the ethical and social responsibility implications of doing business in different countries.

Lecture Outline

I. The Environment of International Business

In many industries today it is no longer meaningful to talk about individual markets, rather there is only the global market.

- A. The term used to characterize the effects of changes in the competitive landscape prompted by worldwide competition is **global shift**.

1. The Changing Pattern of International Business

- A. Major developments in the global business environment include the changing world output and world trade picture, lower trade barriers, integrated economic markets, global consumer preferences, technological innovation, globalized production, and management across cultures.
- B. In the last few decades there have been four major changes in the world output and world trade picture.
 1. The United States no longer dominates the world economy.
 2. Large multinationals from the United States no longer dominate international business.
 3. The centrally planned communist countries that made up half the world are now open to Western businesses.
 4. The global economy has become more knowledge-intensive and national barriers to labor markets are falling.
- C. The population in industrialized countries is aging, while lesser developed countries generally have younger populations.
- D. Many countries are moving away from nationalistic trade policies, and today, tariffs in many countries are between three and five times lower than in the 1950s.
 1. The **General Agreement on Tariffs and Trade (GATT)** is a treaty signed by 120 nations to lower trade barriers for manufactured goods and services.
 2. The **World Trade Organization (WTO)** was created in 1993 to ensure compliance with GATT.

- E. More countries are choosing to integrate their economies with those of other countries. Today, there are 35 economic integration agreements as compared to just 11 in the 1980s.
1. The European Union, with its 27 members, has achieved the highest level of integration.
 2. The **North American Free Trade Act (NAFTA)** is the primary economic alliance in the Americas.
 3. There are two major regional economic groups in Asia: the Association of South East Asian Nations (ASEAN) and the Asia Pacific Economic Cooperation (APEC).
- F. The presence of mass media, exposure to goods from various countries, and the preference of multinational companies for standardized marketing strategies has encouraged a convergence of consumer tastes and preferences across markets, but national differences still persist.
- G. In an effort to lower costs and achieve the highest quality possible, many companies today are establishing webs of production activities across markets.
- H. Technological innovations, and in particular, advances in communications, information processing, and transportation technology, have transformed the way companies do business.
- I. Culture is still important in shaping consumer tastes and preferences. Firms must balance the need to respond to these differences while at the same time keep costs low.
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Management Close-Up 2.1: Global Is Local in a New World Order of Business

This feature explores how advances in technology are transforming business. Using technology, employees in multiple countries can now work on projects simultaneously. In addition, technology is making it easier than ever to manage employees in foreign locations.

Teaching Suggestions: Ask students to reflect on the advantages of the technological advances that are allowing companies like Caterpillar to simultaneously collaborate on product development. Discuss how technological advances are leveling the playing field for smaller companies and companies from emerging markets. Then ask students to consider the disadvantages of working at long geographical distances. Discuss the benefits of face-to-face communication.

Management Close-Up 2.2: Ikea Is Conquering the Global Furniture and Accessories Retail Market

This feature explores the success of Swedish retailer Ikea in developing a globally standardized product line while at the same time responding to local market demands.

Teaching Suggestions: Ask students to consider why it is so important for companies to be sensitive to the needs of individual markets. Then ask students to consider the implications of responding to those needs. Next, ask students to discuss the advantages and disadvantages of a globally standardized strategy. Finally, ask students to reflect on how companies can balance these two conflicting demands.

Learning Objective Check-In 1 Answer: 1. c
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II. Major Factors Affecting International Business

When doing business internationally, firms need to consider four factors that vary across nations. The factors include the general business environment, the legal system, economic conditions, and cultural norms.

- A. The *general business environment* in a country consists of all the factors that combine to affect the benefits, costs, and risks (political economic, and legal) of doing business in that country.
- B. There are three types of *legal systems*.
 - 1. In a **common law** system, precedents based on past court decision play a key role in interpreting the meaning and intent of legal statutes.
 - 2. **Civil law** systems rely on a comprehensive set of rules that form part of a highly structured code, and enforcement and interpretation of laws are made in reference to this code.
 - 3. **Muslim law** is based on religious beliefs.
- C. Firms doing business across borders face unpredictable *economic* shifts that can have a significant effect on earnings. Firms must deal with changing exchange rates, shifting inflation rates, differing taxation, and complicated licensing agreements and royalties.
- D. *Culture* reflects differences in social structures, religions, languages, and historical backgrounds of various countries. **Culture shock** refers to the reaction on an individual to another culture with different norms, customs, and expectations.
- E. Hofstede uses five dimensions to summarize cultural differences.

1. **Power distance** is the extent to which individuals expect a hierarchical structure that emphasizes status differences between subordinates and superiors.
 2. **Individualism** is the degree to which a society values personal goals, autonomy, and privacy over group loyalty, group norms, collective activities, social cohesiveness, and intense socialization.
 3. **Uncertainty avoidance** is the extent to which a society places a high value on reducing risk and instability.
 4. **Masculinity/femininity** is the degree to which a society views assertive or “masculine” behavior as important to success and encourages rigidly stereotyped gender roles.
 5. **Long-term/short-term orientation** is the extent to which values are oriented toward the future as opposed to the past or present.
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Management Is Everyone’s Business 2.1

This feature discusses the challenges of international joint ventures and in particular the demands of working on a cross-cultural team.

Teaching Suggestions: This feature offers a great opportunity for students to engage in role play. Divide students into different groups and ask them to represent a particular country. Then hold a “business meeting” during which students respond to the cultural differences that “managers” from other countries are displaying.

Learning Objective Check-In 2 Answers: 1. c, 2. a, 3. d

II. Entry Strategy

Firms expanding internationally face three key decisions

1. Which countries to enter.
2. When to enter.
3. The scale of involvement.

1. Choosing Foreign Countries

- A. A country is more attractive when its domestic market is large, purchasing power is high and expected to grow, necessary resources are readily available, the firm’s products are suited to the market, and a positive business climate exists.

2. When to Enter Foreign Countries

- A. There are advantages to entering a market first including preempting rivals, establishing a brand name, and making it difficult for companies to enter later. But, firms that are first to market also face pioneering costs.

3. Scale of Involvement

- A. Scale of involvement is lowest with exporting and highest with a wholly owned subsidiary.

Learning Objective Check-In 3 Answers: 1. b, 2. a

III. Mode of Entry

There are seven modes of entry

1. Exporting
2. Turnkey projects
3. Licensing
4. Franchising
5. Joint ventures
6. Wholly owned subsidiaries
7. Strategic alliances

1. Exporting

- A. Most firms begin their international expansion with **exports**.
- B. Because exporting uses existing production facilities in the home country, it offers substantial economies of scale as well as costs savings associated with not having to establish, control, and coordinate foreign manufacturing facilities.

2. Turnkey Projects

- A. **Turnkey projects** are a specialized type of exporting in which the firm handles the design, construction, start-up operations, and workforce training of a foreign plant, and a local client is handed the key to a plant that is fully operational.
- B. Turnkey projects are attractive because they allow firms to earn a profit from their know-how without making long-term commitments. However, turnkey projects can be risky if the selling firm gives away technological superiority and as a result new competitors are created.

3. Licensing

- A. Under a **licensing agreement** a firm transfers the rights to produce and sell its products overseas to a foreign firm in exchange for a negotiated fee.
- B. While licensing enables a firm to avoid the cost and risk of expanding into new markets, it also jeopardizes the firm's proprietary know-how, limits strategic flexibility, and limits the ability of the firm to use profits earned in one country to make competitive moves in another.

4. Franchising

- A. **Franchising** is similar to licensing except that it is mainly used by service organizations.
- B. Like licensing, franchising enables a company to expand without much investment however it can be risky if franchisees do not maintain the same levels of quality and uniformity as the franchisor.

5. Joint Ventures and Strategic Alliances

- A. A **joint venture** is formed when two or more companies agree to establish a separate firm that is owned by the participating companies.
- B. Joint ventures are attractive because they provide the foreign partner with knowledge of the local market and the local partner with the know-how, technology, and capital of the foreign firm. Joint ventures can be risky if the partners do not mesh well or if the local partner uses the foreign partner's knowledge for its own competitive advantage.
- C. International **strategic alliances** are cooperative arrangements between competitors or potential competitors from different countries.
- D. They allow firms to pool resources to accomplish tasks that neither partner could achieve alone. Firms entering strategic alliances must be careful not to give away proprietary information.

6. Wholly Owned Subsidiaries

- A. When a firm fully owns its subsidiary in a foreign country it has a **wholly owned subsidiary**. The firm has maximum control and profit, but also incurs all the risk and expense.

Skills For Managing: Opening a Facility Abroad

This feature depicts the process a firm might go through as it explores opportunities in foreign markets and the best methods to capitalize on those opportunities.

Teaching Suggestions: Following the outline in the feature, divide students into groups and assign the various roles. To facilitate the discussion, certain regions or countries can be assigned and students can make the case (or not) for their particular country.

Learning Objective Check-In 4 Answer: 1. d
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IV. Managing the Global Firm

There are three basic approaches to managing foreign subsidiaries

1. The **ethnocentric approach** - top management and other key positions are filled with expatriates, or people from the home country.
2. The **polycentric approach** - subsidiaries are managed and staffed by locals, or people from the host country.
3. The **geocentric approach** - positions are filled by the best person regardless of nationality. The use of **third country nationals** (citizens of countries other than the host nation or the firm's home country) is common with the geocentric approach.

1. Selection

- A. Firms need to use an effective selection process to choose expatriate managers.

Management Is Everyone's Business 2.2

This feature offers advice to students on how they can better develop the skills necessary for success in today's global economy.

Teaching Suggestions: Many students are unaware of the importance of following the news and understanding its implications for business. Ask students to read business periodicals like *The Wall Street Journal* for a few weeks to identify current issues and trends that could be significant for business. Then ask students to discuss how those trends or issues could impact international companies.

Learning Objective Check-In 5 Answer: 1. b
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2. Training

- A. Candidates for expatriate positions need cross-cultural training to help them become familiar with the local culture, customs, language, and government.
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Skills For Managing 2.2: How Would You Train Expatriates to go Overseas?

This feature asks students to assume the voice of a human resource manager for a multinational country and develop a training program for expatriates.

Teaching Suggestions: This feature offers an excellent opportunity for students to work in small groups. Divide students into four groups and assign each group to one of the four countries listed in the text. Ask each group to develop a training program for expatriates who will be assigned to the particular country.

3. Career Development

- A. Expatriates are more likely to be motivated and successful in their foreign assignments when they believe they will be helpful to their career development.
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Management Is Everyone's Business 2.3

This feature points out the value of developing international skills. Many companies today require managers to have international experience in order to advance to upper management.

Teaching Suggestions: Ask students to research opportunities on their campus that could help them develop the international skills that companies are looking for. Students can explore internships or study abroad programs that could be valuable to them as international managers. Perhaps foreign language courses that provide basic conversational skills are offered. Students may also find clubs or other opportunities to interact with people from other countries that would allow students to increase their knowledge of, and sensitivity to, foreign cultures.

4. Compensation

- A. Firms should provide expatriates with a disposable income equal to what the manager would earn at home, and provide an additional bonus as an incentive.

Learning Objective Check-In 6 Answer: 1. d

V. Ethics and Social Responsibility

Because different cultures approach “right” and “wrong” in different ways, managers doing business internationally are more likely to face an ethical dilemma.

- A. U.S. companies doing business abroad must comply with the Foreign Corrupt Practices Act which forbids substantial payments to foreign officials to influence decisions. Many firms and industries have established their own code of conduct for foreign operations.

Management Close-Up 2.3: Blow the Whistle – No, Wait: Ethics Hotlines May Be Illegal in Europe

This feature examines the contrasting approaches in the United States and Europe to exposing unethical behavior by managers and firms.

Teaching Suggestions: Please see Discussion Question 4 for suggestions on how to approach this feature.

Learning Objective Check-In 7 Answer: 1. b
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Focusing on the Future: Managing in a Global Environment

This feature follows the process a non-profit organization, Compatible Technology International (CTI), goes through to expand its presence in lesser developed nations.

Teaching Suggestions: Expanding into new markets in foreign countries requires considerable research into not only the general business environment in the foreign country, but also the country’s legal system, economic environment, and cultural environment. Using the format outlined in the feature, ask students to extend the research of CTI by researching other potential markets for the organization, and make recommendations to Bruce Humphrys about what CTI should do next.

Chapter Discussion Questions

1. If you were CEO of a medium-sized U.S. manufacturing firm, which of the changing patterns of international business identified in this chapter would concern you most? Explain.

Answer: Most students will probably focus on the globalization of production as being a major concern for small and medium-sized companies. Larger companies with resources to invest in manufacturing facilities in foreign markets can capitalize on cost and efficiency differences in those markets and gain a competitive advantage over smaller companies that lack the necessary resources.

2. Do you think there should be a large common market from Alaska to Tierra del Fuego, similar to the European Union? Why or why not?

Answer: This question should generate considerable debate among students. Some students will probably be in favor of the common market and point out that such integration would allow for greater specialization and trade that would benefit the bloc as a whole. Other students however may argue that a common market implies a loss of sovereignty for nations and that while the bloc as a whole may be better off, some countries within the group may not be.

3. What do you think accounts for the success of Ikea (see Management Close-Up 2.2) around the world? Can other struggling U.S. retailers such as K-Mart and Sears imitate Ikea's success? Explain your answer.

Answer: With its 250 stores located in Europe, Asia, North and South America, and Australia, Ikea appears to have found the recipe for success. Many students will probably suggest that much of the company's success stems from its ability to simultaneously capture the economies that come from its standardized approach to markets, while at the same time maintaining the flexibility to respond to trends and demand in the local market. In addition, Ikea is a good corporate citizen. Most students will probably suggest that companies like K-Mart and Sears would probably find it difficult to imitate Ikea. These retailers have traditionally approached markets individually rather than viewing the world as a single market as Ikea does. This approach makes it much more difficult for the retailers to capture scale economies. In addition, many students will probably suggest that the corporate culture at Sears and K-Mart would make it more difficult for the companies to expand globally.

4. Which of the two perspectives concerning the use of ethics hotlines described in Management Close-Up 2.3 seem more reasonable to you (i.e. the European versus the American perspectives)? Explain your answer.

Answer: Students will probably support the value system that is closer to their own culture. So, American students will feel more comfortable with the American practice of

anonymity, while European students will defend the actions of governments that have prohibited companies from using hotlines to report unethical behavior.

5. If you were the owner of a small but rapidly growing high-tech firm making sophisticated computer chips for medical equipment, which mode of entry would you prefer for entering foreign markets? Explain.

Answer: Depending on the market in question, the firm could choose to use several different entry modes. In general, licensing would be attractive because it would allow the company to expand quickly without incurring the cost and risk of setting up facilities in multiple markets. A strategic alliance with a local company might also be attractive because it would allow the partners to pool their resources.

6. Do you think an international firm should have local managers in all important posts? Why or why not?

Answer: An international firm with local managers in all important posts is following a polycentric approach to management. The disadvantages of the polycentric approach include a loss of control by headquarters, difficulties balancing local demand and global priorities, and the postponement of difficult decisions. Most students will probably suggest that a geocentric approach is more advantageous in that the best person to fill a position is selected regardless of nationality. Because this approach is likely to result in a combination of locals and expatriates, the firm can benefit from the advantages each has to offer.

7. Is a firm justified in paying a bribe if it believes a competitor will do so to win an important contract? Explain.

Answer: This question represents an ethical dilemma. Some students will argue that if a competitor is paying a bribe, the firm should follow suit, especially if the situation exists in a country that does not prohibit bribery. Other students however, will maintain that bribery is never acceptable and that maintaining values and principles is ultimately more important than winning a contract. Still other students will probably suggest that if the firm is a U.S. company, it is required to abide by the Foreign Corrupt Practices Act and so cannot pay a bribe to win a contract. Students supporting either of the last two perspectives may note that in either situation the firm is at a competitive disadvantage.

Management Minicase 2.1: Sweatshop Swipe

1. Do you think U.S. companies have the moral responsibility to offer a so-called living wage and to fight exploitative practices in foreign countries, even if doing so means putting the company at a competitive disadvantage? Explain your answer.

Answer: This question will probably generate considerable debate among students. Some students will probably argue that companies have a moral obligation to provide workers with safe working conditions and at least a living wage, even if it means that the

company is at a competitive disadvantage. Other students however will probably suggest that companies have an obligation to their shareholders to maximize profits, even if it means paying lower wages to foreign workers. It can be interesting to turn this question around and ask students whether they would be willing to pay more for their logoed apparel if it means paying higher wages to workers in foreign countries.

2. Do you think most consumers care about potential abuses of overseas contractors? Would most consumers be willing to pay slightly higher prices to improve the standard of living of foreign workers? Explain your answer.

Answer: Most students will probably agree that people rarely think about how a product is produced when they make a purchase. While some students will probably suggest that many people would be willing to pay higher prices if it ensured a better standard of living for foreign workers, other students may argue that in practice this does not always seem to be true. Students taking this perspective may point out for example that many people buy inexpensive furniture made in emerging markets rather than more expensive pieces made in the United States. Similarly, students may point out that Nike continued to sell shoes even after it was accused of unethical behavior and the use of sweatshop facilities.

3. Some believe that a company might actually increase business by convincing customers that it is socially responsible and that it values human dignity more than making an extra buck. Do you agree? Why or why not?

Answer: While many students will probably agree that consumers generally would prefer to do business with companies that demonstrate strong ethics, other more cynical students may suggest that this strategy is nothing more than a marketing ploy. In either case, most students will probably agree that if a company does try to increase profits by being socially responsible, the company must follow through with action. Students may note for example, that BP promoted its goods works in emerging markets while at the same time it apparently cut corners with its facilities off the coast of Louisiana.

Management Minicase 2.2: Drug Testing Goes Offshore

1. Do you think it is appropriate for a pharmaceutical firm to conduct most of its clinical trials in less developed countries? Why or why not?

Answer: Most students will probably suggest that it is fine for companies to conduct clinical trials in developing countries as long as appropriate procedures are followed and participants recognize that they are a part of the trial. Some students may point out in fact that in some countries, an experimental drug is the only way to get any medical treatment. Other students however, may suggest that companies testing drugs in developing countries may be tempted to circumvent procedures typically followed in developed countries in order to complete a trial quickly and inexpensively.

2. The Food and Drug Administration (FDA) in the United States requires that all trials submitted to it meet internationally accepted guidelines, known as Good Clinical Practice, that demand “the establishment of local review boards; ask government ministries to approve all trials before they begin; warn against excessive payment to doctors; and outline how they obtain informed consent and avoid taking advantage of vulnerable patients.” But as noted by Ward Cates, president of the research arm of nonprofit Family Health International, “how do you meet procedures required by the FDA in settings where electricity is going off two hours a day?” In your view, how can a pharmaceutical company ensure that clinical trials meet the FDA standards noted above? Is this realistic? Explain your answer.

Answer: Most students will probably agree that it is not possible to follow FDA procedures in some countries and that this brings up the situation addressed in the first question. At the same time, students should recognize that not having the opportunity to conduct clinical trials more quickly and inexpensively limits the ability of pharmaceutical companies to develop new products in a timely fashion – products that could save the lives of many people including those in the markets where the trials are being held. Students may suggest that pharmaceutical companies adopt the basic medical motto of “do no harm” when conducting trials in emerging markets.

3. Some companies argue that, costs savings aside, there are important benefits to more clinical trials overseas. From a mechanical standpoint, testing on ethnically diverse populations may offer more insight into the ways drugs can affect different people. And patients which would otherwise not receive any help get medication and treatment during the trials. Lastly, it helps drug companies penetrate new markets badly in need of new treatments. Russia’s drug market is estimated at \$5 billion this year, India’s at \$5.4 billion. Do you believe that these positive aspects outweigh potential problems with clinical trials overseas? Why or why not? Should the U.S. government become more involved in regulating these practices? Explain.

Answer: Many students will support the use of clinical trials in foreign countries, and suggest that the benefits of the trials indeed do outweigh the costs. Students taking this perspective may also support the involvement of the U.S. government in regulating the practice believing that this could ensure the process is made safer for participants. Other students however may oppose intervention by the U.S. government and argue that not only would that be interference in another country’s business, but it could also lead to a more complex set of regulations that could effectively deter companies from developing much needed new medicines.

Individual/Collaborative Learning Case 2.1: Got 6,000 Euros? Need a New Car?

1. How does a multinational firm benefit from seeing the entire world as its labor pool? Do you see any potential problem with this vision? Why or why not?

Answer: Companies like Renault that view the entire world as a labor pool have the opportunity to capitalize, as Renault has done, on the lower wages present in some countries. Students will probably recognize that there are costs and risks associated with establishing facilities in foreign markets and that the firm must ensure that the benefits of doing so outweigh the risks. In particular, risks that firms must be aware of include those related to political stability, foreign exchange rates, product quality, labor relations, and the potential for trade barriers.

2. How does this case illustrate the changing pattern of international business discussed in this chapter? Explain your answer.

Answer: Students will probably recognize that this case illustrates many of the changes affecting international business today. Specifically, it illustrates the changing world output and trade picture, changing demographics, global consumer preferences, globalized productions, and management across cultures.

3. What are the implications of this case for U.S. car manufacturers' shareholders, managers, employees, and labor unions? Explain your answer.

Answer: Renault's success with its low cost, low tech Logan implies that the market for this type of vehicle may be much larger than originally predicted. If the car appeals to consumers in both richer and poorer countries, companies can anticipate that other similar models would sell as well. Most students will probably recognize that low manufacturing costs are important to this type of vehicle and consequently that production is likely to take place in a developing or emerging market. This situation will probably not be popular with labor unions in the developed country, but would create new jobs in the developing nations. Students may also note that because production is likely to be in a foreign location, there will be increased demand for managers with international experience.

Internet Exercise 2.1: Colgate's Clean Sweep

1. What accounts for Colgate's international success, despite the potential for intense competition in most markets?

Answer: Colgate has a history of strong earnings and has demonstrated consistent growth even during economic slowdowns. Many students will attribute the company's success to the focus on caring, global teamwork, and continuous improvement that are all part of Colgate's fundamental philosophy. Most students will probably suggest that these core values along with the company's commitment to four basic areas: oral care,

personal care, pet nutrition, and home care are the basis for the company's international success. In addition, Colgate emphasizes innovation and efficiency, strong leadership, and a focus on the customer.

2. Colgate boasts that its “Colgate Culture” has a worldwide basis. How can a company create such a culture despite operating in many different cultural milieus? What are the advantages and disadvantages of a company culture that transcends national culture?

Answer: Students may suggest that Colgate's geocentric approach to hiring managers together with its focus on strong leadership have contributed to the dissemination of the “Colgate Culture.” Students will probably recognize that having a strong corporate culture can be valuable to companies because it can make strategy implementation easier and avoids the problems that may emerge when doing business across national cultures. However, because the “Colgate Way” is so deeply ingrained in managers, there may be a tendency to avoid suggesting alternative ways of doing things – even if they may be better for the company in the long run.

3. Compare and contrast the structure of Colgate's executive team with another company's which you can research on the Internet. Analyze the implications of your comparison from an international perspective.

Answer: Responses to this question will vary depending on the company each student selects for comparison. However, key points that students should recognize is the geocentric approach Colgate has to its management selection, and the fact that international experience is important at the executive management level.

4. After researching Colgate, would you advise the company to engage in licensing patents, joint ventures, or strategic alliances, or to establish wholly owned subsidiaries? Explain your answer.

Answer: Many students will probably suggest that given Colgate's size and international experience, wholly owned subsidiaries make sense because they give the company total control and profit. Other students however, may suggest that there is room for strategic alliances or joint ventures in Colgate's strategy, especially in emerging markets where knowledge of the local market is important.

Manager's Checkup 2.1: Careers in Global Management

1. What are the main reasons that would lead you to accept an international assignment? List three.

Answer: Responses to this question will vary by student, but reasons related to career development or reasons like the opportunity to live in a foreign country are likely to be at the top of the list for many students.

2. What are the main reasons that why you would turn down an international assignment? List three.

Answer: Students will respond to this question in different ways, but family considerations, financial considerations, and issues related to the job responsibilities will probably top the list for most students.

3. What, if any, are the major challenges for women successfully pursuing global careers that include international assignments (which do not exist for men)?

Answer: Women have made great headway in cracking the so-called glass ceiling in the United States, and today, are generally accepted in the workplace. This situation does not exist in many parts of the world however, and women may find that they are not taken seriously, or in some cases, must even have a male colleague stand in for them in meetings.

Manager's Checkup 2.2: Analyzing Your Own Values

Teaching Suggestions: After students explain how culture affects organizational practices, ask students to create a scenario in which they are attempting to practice their values in a foreign country. Ask students to reflect on the challenges managers may face especially when they are working in countries with contrasting value systems.

Internet Resources

Colgate : <http://www.colgate.com/app/Colgate/US/HomePage.cvsp>

Renault: <http://www.renault.com/en/Pages/home.aspx>

Ikea: <http://www.ikea.com/us/en/>