Coping with Global Challenges:
The significance of intercultural management practices

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A developing body of work in economic geography, management studies and other social science disciplines has begun to focus on the social and cultural dimensions to management practices in the global economy along with the emerging key significance of ‘global managers’ to the successful internationalization of business operations by transnational corporations (TNCs). Recent research has shown that in contrast to earlier theories of firm internationalization which regarded international expansion as primarily shaped by location cost and market access factors, corporate globalization processes and outcomes within firms are strongly shaped by a range of challenges arising from the need to operate effectively in different social, cultural and institutional contexts. In this respect, the growing demand for a certain type of ‘global manager’ within TNCs has been identified - key managers who are able to operate in cross-cultural settings and are skilled in translating, interpreting, adapting and reconfiguring cultural norms, organizational forms and working practices according to the demands of local operational contexts.

This paper critically examines the emerging theories of such intercultural global managers, and argues that economic geographers and management theorists would benefits from studying the nature of the intercultural management practices that such managers undertake in TNCs. Drawing on the practice-oriented shift in north American and European economic geography, it argues that an analytical focus on the intercultural management practices of global managers within TNCs can provide a more sophisticated theoretical understanding of the way in which corporate globality is developed within firms, and also the uneven and contested nature of that development. It argues furthermore that intercultural management capacities are a key factor in shaping whether or not TNCs initiate and sustain operations in a new local or regional context, and that firms have increasingly sought to cultivate and foster intercultural management capacity as a mechanism to respond to the challenges presented by corporation globalization strategies. The paper thus proposes a conceptual framework for understanding different types of intercultural management practices in the global economy which also outlines an approach for theorising the importance and impact of these different types of intercultural practices for firm success of failure. The framework also aims to provide a provisional conceptual basis for theorising the significance of different types of intercultural practices to firms in different industry sectors.

In order to illustrate the utility of this approach, the theoretical and conceptual arguments of the paper are expanded by drawing on research case studies of north American and European firms operating in China. Making using of research into the management practices within financial and business service firms surrounding foreign investment projects centred on Hong Kong and Shanghai, the different ways in which intercultural management practices are important to these projects is examined.