

MGT 407



International Management Practices

Definition of Comparative Management

R.N. Farmer

"The study and analysis of management in different environments and the reasons that enterprises show different results in various countries."

R. N. Farmer

"Comparative management may also be defined as identifying, measuring, and interpreting similarities and differences among managers' behavior, techniques, and practices in various countries."

Comparative Management

Comparative management can be defined as the area of study dealing with differences and similarities of managerial systems and management practices in different cultural settings.

It requires an understanding of the complexity and diversity of environmental variables and their impact on institutions.

Comparative management means identifying, measuring and interpreting the common things and differences between behavior of managers, their techniques and practices adopted in different countries.

It is the study of principles of management, and their application in various situations. International companies use different policies and strategies for comparison to remain in the competition.

It is defined as the study of management in different nature and various environments which show different observations in different countries.

Importance of Comparative Management

- To understand local conditions
- Knowhow of Foreign Managers
- Observing Cross-country culture
- To remove the differences
- To create Healthy relationship
- Formulating the policies for FDI
- Environmental Constraints

- I. **To understand local conditions:** Some of the workforce go to abroad for working on international assignments, they have to face a lot of problems there while communicating with foreign employees and they lack motivation. To understand the local conditions in better way so that the managers can easily achieve their individual and organizational goals, study of comparative management becomes necessary.
- II. **Knowhow of Foreign Managers:** It helps in knowing the managers of foreign countries in a better way, and to execute their jobs related to trade and cooperating them in accomplishment of their tasks.
- III. **Observing Cross-country culture:** Study of comparative management helps in knowing the different culture of the different companies of various countries and know about the similar problems and how to solve them with innovative technique, which further will lead to the improve in management.

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- IV. **To remove the differences:** Studying of comparative management helps in knowing the differences which are occurring in the cross-borders trade and also helps to find the solutions regarding how to behave in different situations and how to solve them.
- V. **To create Healthy relationship:** Comparative management also helps to make the managers aware about the conflicts between the companies of the other countries and the local country and also helps in managing the conflicts and making the relationship between countries and companies healthier. Examination of Leadership differences: With the study of Comparative management, the management becomes aware about the leadership differences of different organizations like process of doing operations, interactions with human, difference in social system, decision making, productivity strategies and management styles which are being used and helps in removing these differences.

- VI. **Formulating the policies for FDI:** FDI is an important part of International Business. Comparative management helps in knowing about the financial needs of the companies of various countries and thus formulating FDI policies thereon.
- VII. **Environmental Constraints:** Comparative management helps in identifying, describing, explaining, and predicting the impact of environmental factors i.e. micro and macro factors on the international business and on respective companies and country.

Thus, it can be said that comparative management is very useful for trading globally. With the help of study of comparative management, we become able to identify environmental constraints and how to remove them. We also become able to know about various differences and techniques to remove them.

Scope of Comparative Management

Scope of Comparative Management is very wide because for doing the International business it is necessary to study the factors related to the international trade and to knowhow to managerial functions of other countries.

Comparative management helps in knowing the differences between the companies and countries related to culture or managerial constraints and helps in resolving them so that trade can be done smoothly and the economies of the participating countries can grow and healthy relationships between the countries can be made.

Scope of Comparative Management

I. Authority Centralization: Centralization of authority is the major cause of the differences of culture occurring in the business because the degree to centralize the authority for making necessary decisions regarding the business with the senior managers and opposing the discussion with downward authority in the organizational hierarchy.

II. Degree of Risk Tolerance: Different culture has different levels of uncertainties and risks which are manageable by the managers of the organization comfortably.

Scope of Comparative Management

III. System of Reward: Different organizations have different rewarding system. Some organizations prefer to motivate the employees by measuring individual performance in the business while some organizations prefer to give incentives as the reward to a collective group based on group performance.

IV. Formality Level: Every organization have different level of formal management procedures on which they rely, and their difference cause difference in the results of the organizations, so study of comparative management is required.

Scope of Comparative Management

V. Loyalty Towards Organization: In some organizations, level of loyalty with the whole organization is high as comparative to the other organization where the loyalty of employees is inclined towards the particular group or any specific employer. So definitely, the differences will occur.

VI. Cooperation Level: Level of cooperation between the managers and the employees of the companies also vary from company to company or from country to country which encourages the competition among the employees to achieve the objectives of the company.