

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)

American (U.S.) Management

The U.S. government and political system are grounded in democracy, pluralism, and the rule of law, striving to balance the civil, economic, political, and other liberties of diverse constituents (e.g., business, consumers, employees, investors, workers, taxpayers, and public interest groups).

An aggressive legal profession and inquisitive independent journalists keep managers alert to prevailing ethical standards, law, and the public interest.

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For business, government has been neither close partner nor adversary, offering less financial support than do other advanced industrial countries (except for the defense sector).

There are few government-owned businesses. Antitrust and investor and consumer rights rules are more forcefully protected than in most countries, as are individual civil rights in the workplace.

There is more extensive disclosure of financial information by publicly held companies, required by the stock exchanges and securities market regulators.

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The political voice of business is expressed through company public affairs offices, sponsored research groups, paid lobbyists, sectoral trade associations (e.g., Semiconductor Industry Association, Textile Manufacturers Institute), and broader spokesgroups (e.g., National Association of Manufacturers, Business Roundtable, Conference Board, and the U.S. and local chambers of commerce).

These groups aim to inform and influence public officials, legislators, voters, the media, and others about pending legal and regulatory change.

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The political views of business are not uniform and can vary by sector, size, location, and other factors. For example, the textile industry has regularly sought protection from import competition, whereas most electronics firms haven't.

Big steel wants restrictions, whereas small steel (mini-mills), specialty steel (niche steel makers), and steel buyers (machinery makers and car companies) are less likely to do so.

Although trade protectionist pressures regularly surface in Congress (especially in the House of Representatives), proponents of freer international trade have generally prevailed over protectionists on most major trade policy initiatives.

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Trade policy initiatives (e.g., the creation of the North American Free Trade Agreement, General Agreement on Tariffs and Trade and World Trade Organization trade negotiations, and acceptance of China into the World Trade Organization).

U.S. Political and Legal Environment

- ✓ Long-standing constitutional democracy that tries to balance the executive, legislative, and judicial powers of government.
- ✓ Arm's-length relationship between business and government (neither preferential nor adversarial); less corporate welfare (subsidies, bailouts, preferential purchasing) than in other advanced industrial countries.
- ✓ Orderly political succession; low political risk for business (legal and regulatory ground rules don't change without extensive debate and deliberation).

U.S. Political and Legal Environment

- ✓ Political pluralism accommodates diverse viewpoints and interests (e.g., consumer, labor, environmentalist, business); leading business spokesgroups include the Business Roundtable, Business Council, National Association of Manufacturers, American Business Conference, Chamber of Commerce of the USA, National Federation of Independent Business, National Small Business Association, and many sectoral trade associations.
- ✓ Common law legal tradition (roots in the English legal tradition).

U.S. Political and Legal Environment

- ✓ Adversarial legal framework; proportionally more lawyers and lawsuits than in most countries; high incidence of class-action lawsuits; stiff negligence liability penalties (tort law).
- ✓ Much business law is the domain of state and local government rather than national (federal, central) government; aggressive federal (central) government protection for individual civil rights in the workplace and for free and fair competition (antitrust rules).

U.S. Political and Legal Environment

- ✓ An independent and active corps of press and television journalists keeps public officials, politicians, and business leaders alert to ethical and responsible behavior.
- ✓ Less extensive and less intrusive federal labor law than in most countries; fewer legal restraints on laying off employees for economic reasons; more protection for equal opportunity in the workplace.
- ✓ Political clout of unions has been weaker than in most advanced industrial countries.

U.S. Political and Legal Environment

- ✓ Though mainly adversarial, union-management relations are much less confrontational than in the past.
- ✓ Less unionized workforce than most countries; in 2008, about 12% of wage and salary employees were union members (vs. 36% in 1983) and less than 8% in the private sector; fewer labor disputes than in most other advanced industrial countries.