Chapter Review

The International Context of Management

Objectives...

1 distinguish between types of international organization

2 explain what is meant by globalization

3 distinguish differences between the domestic and global business environment

4 examine the impact of national culture on aspects of business and management

Key Terms

Global	A form of international organizational design where foreign subsidiaries are modelled on the parent companies' domestic approach (replication) – standardization and centralisation are emphasised in order to achieve integration
Globalisation	growth and integration to a global or worldwide scale
International organization	any organization that engages in international trade, investment or offers products or services outside their home country
Internationalisation	the gradual process of taking organizational activities into other countries
Multinational	The multinational (multidomestic) is a collection of national companies that manage their businesses with minimal direction from headquarters – decentralisation is emphasised to achieve differentiation and a local response

In this chapter we have described, and presented frameworks (PESTLE etc) to analyse, the external (international) environment and commented on the concept of globalisation. We presented arguments suggesting why domestic companies may internationalise and described this as a process. The international context is relevant to both domestic and international organizations. Building on systems theory we introduced the value chain as a framework to analyse organizations but also explored the concept of value chain fragmentation where organizations may 'separate' activities and then locate them around the world. The extent of internationalisation and the way organizations see the world can be used to categorise companies – as domestic, domestic with an export department, global, multidomestic and transnational. Whatever the company type, globalisation means that the internal workforce is likely to be diverse and employees are likely to come into contact with customers, suppliers, partners, and subsidiary employees etc who are different. We therefore discussed practical implications of intercultural encounters and the need for organizations to get these right. Finally, we recognised that management styles are not universal and practices may need to be adapted when working in other countries.