

Principles of management

Week 7

Global Management

- Conceptualization
- Global business actors
- Forms of global business
- Flow of goods and money
- Culture
- Doing business globally



Innovation Conceptualization

Global management entails

- Managing companies in various locations
- Managing resources originating from various locations
- Managing operations in various locations



Innovation Global business actors

The following

- Businesses pursuing activities in various locations
- Multinational corporations
- Non-state organisations involved with economic and business activities
- State organisations involved with economic and business activities
- International organisations involved with economic and business activities

Innovation

Forms of global business

Business organisations “go global” in the following manner

- Exporting goods and services
- Establishing cooperative contracts e.g. licences, franchises
- Establishing strategic alliances with other businesses e.g. joint ventures
- Acquiring business
- Opening up branches and profit centres



Innovation
Flow of goods and money
Trade

Reasons to trade

- To sell excess supply
- To maximise profits with an absolute advantage
- To specialise in producing goods and services having comparative advantage
- To maximise profits with a competitive advantage

Classical Country-Based Theories	Modern Firm-Based Theories
Mercantilism Absolute Advantage Comparative Advantage Heckscher-Ohlin	Country Similarity Product Life Cycle Global strategic Rivalry Porter's National Competitive Advantage

Innovation

Flow of goods and money

Trade flows

Trade flows are determined by

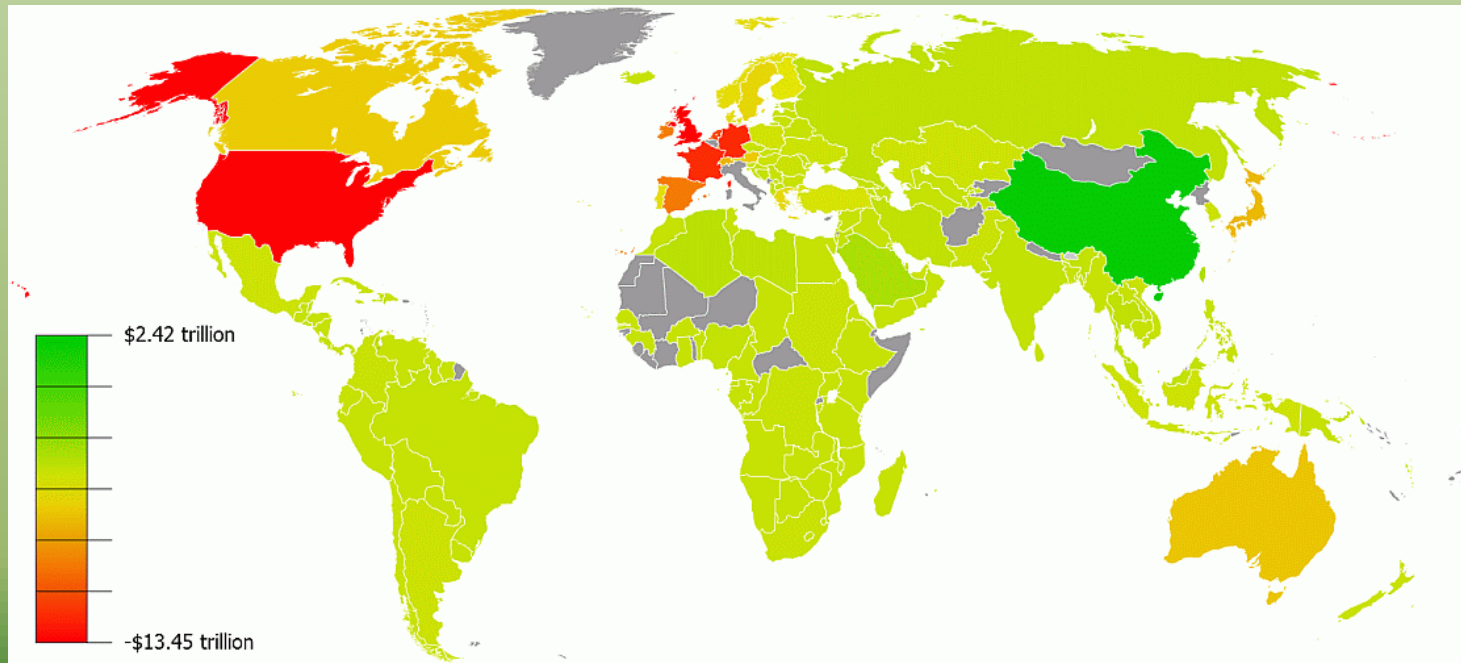
- Demand and consumption
- Transportation and logistics
- Trade barriers
 - Tariff
 - Non-tariff



Innovation
Flow of goods and money
Money flows

Money flows are determined by

- Demand for capital and investments
- Supply of capital and monetary policies
- Exchange rates



Innovation

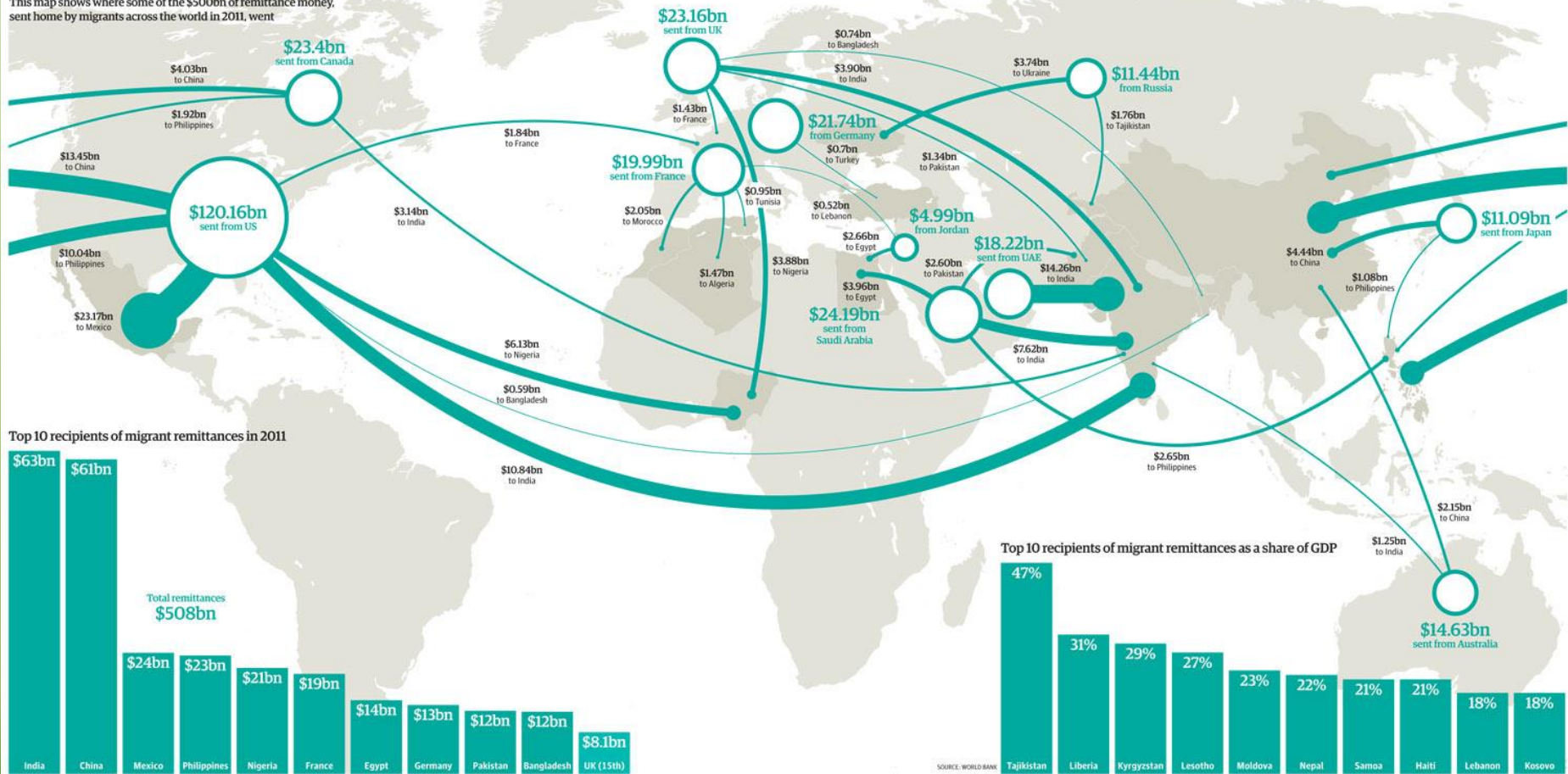
Flow of goods and money

Money flows

Where the money goes

This map shows where some of the \$500bn of remittance money, sent home by migrants across the world in 2011, went

theguardian



Innovation
Flow of goods and money
Culture

Culture is about common patterns and characteristics that characterise and differentiate a group of people from another

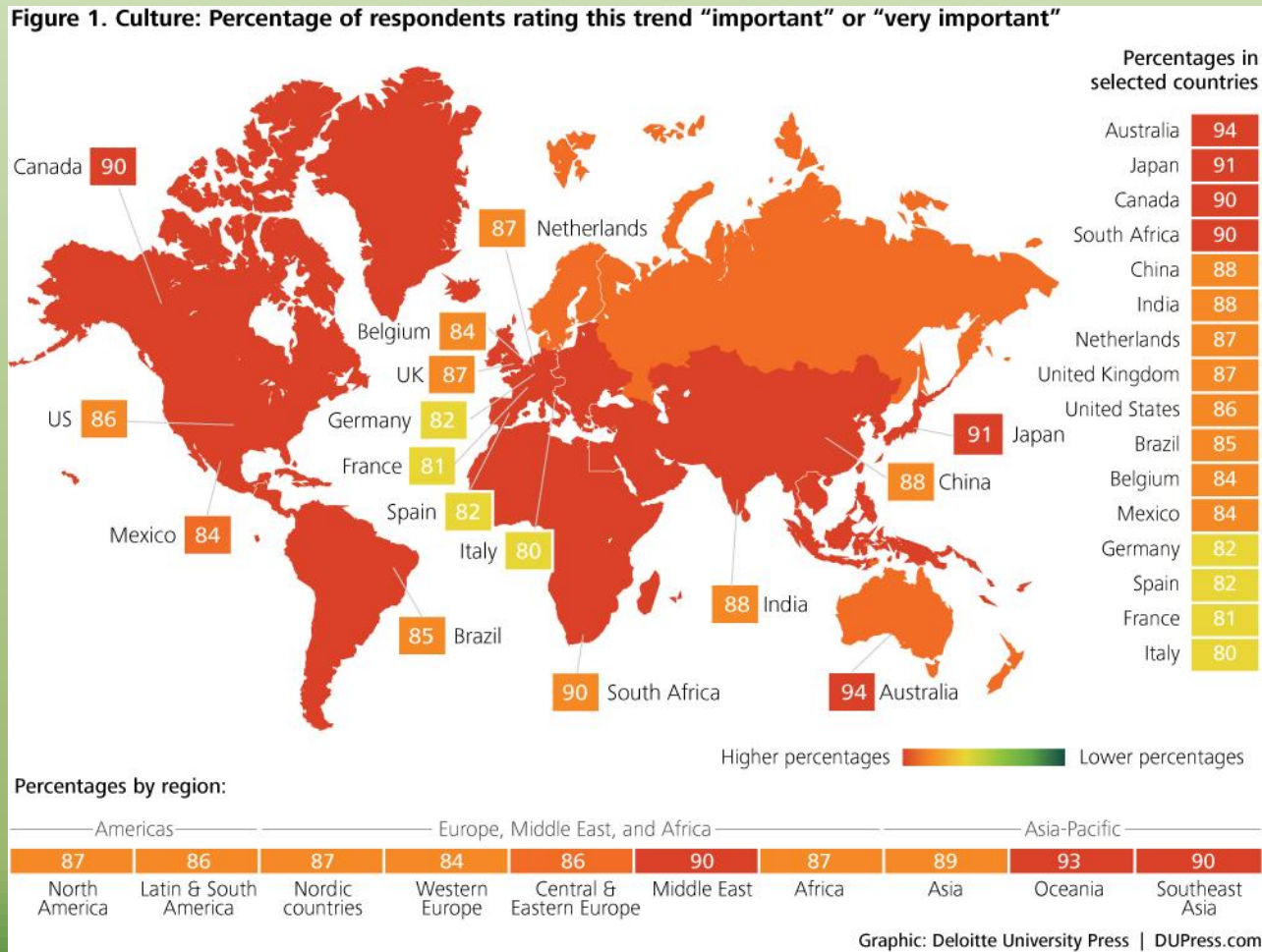


Innovation

Flow of goods and money

Culture

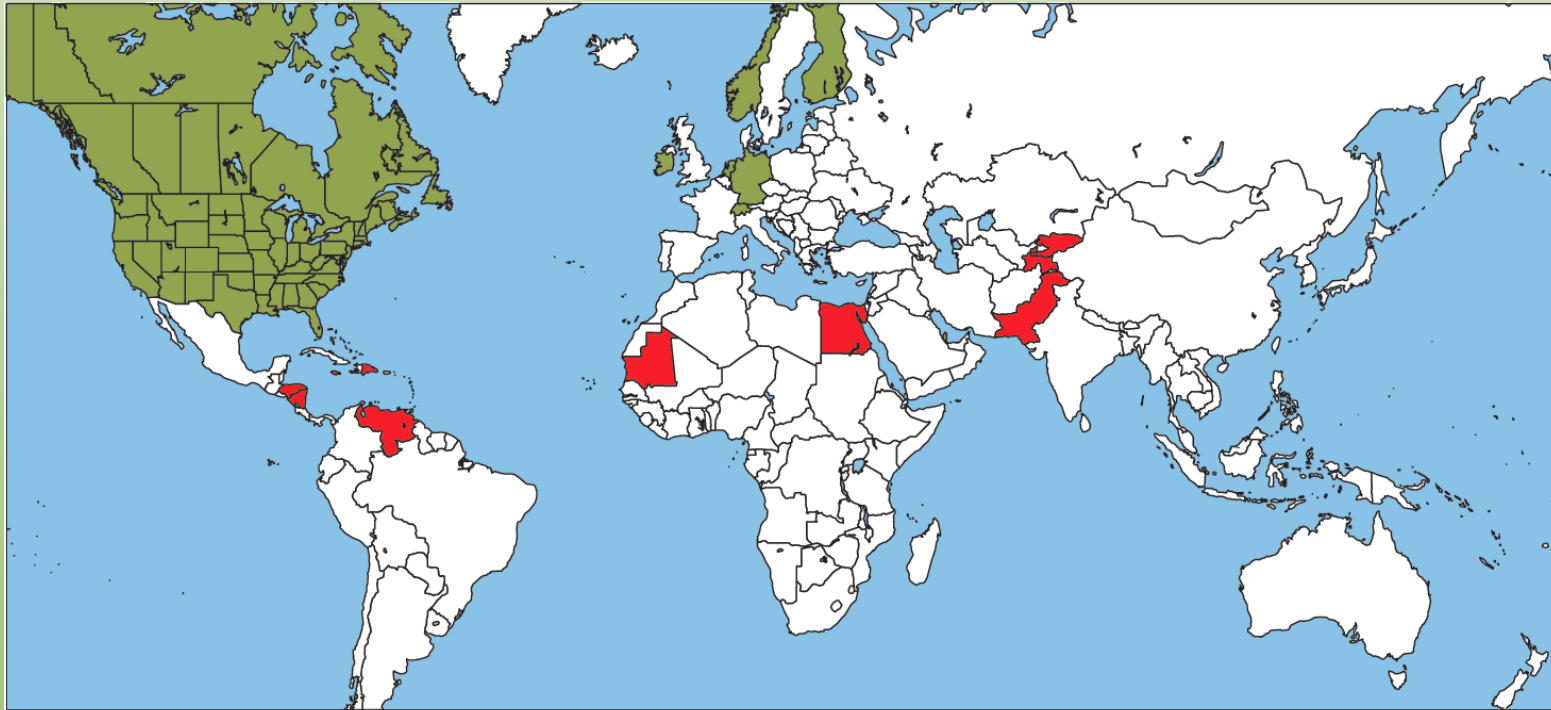
Impact on business



Innovation

Flow of goods and money

Doing business globally



Best 10 Countries

1. Norway
2. Switzerland
3. The Netherlands
4. Ireland
5. Luxembourg
6. Germany
7. Qatar
8. Canada
9. Finland
10. United States

Worst 10 Countries

1. Tajikistan
2. Egypt
3. Pakistan
4. Jamaica
5. Honduras
6. Dominican Republic
7. Nicaragua
8. Mauritania
9. Kyrgyz Republic
10. Venezuela

Sources: S. Adams, "2015's Most and Least Reliable Countries to Do Business In," *Forbes*, March 31, 2015, accessed April 28, 2015, <http://www.forbes.com/sites/susanadams/2015/03/31/2015s-most-and-least-reliable-countries-to-do-business-in/>; "Table 1: The Top 10 in 2015," Resilience Index 2015, *FM Global*, http://www.fmglobal.com/assets/pdf/Resilience_Methodology.pdf, p. 5; "Table 2: The Bottom 10 in 2015," Resilience Index 2015, *FM Global*, http://www.fmglobal.com/assets/pdf/Resilience_Methodology.pdf, p. 5.