



# **International Management**

## **MPH AIMA**

**European and international  
business**

- **Course Title:** International Management
- **Lecturers:** Ing. Bc. Sylva Talpová  
Ing. Ondřej Částek, Ph.D.

Office hours: Monday 13-14  
Friday 9-10

Please, contact me via email beforehand ([talpova@econ.muni.cz](mailto:talpova@econ.muni.cz),  
[talpova@mail.muni.cz](mailto:talpova@mail.muni.cz) )

- **Aim of the course:**

The course deals with key aspects of international management, which reflects the environment in which most of the companies operate. The objective is to provide an insight in the economic developments of the European marketplace and the impact on corporate structures and strategies.

- **Learning Objectives**

To understand the global business environment and how it affects the strategic and operational decisions of managers, to understand and apply the concepts developed in the literature

- **Contact hours**

24 contact hours (1 contact hour=45min)

6 lectures (90 min), once every fortnight

6 seminars (90 min), once every fortnight



- **Teaching Methods**

The course provides 6 lectures + 6 seminars. The classes consist of combination of interactive lectures and video's. Out of class homework consists of readings and homeworks – mainly preparation of presentations.

- **Schedule**

- 21.2. Lecture 1: Introduction – course outline, background information, global integration (European context), global environment
- 28.2. Seminar 1
- 7.3. Lecture 2: International HRM
- 14.3. Seminar 2
- 21.3. Lecture 3: Internationalization, entry strategies
- 28.3. Seminar 3
- 4.4. Lecture 4: MNC and structures, strategies
- 11.4. Seminar 4
- 18.4. Lecture 5: Collective forms of business
- 25.4. *Easter Holiday*
- 2.5. Lecture 6 Cultural differences
- 9.5. Seminar 6
- 16.5. Early exam date

- **Criteria for Successful Completion of the Course**

The class sessions consist of interactive lectures and seminars which complement the lectures. The seminars consist of presentations prepared by the students, case studies and of discussions. Seminars are compulsory.

- **Marking Scheme**

The grade is given on the basis of the final exam (70%) and the participation at seminars (i.e. homework prepared, active participation) which accounts for the remainder 30% of the grade.

- **Final exam grade:**

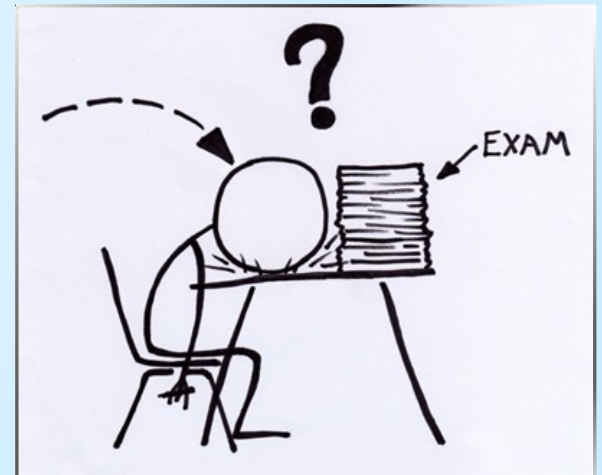
Maximum 20 points

Minimum for pass 12 points

(ECTS 20 – 19 A, 18 – 17 B, 16 – 15 C, 14 – 13 D, 12 E)

- **Participation at seminars/homework grade:**

Graded by the lecturers at the end of the course (ECTS A,B,C,D,E,F)



The final mark is weighted sum of these two grades.

- **Literature:**

- International management : cross-boundary challenges / Paul N. Gooderham and Odd Nordhaug
- International management : managing across borders and cultures : text and cases / Helen Deresky
- International management : culture, strategy, and behavior / Fred Luthans, Jonathan P. Doh
- International management : managing in a diverse and dynamic global environment / Arvind V. Phatak, Rabi S. Bhagat, Roger J. Kashlak
- Lecture notes
- Articles! (databases: EBSCO, ProQuest, JSTOR)



# Key concepts

- **International Management**

- the process of applying management concepts and techniques in a multinational environment and adapting management practices to different economic, political and cultural environments

- **MNC**

- a firm having operations in more than one country, international sales, and a nationality mix of managers and owners

# Overview



- Globalisation
- Global Integration
- Theory and practice
- The environment



# Reasonability of the topic & objectives

- To become familiar with the international business environment and its implications

**Mozart balls to be packed in the Czech Republic, the Austrians are angry**



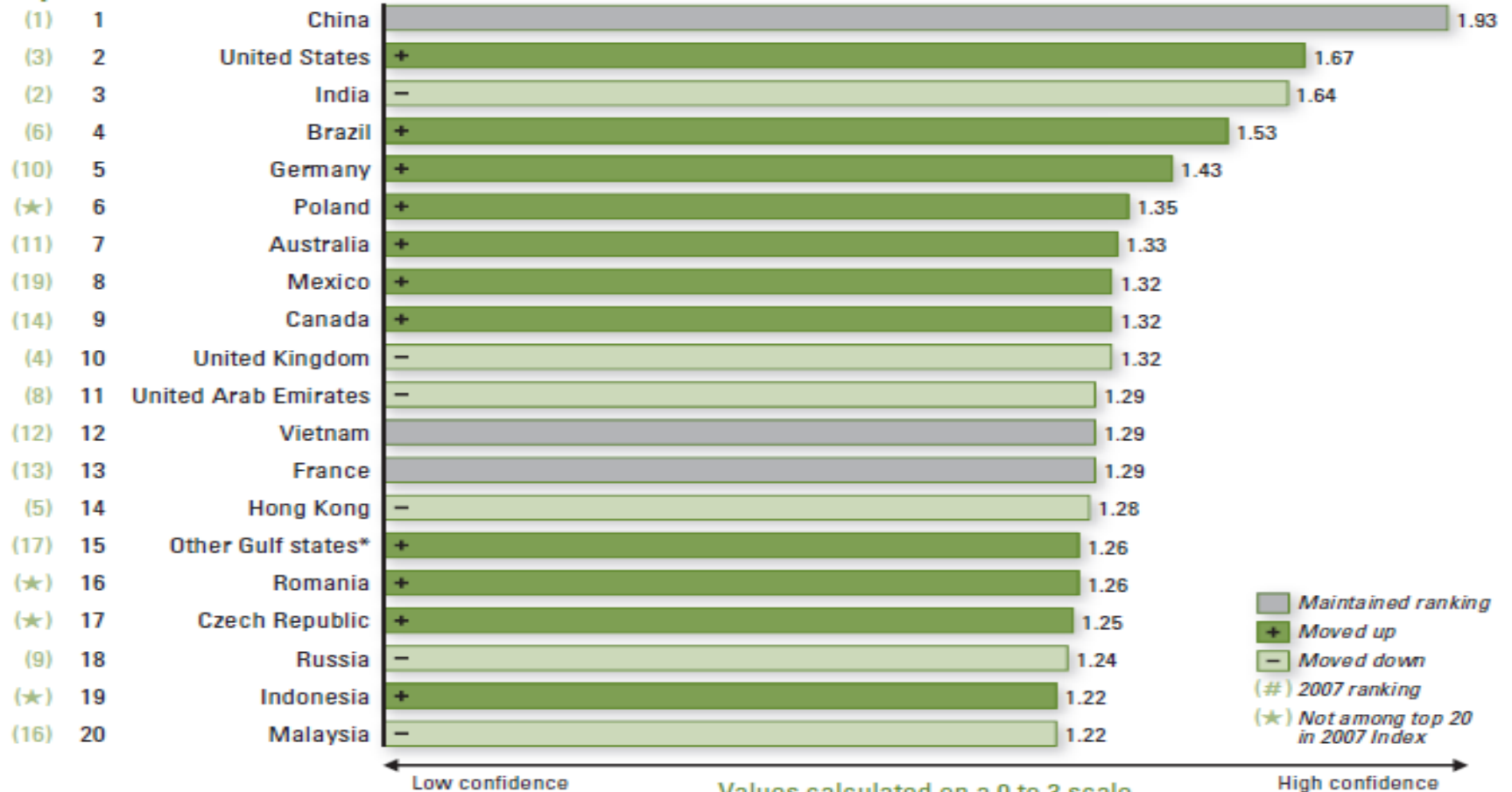
# Is today's economy global?

- Thomas Friedman
- Ghemawat
- your ideas?

# Globalization

**Figure 11**  
2010 FDI Confidence Index®

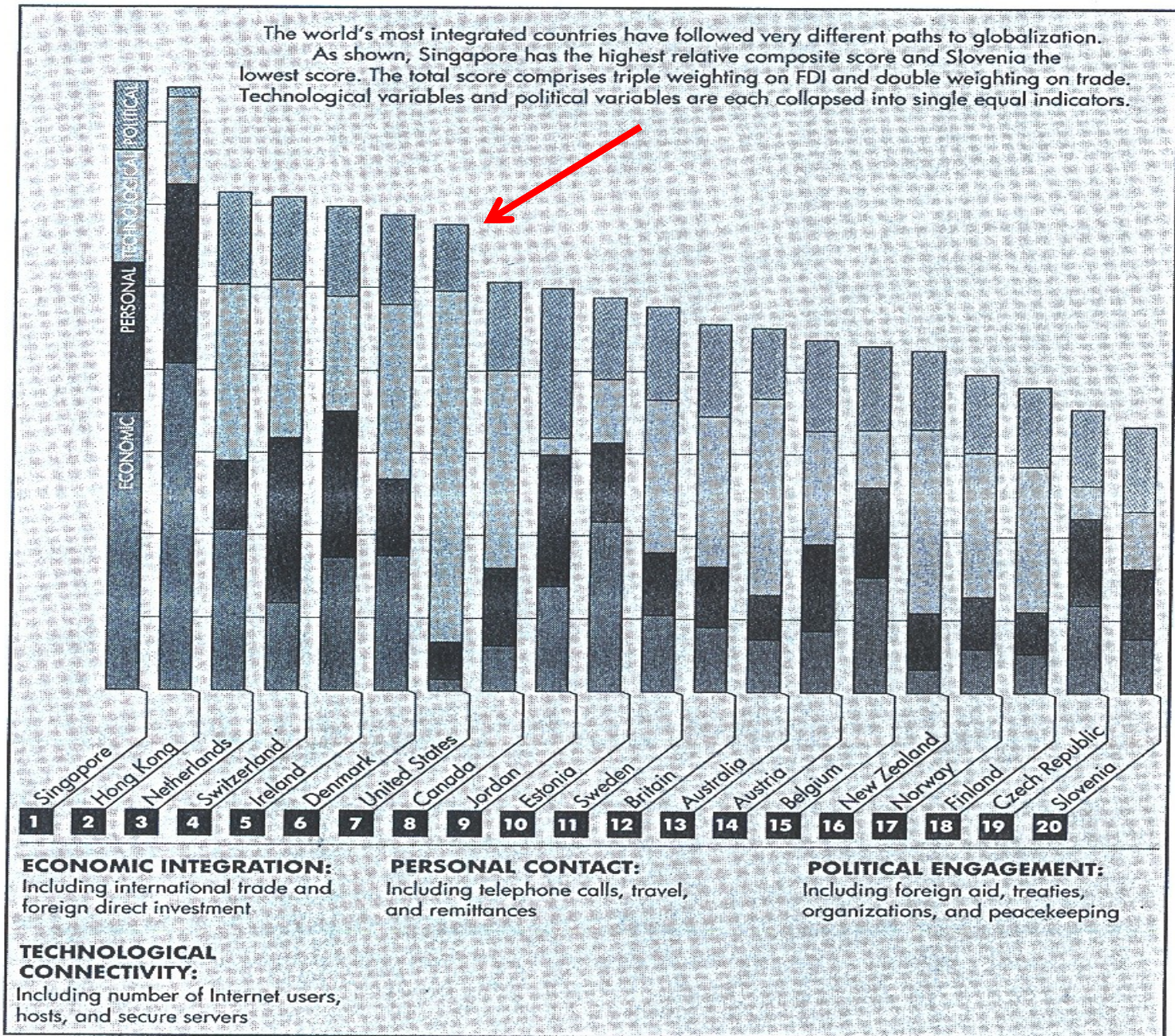
**Top 20**



\*Other Gulf states include Bahrain, Kuwait, Oman and Qatar.

Source: A.T. Kearney analysis

# EXHIBIT 1-2 Measuring Globalization



Source: Global Retail Development Index, Copyright A. T. Kearney, 2008. All rights reserved. Reprint with permission.

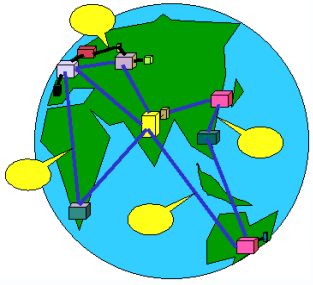
# Institutions on Global Trade

- Supranational
- National
- Supranational – special case

# Overview



- Globalisation
- Global Integration
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# Global integration

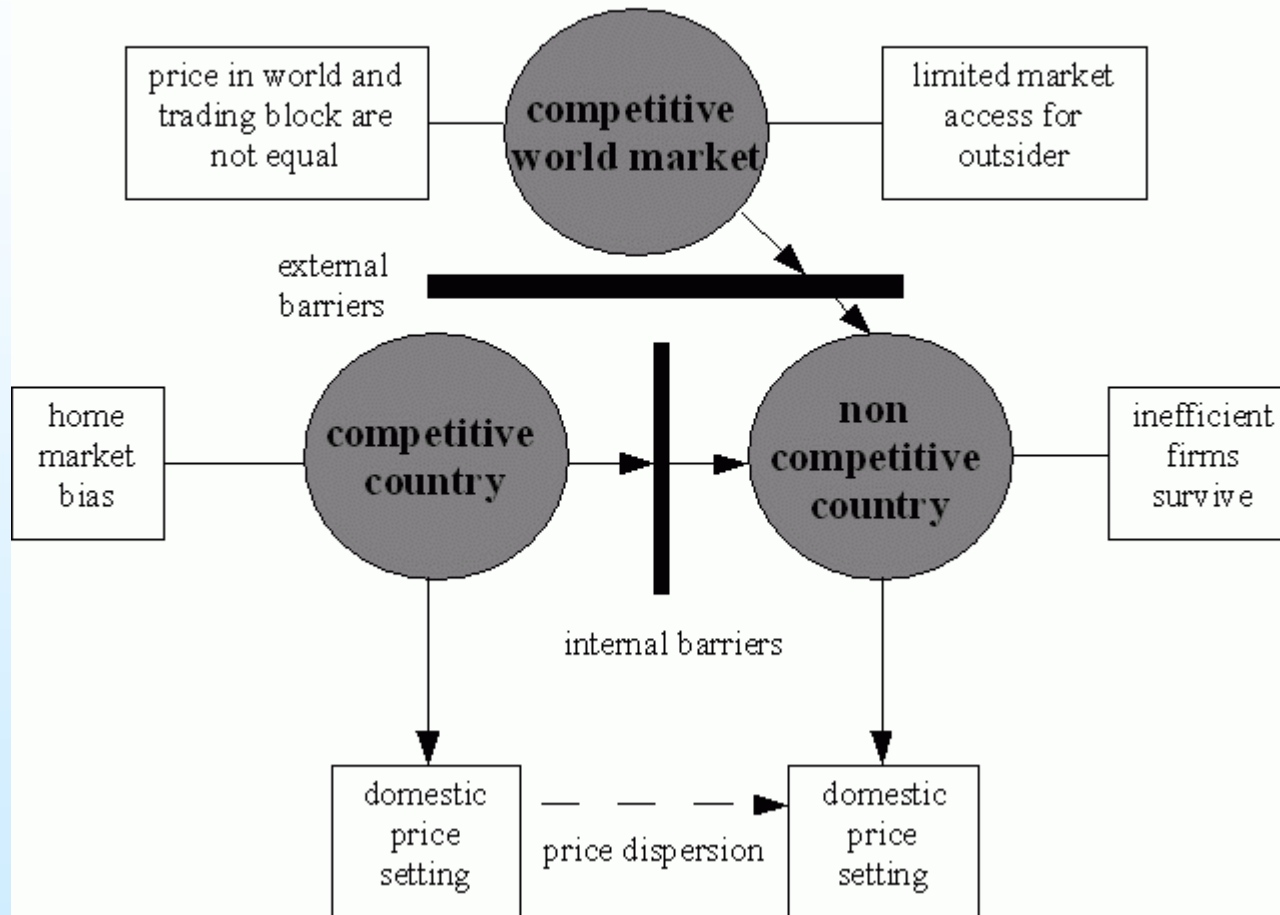
- Theoretical approach
  - Competitive advantage
  - Comparative advantage

## Examples of comparative advantage:

- ✓ Slovakia /Germany
- ✓ France/Netherlands
- ✓ Finland/Poland
- ✓ Czech Republic/Italy

# Segmented markets

Figure 1: The segmented market case



Source: Filip Abraham, Internalization and globalization



# Consequences

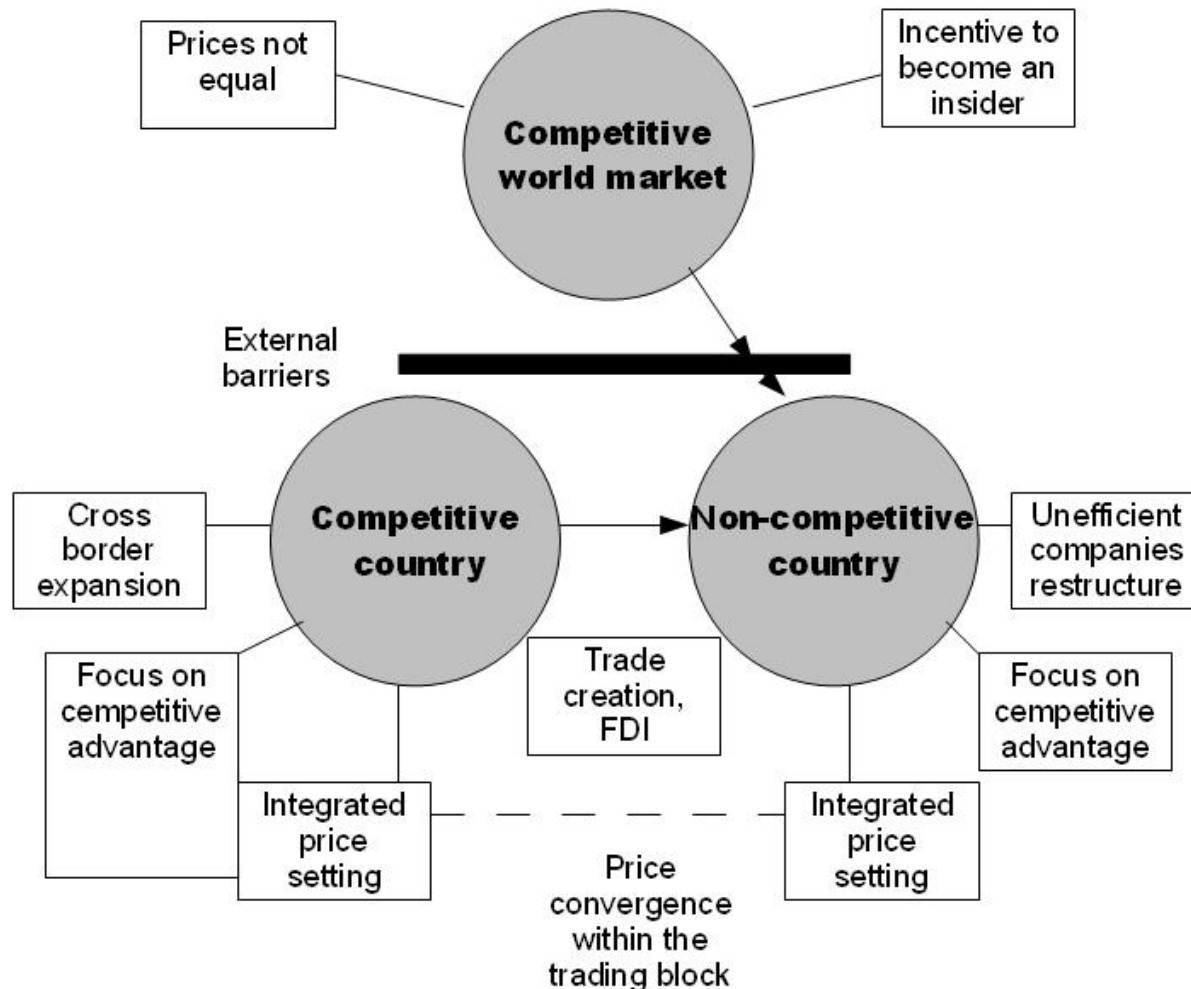
- Price dispersion
- Home bias
- Access to markets

# Integration within trading block

- *The dominance of the US is already over. What is emerging is a world economy of blocs represented by the North American Free Trade Agreement, the EU, and the Association of Southeast Nations. There's no one center in this world economy.*

*Peter Drucker*


# Integration within trading block



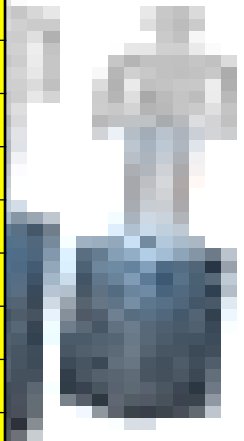
# Consequences

- Price convergence within trading block
- Expansion of efficient firms
- Focus on their competitive advantage
- Relation between specialization of firms according to competitive advantage and the specialization of a country according to comparative advantage
- Attractivity of successful regional trading blocks

# Global rankings



Country/Economy	GCI 2009–2010		GCI 2008–2009
	Rank	Score	Rank*
Switzerland	1	5,6	2
United States	2	5,59	1
Singapore	3	5,55	5
Sweden	4	5,51	4
Denmark	5	5,46	3
Finland	6	5,43	6
Germany	7	5,37	7
Japan	8	5,37	9
Canada	9	5,33	10
Netherlands	10	5,32	8
Hong Kong SAR	11	5,22	11
Taiwan, China	12	5,2	17
United Kingdom	13	5,19	12
Norway	14	5,17	15
Australia	15	5,15	18
Czech Republic	31	4,67	33



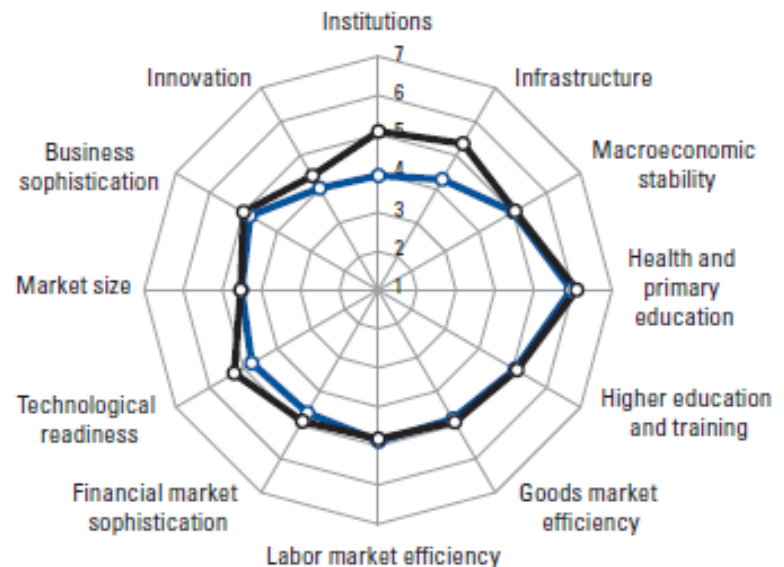
<http://www.weforum.org/en/initiatives/gcp/Global%20Competitiveness%Report/index.htm>

# The Czech Republic ranking

## Global Competitiveness Index

	Rank (out of 133)	Score (1–7)
<b>GCI 2009–2010</b> .....	<b>31</b>	<b>4.7</b>
GCI 2008–2009 (out of 134).....	33	4.6
GCI 2007–2008 (out of 131).....	33	4.6
<b>Basic requirements</b> .....	<b>45</b>	<b>4.8</b>
1st pillar: Institutions.....	62	3.9
2nd pillar: Infrastructure.....	48	4.3
3rd pillar: Macroeconomic stability.....	43	5.0
4th pillar: Health and primary education.....	33	5.9
<b>Efficiency enhancers</b> .....	<b>24</b>	<b>4.8</b>
5th pillar: Higher education and training.....	24	5.1
6th pillar: Goods market efficiency.....	27	4.8
7th pillar: Labor market efficiency.....	20	4.9
8th pillar: Financial market sophistication.....	42	4.6
9th pillar: Technological readiness.....	30	4.7
10th pillar: Market size.....	40	4.5
<b>Innovation and sophistication factors</b> .....	<b>26</b>	<b>4.4</b>
11th pillar: Business sophistication.....	25	4.8
12th pillar: Innovation.....	25	4.0

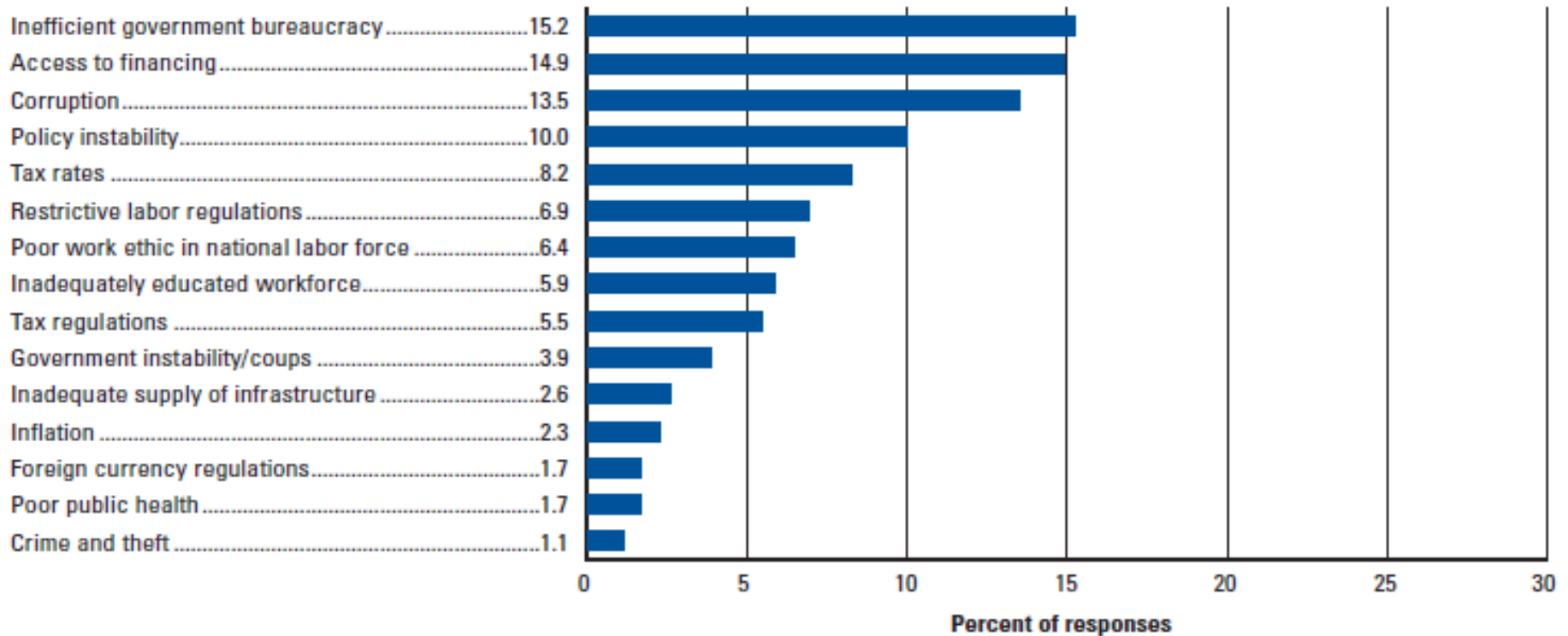
## Stage of development



Legend: Czech Republic (blue line), Innovation-driven economies (black line)

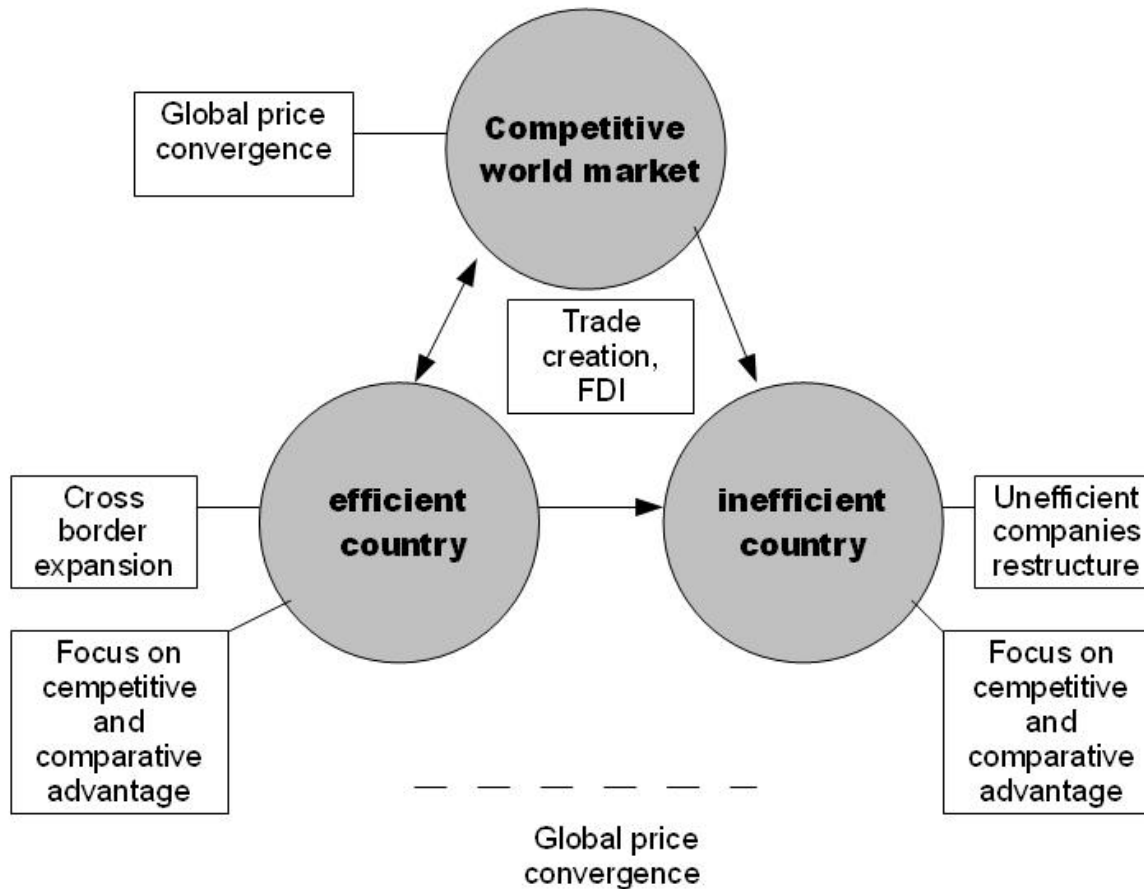
# The Czech Republic ranking

## The most problematic factors for doing business



Note: From a list of 15 factors, respondents were asked to select the five most problematic for doing business in their country/economy and to rank them between 1 (most problematic) and 5. The bars in the figure show the responses weighted according to their rankings.

# Global integration



*Source: Filip Abraham, Internalization and globalization*



# Consequences

- Global price convergence
- Home market bias disappears
- Efficient firms prevail
- Firms focus on their competitive advantage, countries specialize according to their comparative advantage

# Overview



- Globalisation
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- The environment

# From theory to practice

- Price convergence
- Home market bias
- Turning to corporate specialization due to integration
- Relation between intergration and comparative advantage of countries

# The environment

In Pakistan one must understand the differences between Punjabi and Sindi. In Malaysia it is essential to recognize the special economic relationship between Chinese and Malay. In the Philippines it is important to understand the significant and lead financial role played by Filipino-Chinese.



# The environment

- Political
  - Political ideologies – individualism, collectivism, socialism
  - Political systems – democracy, totalitarianism
- Economic
  - Market economy, command economy, mixed economy
- Legal
  - International law, law foundations
- Technological
  - the dimensions of the technological environment currently facing international management

*The creation of a global, web-enabled playing field that allows for multiple forms of collaboration – the sharing of knowledge and work – in the real time, without regard to geography, distance, or, in the near future, even language.*

*Thomas Friedman, The World is Flat, 2005*

[http://www-03.ibm.com/innovation/us/thesmartercity/index\\_flash.html?cm\\_mmc=agus\\_brsmartcity-20090929-usbrp111--p- -smcityvan- -smcityvan#/home/](http://www-03.ibm.com/innovation/us/thesmartercity/index_flash.html?cm_mmc=agus_brsmartcity-20090929-usbrp111--p- -smcityvan- -smcityvan#/home/)

# Homework for the seminar

- In groups of three, represent a consulting firm. You have been hired by a diversified multinational corporation to advise on the political and economic environment in different countries. The company wants to open one or two manufacturing facilities abroad. Choose a specific type of company and one or two specific countries and present them to the class, including political, economic, legal and technological environment and types of risks that would be involved and what steps the firm could take to manage those risks (presentation max. 10 min)
- **Submit your presentation to the Information system 24 hours prior to the seminar (Sunday, 16:00), including your names:**  
[https://is.muni.cz/auth/dok/rfmgr.pl?fakulta=1456;obdobi=5003;kod=MPH\\_AIMA;furl=%2FeI%2F1456%2Fjaro2011%2FMPH\\_AIMA%2Fode%2F22751209%2F;info=](https://is.muni.cz/auth/dok/rfmgr.pl?fakulta=1456;obdobi=5003;kod=MPH_AIMA;furl=%2FeI%2F1456%2Fjaro2011%2FMPH_AIMA%2Fode%2F22751209%2F;info=)
- Literature:
  - International management : culture, strategy, and behavior / Fred Luthans, Jonathan P. Doh, **Chapter 2, 3**
  - International management : managing in a diverse and dynamic global environment / Arvind V. Phatak, Rabi S. Bhagat, Roger J. Kashlak, **Part 1**

Thank you for attention!

