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GLOBAL DESICION MAKING

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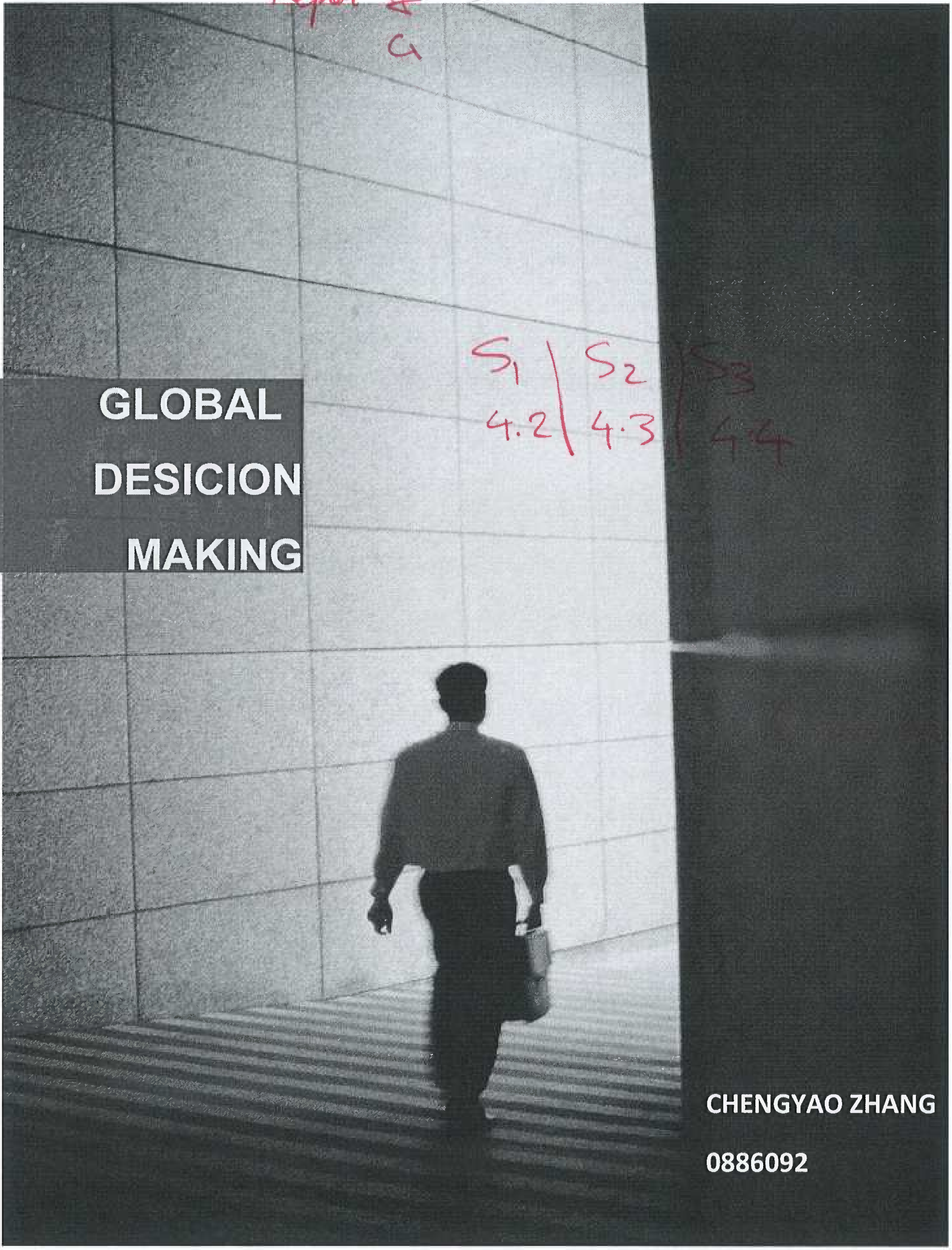

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Part I: International Management

Changes and Challenges in International Management

Common and traditional management faces multinational changes today. Technological progress made it possible to operate business around the world.Lower barriers between nation enable companies to manage their global supply chain and diversify their distribution channel with maximum flexibility. In addition, offshore recruitment is easier than ever. Therefore, global workplace requires a variety of adaptable and innovative management skills and abilities. Indeed, successfully expanding overseas require a variety of critical management skills and abilities, including being adaptable and innovative. In addition, the process of globalization is fueled, it would continue to spur international business growth and reduce trade barriers.

The strongest growth in international business has been in developing countries, such as BRIC countries, rather than in traditional economic heavyweights. This growth is challenging established multinationals' ability to keep up everything from innovation to hiring the best tallent. Consequently, large companies seek to build local operations in such countries, identifying and tapping local talent pools becomes increasingly important. Striking the right balance between standardization and localization is always work-in-progress.

Another consequence of the globalization is that workforces are an increasingly complicated mix of culture, backgrounds, and ethic groups. Moreover, demographic changes within countries are also contributing to greater workforce diversity. However, managing workforce diversity is not easy. Managers often battle outdated attitudes and perceptions that can derail their best efforts. Since many important decisions are made in cross-functional teams of employees with diverse backgrounds, effective interaction is critical. Building cultural diversity into decision-making team is often essential for making the best decision in the long run.

International Management Strategy

In the term of global competition, multinationals guide corporate strategy across countries. Indeed, some multinational business use diversified strategies based on the distinct demand of particular business units. The extent to which business satisfies local market preferences varies across these units based on competitive demands.

Global Integration and Local Responsiveness

Multinationals face different levels of pressure for local responsiveness. In such circumstances, multinational enterprise pertain to the integration of activities across responsiveness to local demands under the nature of market forces. Global integration is the centralized management of geographically dispersed activities on the uninterrupted basis. Global integration may force local plants reducing labor costs and manage shipments across a network of manufacturing facilities in various countries. Local responsiveness represents that the subsidiary take decisions autonomously in response to local competitiveness or customer demands. The pressures for global integration promote creation of international joint ventures, while pressures for local responsiveness promote creation of full ownership ventures.

The International Strategy

Through international strategy, subsidiaries operate independently as if they were local companies, with minimum coordination. Either enterprises that face little pressure to tailor products across markets or that are highly efficient to combat competitors often pursue an international strategy of selling similar products internationally. Such strategic company develop their product in their home market while distributing outposts in foreign markets. For instance, Starbucks, known for its coffee, earns over 68 percent its revenues in the United States in FY2012. Also its oversea distribution was operated well. In 2005, the first Starbucks store was launched in China, where no competition exists for coffee bar. Today, the competition Starbucks faces is much tougher, and it no longer uses the international strategy.

The Global Strategy

Global strategy is an organization's strategic guide to globalization. After 1980s, a wave of firms began pursuing global strategies to gain a competitive advantage. Global strategies require firms to tightly coordinate their product and pricing strategies across international markets and locations, and therefore firms that pursue a global strategy are typically highly centralized. A global strategy may be appropriate in industries where firms are faced with strong pressures for cost reduction but with weak pressures for local responsiveness. Therefore, it allows these firms to sell a standardized product worldwide. The global strategy does, however, present challenges in the case of the difficulty of effectively coordinating dispersed international operations.

Part II: Business Ethics in Global Decision-Making

The consideration of business ethics is concerned in decision making. International decision making is confronted with a variety of ethical dilemmas because of different legal or acceptable constitution. An effective integration on business ethics relies on the entire organization on an ongoing basis. However, in the case of real world, decision may challenge ethical dilemma situation. For instance, most ethical perspective believe that it is harmful and contrary to the justice to employ children. In some developing country, children routinely contribute to family income. If corporations simply refuse to hire them or fire those who are working, these children may resort to begging or even more dangerous employment such as prostitution. Such business decisions are far more simple than most theorist suggest.

Ethical Decision-Making Is a multiple process

Ethical decision-making is a multiple process including moral awareness, moral judgment, moral motivation and moral persistence. Research of moral development found that people develop from childhood to adulthood through a sequential and hierarchical series of cognitive stages that characterize the way they think about ethical dilemmas. In practical terms, this development demonstrates that most adults are looking outside themselves for guidance in ethical dilemma situations, either to significant others in the relevant environment or to society's rules and laws. It also represents that most people need to be led when it comes to ethics guided by principles of justice and rights.

The Organizational Context Creates Additional Pressures and Complexity

The Organizational Context Creates Additional Pressures and Complexity. Moral judgment focuses on deciding what's right—not necessarily doing what is right. Even when people make the the most appropriate moral judgment they believed, they may find it difficult because of pressures from the workforce. Research has found that principled individuals are more likely to behave in a manner consistent with their moral judgments, and they are more likely to resist pressures to behave unethically. However, most people never reach the principled level. So, the notion that being ethical is simple also ignores the pressures of the organizational context that influence the relationship between moral judgment and action.

Research suggests that people who take principled stands, such as those who are willing to report a colleague for unethical behavior, are seen as highly ethical while, meanwhile, they are thought to be highly unlikable. Almost 35 percent of respondents to the National Business Ethics Survey said "peers tolerate questionable ethics practices by showing respect for those who achieve success using them." Further, the rest of respondents said that they would not report misconduct they observed because of fear of retaliation from either management or peers. The ethical decision making process involves multiple stages that are fraught with complications and contextual pressures. Most people will be influenced by peers' and leaders' words and actions, and by concerns about the consequences of their behavior in the work environment.

Guidelines for Effective Ethics Management

Effective ethics management should create a strong ethical culture supported by strong ethical leadership. People in organizations need ethical guidance and support for doing the right thing. Executive leaders must provide that structure and ethical guidance, which harness multiple formal and informal cultural systems. People should respond positively to the kind of structure that aims to help them do the right thing. If a manager says, "We want you to do the right thing, the ethical thing, and we're going to try to create a culture that helps you to do that," employee response should be quite positive so long as employees believe that management is sincere and they observe consistency between words and actions.

First: Understand the Existing Ethical Culture

Leaders are responsible for transmitting culture in their organizations, and the ethical dimension of organizational culture is no exception. According to Schein, the most powerful mechanisms for embedding and reinforcing culture encompass reactions to critical incidents and organizational crises, scale of measure, and control and criteria for allocation of rewards and for status of employment.

If a strong ethical atmosphere is expected, critical cultural messages that are sent about ethics must be considered at the first step. It's a uncommon leader who really understands the ethical culture in an organization. The perception of the ethical culture is likely to be florid when you promote to top of the management, because information often is stuck at lower organizational levels. Executives need anonymous surveys, focus groups, and reporting lines, and people need to believe that the senior leaders really want to know, if they are to report honestly on the current state of the ethical culture.

In surveys, ask for employee perceptions of supervisory and executive leadership and the messages they send by their communications and behavior. And listen to what employees say. Whether they perceive that they are treated fairly, and whether the company acts as if it cares about them, its customers, and other stakeholders should be asked.

Second: Communicate the Importance of Ethical Standards

Employees need clear and consistent messages that ethics is essential to the business model. Most businesses send countless messages about competition and financial performance, and these easily drown out other messages. In order to compete with this constant drumbeat about the short-term bottom line, the messages about ethical conduct must be just as strong as frequent. Employers and employees must be prepared for the types of issues that arise in their particular business and position, and be aware of supposed reaction on which ethics and the bottom line appear to be in conflict. Executives should tie ethics to the long-term success of the business by providing examples from their own experience or the experiences of other successful employees.

Ethical messages from top management should be clear and consistent. Employees are supposed to recognize the types of ethical issues that are likely to arise in their work. Demand discussion of ethics and values as part of routine business decision-making. When making important decisions, ethical appropriateness should be scrutinized.

Meanwhile, Employees are assured to know about exemplary ethical conduct.

Third: Focus on the Reward System

The reward system may be one of most essential way to deliver a message about what behaviors are expected. Employees do what's rewarded, and they avoid doing what's punished. In the short term, executives probably cannot reward ethical behavior. For the most part, employees don't expect to be rewarded for ethically doing their jobs. In the longer term, ethical behavior can be rewarded by promoting and compensating people who contribute to not only performance of company, but to development of improved reputation as being of the highest integrity. The best way to hold employees accountable for ethical conduct is to incorporate evaluation of it into comprehensive performance management systems and to make this evaluation an explicit part of compensation and promotion decisions.

Also, exemplary behavior can be rewarded. Every senior corporate leader is expected to expend effort each year to find examples of exemplary ethical conduct in their own business units and make nominations. The award ceremony, attended is exactly the kind of ritual that helps to create an ethical culture.

Unethical conduct should be disciplined swiftly and fairly when it occurs at any level in the organization. The higher the level of the person disciplined, the stronger the message that management takes ethics seriously. Inside organizations, employees prefer to work for harshly disciplined leaders. The reward system should be checked to see whether it contributed to the unethical behavior.

Fourth: Promote Ethical Leadership Throughout the Firm

A moral person is characterized by integrity and fairness. But these elements deal only with the ethical part of ethical leadership. Ethical executives are supposed to visualize ethical values—communicating about not only the goals but also the acceptable and unacceptable methods. Most managers hold the belief that each person in their organization is already ethical is preferred. But it is not critical. Without explicit guidance, most of employees believe that the bottom-line messages are the most important. Ethical leadership should represent the reward system that clearly communicate what is expected and what is accepted. A widely acceptable conduct should be taken seriously for disciplining the employee.

Senior executives, who set the tone at the top and oversee the ethical culture, are extremely important. However, front-line supervisors are equally important because of their daily interactions with their direct reports. An ethical culture ultimately depends upon the whole company.

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OB A3 Interview of A Manager

Jason Nelson
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H&M

H & M is a Swedish multinational retail-clothing company, known for its fast-fashion clothing for men, women, teenagers and children. H&M's retail operations are conducted through leased store premises, internet and catalogue sales and through a network of franchise stores. The group outsources product manufacturing to 800 independent suppliers through its local production offices globally. The goods are then distributed directly to the stores or to central regional replenishment centers. With these facilities, H&M is growing with new customers and employees around the world and continues to stand strong in a challenging market.

Interview of Mr. Nelson

- How might an understanding of the international dimensions of organizational behavior help a manager make better and more ethical decisions?

The business world is pragmatic. We know the reinforcing properties of immediate payoffs and we understand the contingent relationship between our own behavior, the praise or pay we receive, and future actions. In part to redirect the controlling aspects of such relations, we need an ethical framework to force objective assessment of actions against a longer-term goal of the company.

An understanding of organizational behavior offers a view of companies that are compassionate. Change in the organization is true. Failing to act ethically is not a moral flaw but a failure of history and contingency. Hofstede's approach is applied. Such perspective allows us to describe behavior objectively and to reward desirable behavior in the future, including ethical behavior. We know about the power of contingency. We can arrange conditions to create, maintain, and eliminate behavior and we are good at evaluating the effectiveness of our interventions. These skills and practices can serve us well in developing a framework to examine the practice of our actions and their effects – and to help others do so as well.

- How would it make someone a more effective global manager in these times?

Centers of economic activity will shift profoundly, not just globally, but also regionally. Technological connectivity has already transformed, and will continue to transform, the way people live and interact. I think a effective global manager should think globally, approcciate cultural diversity, develop technological savvy, build partnerships and alliances; and share leadership experience with colleague.

But it was also concluded that these skills were required in addition to those typically associated with overall general leadership skills, such as, among others, managing change, strategic thinking, decision-making, enabling teams, managing results, etc. So, I think these leadership skills can make a manager effective into a global leadership context.