CHAPTER 5

The Global Environment

Summary of Learning Objectives and Key Points

1. Describe the nature of international business, including its meaning, recent trends, management of globalization, and competition in a global market.

   • Learning to operate in a global economy is an important challenge facing many managers today.

   • Businesses can be primarily domestic, international, multinational, or global in scope.

   • Managers need to understand both the process of internationalization and how to manage within a given level of international activity.

2. Discuss the structure of the global economy and describe the GATT and the WTO.

   • Mature market economies and systems dominate the global economy today.

   • North America, the European Union, and Pacific Asia are especially important.

   • High-potential/high-growth economies in Eastern Europe, Latin America, the People’s Republic of China, India, and Vietnam are increasingly important to managers.

   • The oil-exporting economies in the Middle East are also important.

   • The GATT and the WTO play critical roles in the evolution of the global economy.

3. Identify and discuss the environmental challenges inherent in international management.

   • Many of the challenges of management in a global context are unique issues associated with the international environmental context.
• These challenges reflect the economic, political/legal, and cultural environments of international management.

4. Describe the basic issues involved in competing in a global economy, including organization size and the management challenges in a global economy.

• Basic issues of competing in a global economy vary according to whether the organization is an MNC, a medium-size organization, or a small organization.

• In addition, the basic managerial functions of planning and decision making, organizing, leading, and controlling must all be addressed in international organizations.