

MGT 407



International Management Practices

American (U.S.) Management

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Every day an American banker working in Paris gets requests from French firms looking for Frenchmen “with experience in an American corporation.” The manager of a German steel mill hires only staff personnel “having been trained with an American firm.” The British Marketing Council sends 50 British executives to spend a year at the Harvard Business School—and the British government foots the bill. For European firms, so conservative and jealous of their independence, there is one common denominator: American methods.

—J.-J. Servan-Schreiber (1969, p. 35)

**U.S. Federal Government
Involvement in
Employer–Employee Relations**

The U.S. Manager

Predominantly male and from middle- and upper-middle-class background.

- A bit younger traditionally than peers in Europe and Japan.
- Well educated but more likely than counterparts abroad to have been enrolled in business studies while in higher education.

The U.S. Manager

- More inclined to view management as a profession; high mobility between employers
- Very highly paid, and much of it tied to performance
- Less international life experience

U.S. Employer–Employee Relations

- ✓ Established rules for union organizing, collective bargaining, and the resolution of labor disputes
- ✓ Created a centrally administered retirement income security program funded by employee and employer payroll tax charges
- ✓ Established a national minimum wage and required time-and-a-half pay for work beyond 40 hours per week

U.S. Employer–Employee Relations

- ✓ Banned discrimination in employment based on race, religion, gender, ethnicity, and national origin.
- ✓ Banned forced retirement until age 65 (was later raised to age 70).
- ✓ Workplace health and safety rules.

U.S. Employer–Employee Relations

- ✓ Guidelines for investment of employee retirement funds and government insurance for private defined-benefit pension plans (Pension Benefit Guaranty Corporation).
- ✓ Guidelines for written advance notice in cases of large-scale layoffs and plant closings.
- ✓ Requires up to 12 weeks of unpaid personal annual leave for medical emergencies, newborn children, or child adoption.

The U.S. Economy

Profile of the U.S. Economy

- ✓ High output and income per capita.
- ✓ Mature economy (2%-3% average annual gross domestic product growth in recent decades); mild business cycles.
- ✓ High incidence of business start-ups, buyouts, mergers, bankruptcies; high job creation and destruction.

Profile of the U.S. Economy

- ✓ Shrinking number and proportion of lower-skill manufacturing jobs; growth in knowledge-intensive service sector employment (e.g., education, health care, financial services, information technology).
- ✓ High level of economic freedom and business competition; very flexible labor market.

✓ Growth rates of U.S. trade have outpaced the overall economy. Exports have been high in monetary value but lower than in most other advanced industrial countries in proportion to output and population. **No country hosts as much inward foreign investment or invests as much abroad.**

✓ Fluid financial markets; more shareholder-owned companies than in any other country.

✓ High value of securities (stocks and bonds) in proportion to gross national product; high ratio of equity (stock) relative to debt in corporate financial structures.

Profile of the U.S. Economy

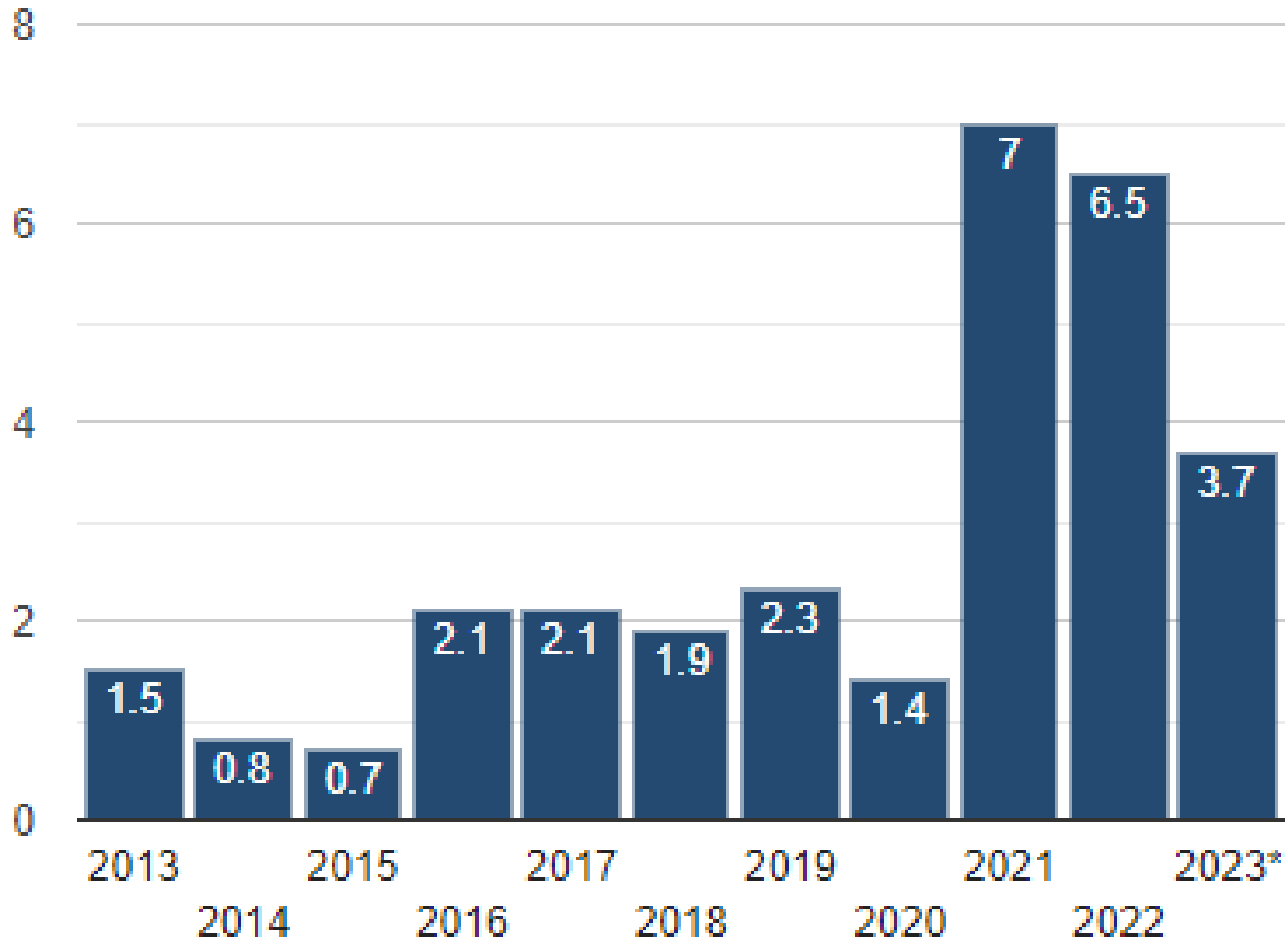
- ✓ High turnover of share ownership; share purchases ever more the domain of institutional investors (mutual funds, pension funds); more than half of U.S. households directly or indirectly own corporate stock.
- ✓ Predominantly stockholder-oriented capitalism; enterprise is more attuned to the interests of shareholders relative to other stakeholders (e.g., employees, lenders, bondholders, communities), although these others are by no means ignored.
- ✓ Extensive public disclosure of corporate financial information.

Profile of the U.S. Economy

- ✓ **Low price inflation.**
- ✓ **Public (government) spending and taxes have been lower in relation to national income than in most countries; minimal government ownership of business.**
- ✓ **Government employment (federal, state, local) has been low in proportion to overall employment.**

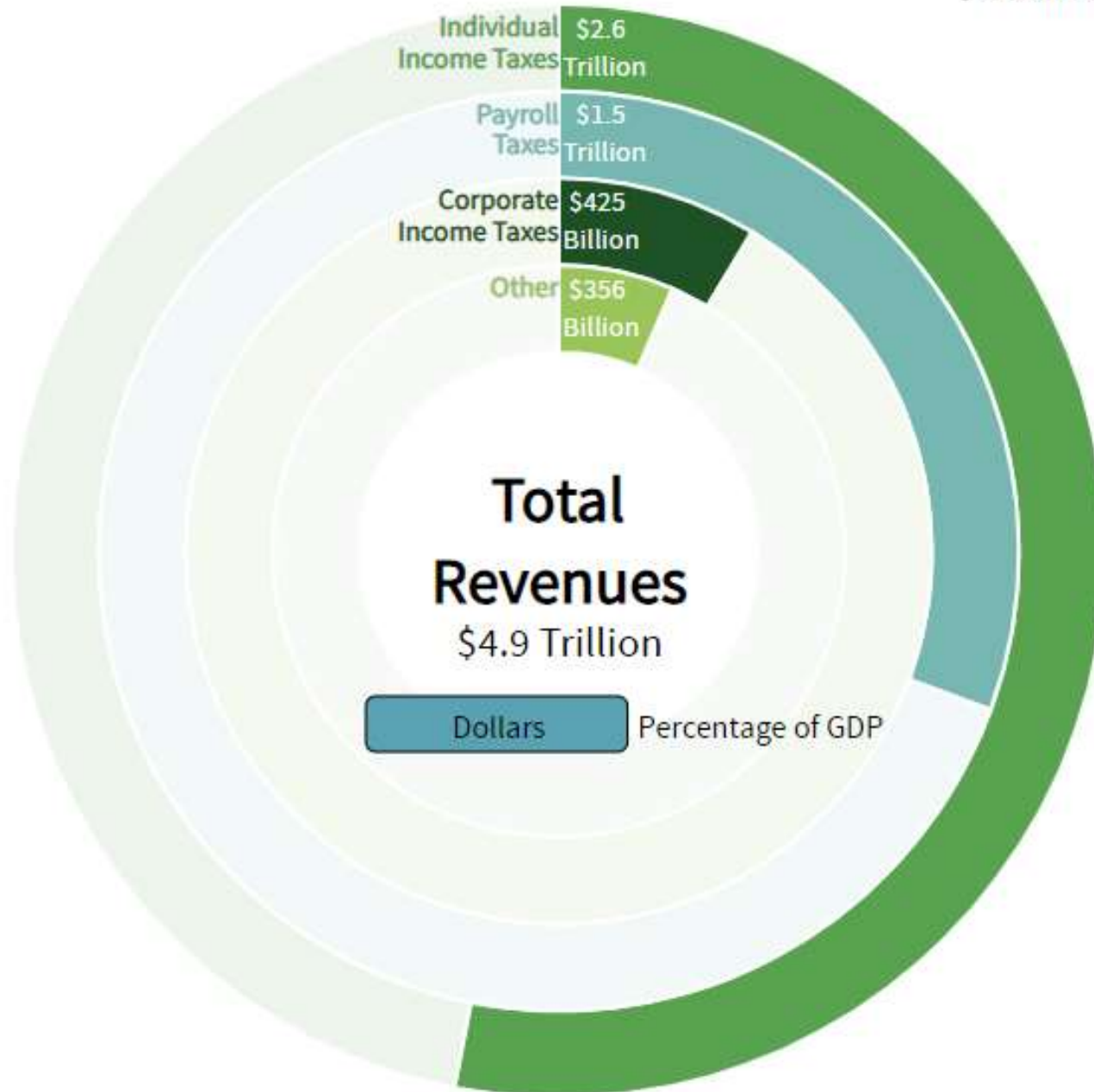
Profile of the U.S. Economy

Chart: United States Annual Inflation Rates (2013 to 2023)



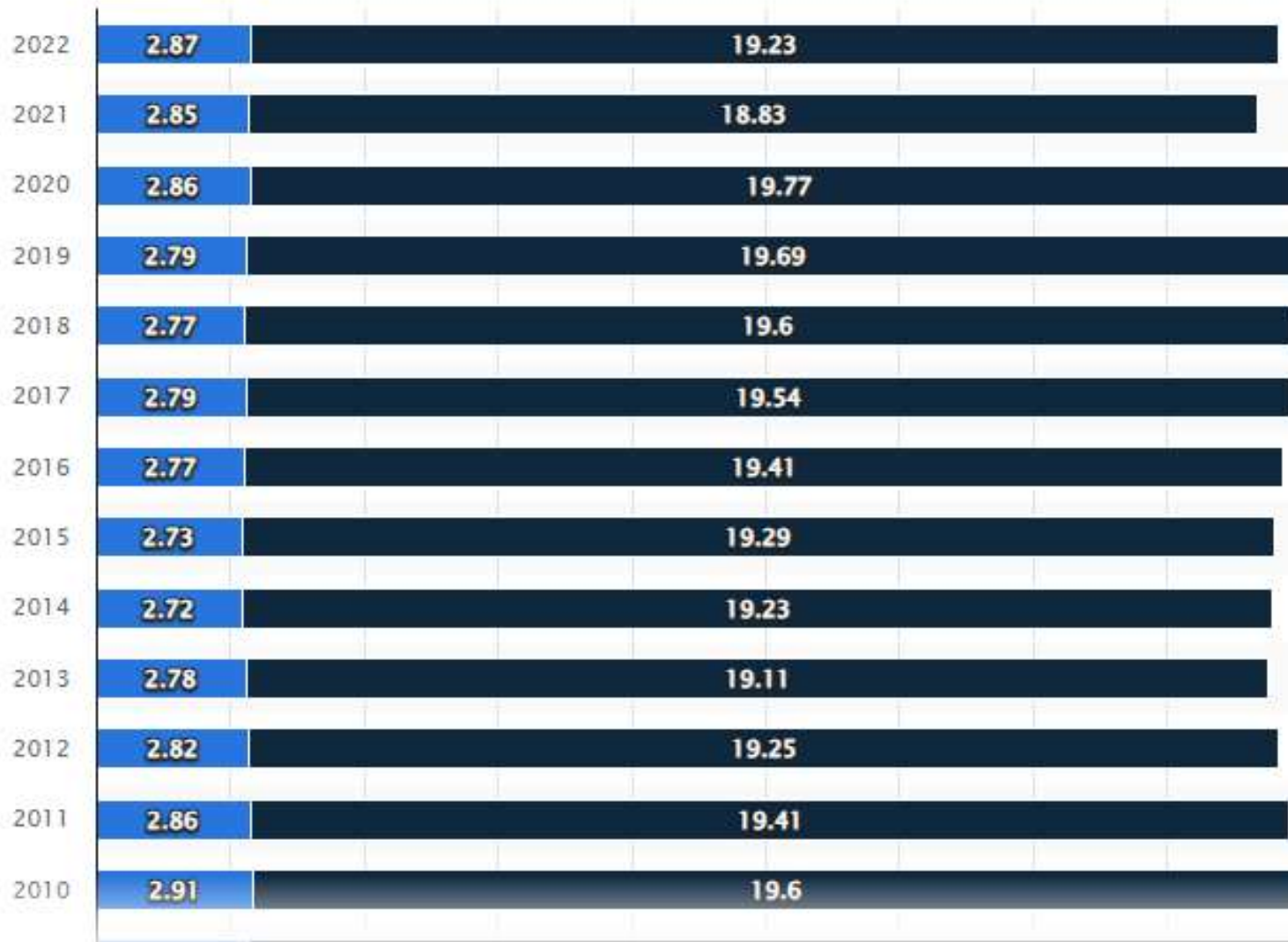
Profile of the U.S. Economy

3482 BILLION



Profile of the U.S. Economy

Total number of government employees in the United States



Profile of the U.S. Economy

- ✓ Home to the world's largest and most active venture capital investment community.
- ✓ Much inequality in family wealth and income.
- ✓ More privately run retirement and health insurance programs than in most countries.