

MGT 407



International Management Practices

American (U.S.) Management

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

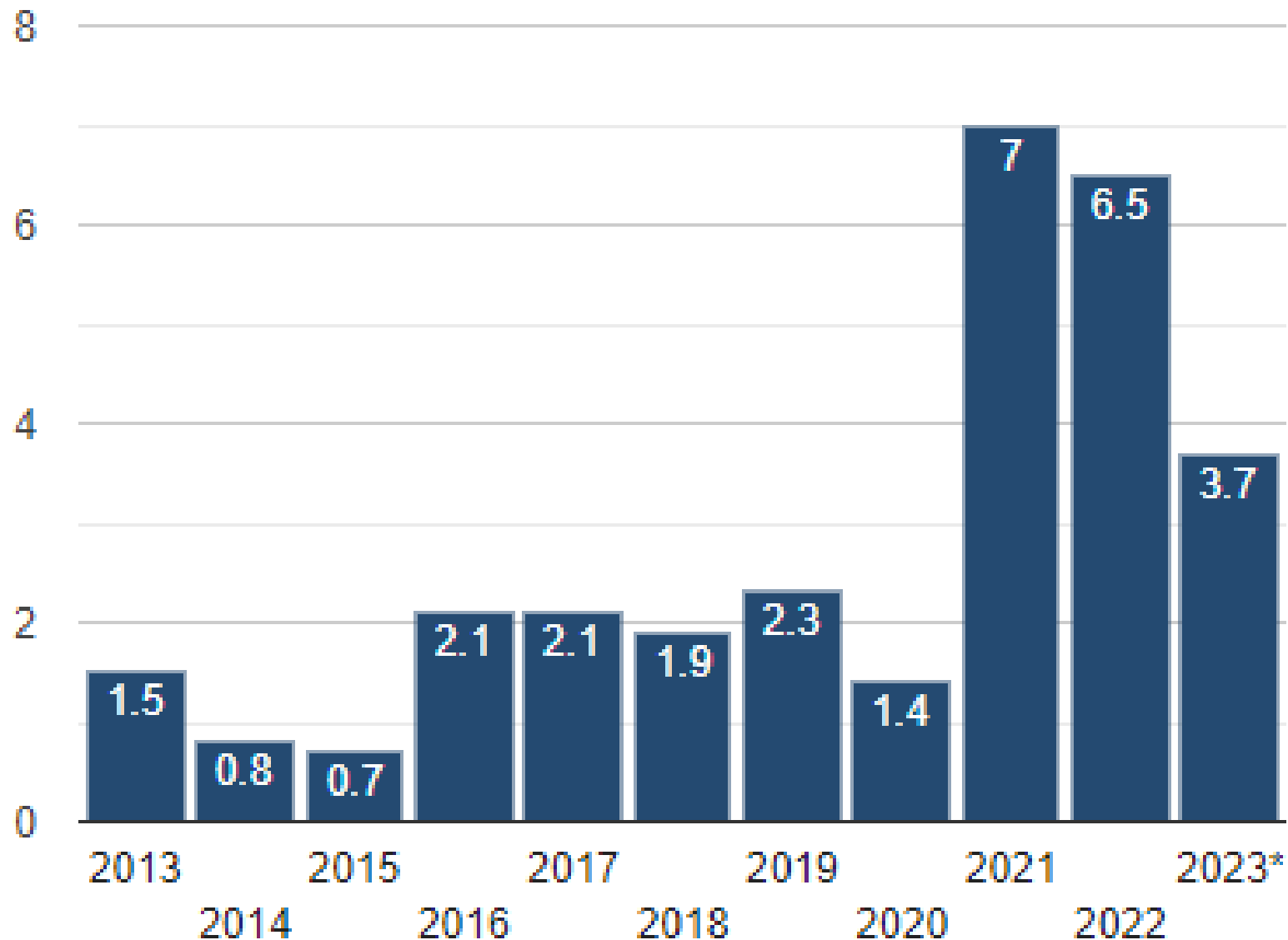
- ✓ High turnover of share ownership; share purchases ever more the domain of institutional investors (mutual funds, pension funds); more than half of U.S. households directly or indirectly own corporate stock.
- ✓ Predominantly stockholder-oriented capitalism; enterprise is more attuned to the interests 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

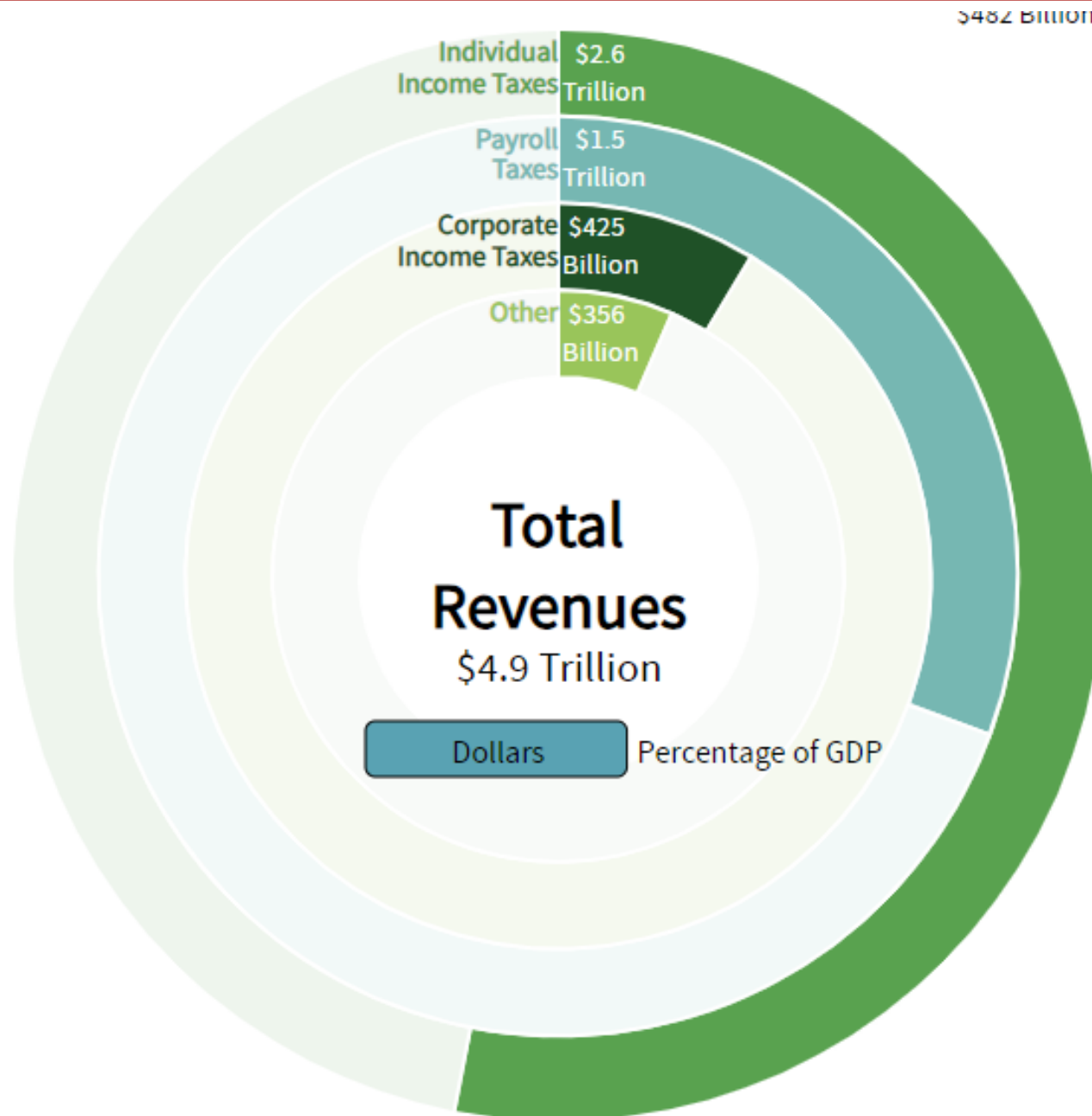
- ✓ **Low price inflation.**
- ✓ **Public (government) spending and taxes have been lower in relation to national income than in most countries; minimal government ownership of business.**
- ✓ **Government employment (federal, state, local) has been low in proportion to overall employment.**

Profile of the U.S. Economy

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

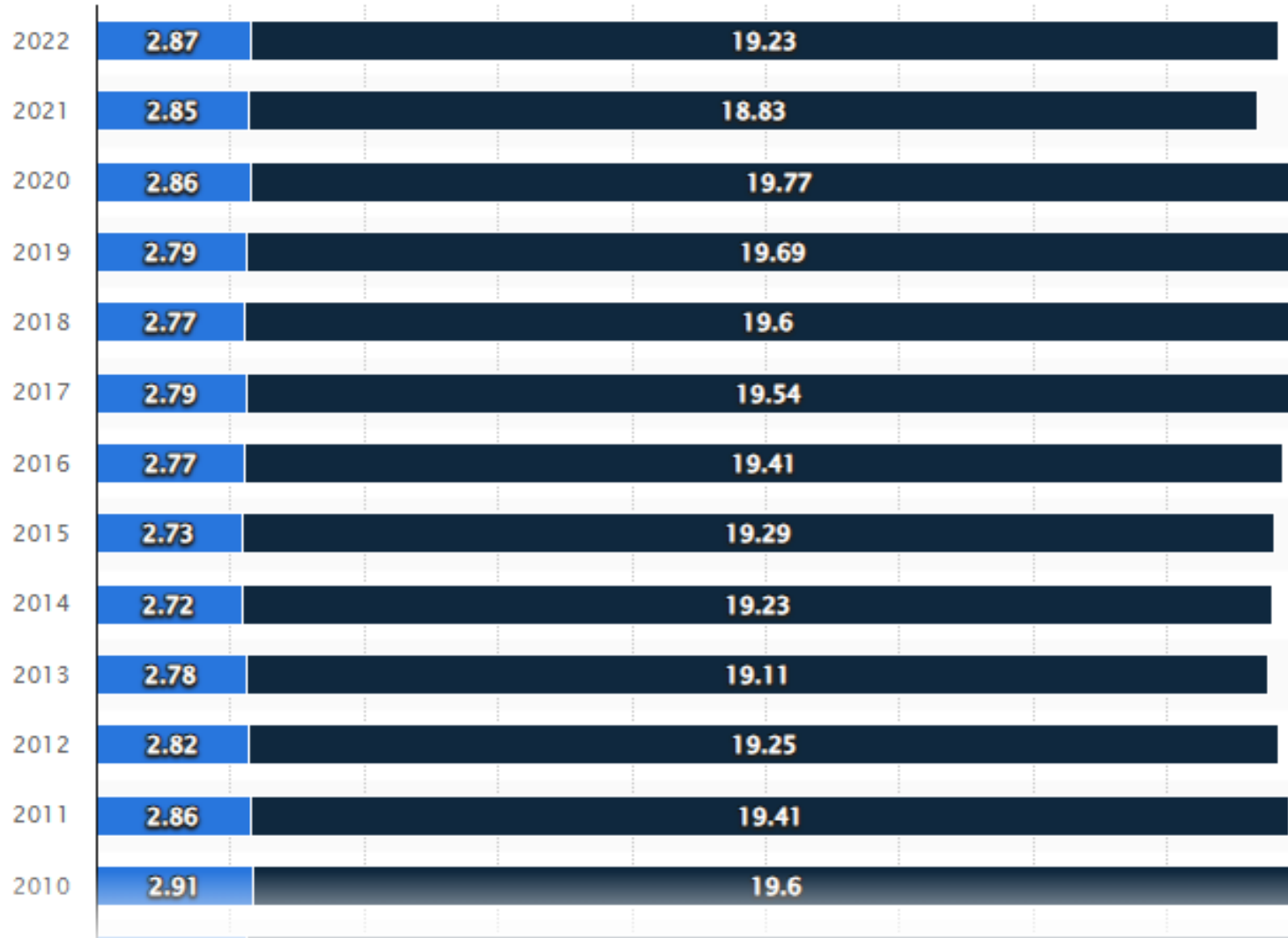


Profile of the U.S. Economy



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.

Sociocultural Tendencies in U.S. Society

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- ✓ **Emphasis on individual rights, freedoms, and responsibilities.**
- ✓ **Independence and self-reliance are valued.**
- ✓ **Desire to be unique.**
- ✓ **Belief in equality, but more in equality of opportunity rather than material equality.**

Sociocultural Tendencies in U.S. Society

- ✓ At work, competence (how well you perform) matters more than social or family background; nepotism and favoritism have negative connotations.
- ✓ High social and occupational mobility; weak loyalty of employee to employer (and vice versa); employer-employee relations have been more contractual than personal.

Sociocultural Tendencies in U.S. Society

- ✓ **High acceptance of social, religious, and other diversity; less antagonism (hostility) toward immigrants than in most countries.**
- ✓ **Less stigma attached to failure (e.g., in school or business) and much opportunity to begin a new.**

Sociocultural Tendencies in U.S. Society

- ✓ Extensive involvement of women in the workforce, including nontraditional roles such as management, although they are underrepresented in senior management in large companies.
- ✓ High level of voluntarism on behalf of social, political, philanthropic (generous and benevolent), environmental, and other causes.

Sociocultural Tendencies in U.S. Society

- ✓ **Optimism.**
- ✓ **Ethnocentrism (evaluation of other cultures).**
- ✓ **Openness, informality.**
- ✓ **Friendships form quickly but without deep or long-term personal commitment.**
- ✓ **Materialism (physical comfort as more important than spiritual values).**

Sociocultural Tendencies in U.S. Society

- ✓ Protestant ethic (strong achievement drive, thrift, diligence, orderliness, high tolerance for work).
- ✓ Low-context culture; directness in personal communication.
- ✓ Impatience (time is a resource; punctuality is valued).
- ✓ Bias toward action (often just for action's sake).
- ✓ In conversation, low threshold for silence (uncomfortable with silence).