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John Gallagher

Maryville College, john.gallagher@maryvillecollege.edu

Glen Schuler

The University of Tennessee, gschuler@tennessee.edu

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Enhancing Global Executive Education: A Pedagogy that Changes Perceptions about International Business

John Gallagher, *Maryville College*
Glen Schuler, *The University of Tennessee*

The University of Tennessee (UT) has pioneered an innovative approach to development of global executives in its Senior Executive MBA (SEMBA) program. The program, which has always required an international residency in emerging economies, has adapted a methodology developed by Pankaj Ghemawat that takes into account cultural, administrative, geographic, and economic distance factors and is known by its acronym, CAGE. The methodology demands that executives more closely examine these distance factors—similarities and differences between the home and the emerging economies—in the context of a specific, but hypothetical, investment decision. This paper provides an overview of the CAGE approach as modified for use in this approach, provides a discussion of the particular pedagogy, and provides the most current data regarding the effectiveness of this approach.

Executive MBA programs typically focus on developing the general business, leadership, and strategic skill sets of their students. A major concern of this effort is to prepare executives to be better leaders and strategists in a global environment. While numerous pedagogical approaches may serve to accomplish this, a promising innovation uses a rigorous synthesis experience to weave a comprehensive strategic decision-making framework into a two-week long international immersion. The objective is to create a global mind-set and to change the perceptions of the executive participants about what is required to successfully undertake business internationally.

Fifteen years ago in their now classic work, *Managing Across Borders*, Christopher Bartlett and Sumantra Ghoshal discussed the increasingly complex business environment wrought by globalization and broadly proposed the transnational organization as a viable and necessary strategic response (Bartlett & Ghoshal, 1989). Thirteen years later, Morgan McCall and George Hollenbeck, in their landmark study, *Developing Global Executives*, again noted the increasingly complex environment wrought by globalization and broadly proposed a systematic approach to the development of global executives as a viable and necessary strategic response (McCall & Hollenbeck, 2002).

Both of these prescriptions, borne of impeccable research, have undoubtedly contributed to successful international expansions over the past decade or so. But the evidence suggests that those successes are somewhat rare. A recent study by James Root and John Smith of Bain and Co. concludes that only one in six international expansions undertaken during the 1990s were successful (Root & Smith, 2003). The reasons for that lack of success can be broadly construed as either failures in leadership (i.e., executives without the requisite savvy for doing business in an international context), or failures of strategy (i.e., poor strategic analysis or decision-making), or both.

It is of some concern then that leadership issues and strategic decision-making issues appear to be treated separately in much of the literature (McCall & Hollenbeck, 2002). One might conclude that for those interested in leadership, questions of strategy have largely been answered, and vice versa. For those of us involved in executive education, there is no separating these two issues. Our challenge is developing executives that have the requisite talent for operating in an international context and are adept at developing and executing successful business strategies.

This paper documents an innovative approach to educating global executives that addresses both leadership and strategic decision-making skill sets. The approach combines a short-term international residency—an immersion experience—with an adaptation of the CAGE methodology distance framework proposed by Pankaj Ghemawat and a structured, hypothetical investment synthesis. In addition to documenting this particular pedagogy, the paper provides the most current data available to judge its effectiveness (Ghemawat, 2001).

Background

Developing Global Leaders

There is not a single, precise prescription for developing a global leader (Green, Hassan, Immelt, Marks, & Meiland, 2003). What appears to emerge from a close reading of the available literature is that executives succeed in an international context (read: global leaders) because of a global mind-set (Green, Hassan, Immelt, Marks, & Meiland, 2003; McCall & Hollenbeck, 2002). A global mind-set

certainly includes cultural adaptability, facility with multifaceted relationships, and resiliency in challenging circumstances (Green, Hassan, Immelt, Marks, & Meiland, 2003; McCall & Hollenbeck, 2002) but might best be described as the ability to hold multiple, and sometimes competing, worldviews or perspectives (McCall & Hollenbeck, 2002). McCall and Hollenbeck's research suggests that this global mind-set is best developed through a systematic process of exposure, training, and experience (McCall & Hollenbeck, 2002).

Critical components of such a process include not only living abroad, working abroad, and multiple assignments abroad, but also short-term educational experiences. In fact, per McCall and Hollenbeck, nearly one-third of successful global executives cite short-term educational experiences as critical aspects of their development, and included among these are executive education programs (McCall & Hollenbeck, 2002). But these experiences must be coupled with an ability to learn from them, and more precisely, to continuously learn from them (i.e., to apply and reapply learned lessons to new situations and circumstances.) In short, global leaders learn from experiences that alter or refine their perceptions about the world (McCall & Hollenbeck, 2002). The pedagogy discussed in these pages is primarily designed to accomplish this changing of perceptions, and the data reported here provide a measure of the extent to which the pedagogy is successful.

Strategic Decision-Making

In a 2001 Harvard Business review article, Pankaj Ghemawat suggests that the strategic failure of many international efforts is due to firms' relying almost exclusively on the traditional "country portfolio approaches" and a vague conclusion that better global communication is shrinking the distance among nations. But he argues that this is a basic misread on what constitutes distance among nations. He contends that distance is comprised of four dimensions—cultural factors, administrative/political factors, geographic factors, and economic factors. The acronym CAGE (cultural, administrative, geographic, and economic) is used to describe these factors. Figure 1 summarizes the factors that Ghemawat identified (Ghemawat, 2001). As noted by Ghemawat:

- The cultural distance factors include differences in how people and companies interact with one another, other companies and institutions, differences in languages and ethnicities, and the existence of colonial ties.
- The administrative/political distance factors include differences in political and monetary associations and policies, institutional strength, and political relationships.
- The geographic distance factors include how separated the countries are physically, differences in sea and river accessibility, sophistication of the communication system, and topography.
- The economic distance factors include differences in incomes and input costs and qualities.

Figure 1. Distance Factors

<p>Cultural Different Languages, Ethnicities, Social Norms, Religions</p> <p>Administrative Absence of Colonial Ties, Shared Monetary and Political Associations, Political Hostility, Government Policies, Institutional Weakness</p> <p>Geographic Physical Remoteness, Lack of Common Border, Lack of Sea and River Access, Differences in Climates, Weak Transportation or Communication Systems</p> <p>Economic Differences in Consumer Incomes Differences in Costs and Quality of: Natural Resources, Financial Resources, Human Resources, Infrastructure, Intermediate Inputs, Information (Knowledge)</p>
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Ghemawat’s conclusion that distance still matters is reinforced by a study undertaken by Jeffery Frankel and Andrew Rose on the factors that influence the level of international trade among countries (Frankel & Rose, 2001). Table 1 provides a summary table of the relationships they noted. They show a significant positive relationship between the expansion of trade and such factors as common

Table 1. Measuring the Impact of Distance

Distance Attribute	Change in International Trade (%)
Income Level: GDP (1% increase)	+0.7
Economic Size: GDP (1% increase)	+0.8
Physical Distance: (1% increase)	-1.1
Physical Size (1% increase)	-0.2
Access to Ocean	+50
Common Border	+80
Common Language	+200
Common Regional Trading Block	+330
Colony-Colonizer Relationship	+900
Common Colonizer	+190
Common Polity	+300
Common Currency	+340

borders, common languages, common polity, common currency, and historical relationships, such as colonial ties.

Ghemawat suggests that broadening the analyses to explicitly consider the cultural, administrative, geographic, and economic distance factors can improve strategic decisions. Too often the analysis of the investment focuses narrowly on one factor, such as economics, and misses the issues raised by the other distance factors. How often have we heard that one must do business in China since it has 1.3 billion potential customers! Moreover, how often have we heard about the effort also failing because of the issues raised by another distance factor? If the other distance factor had been analyzed up front, the firm may have avoided the poor investment by not entering, or the firm might have developed an approach to deal with the issues created by the factor early on.

Description of the International Residency

The following sections describe the components of the international residency that incorporate the CAGE strategic decision-making methodology, the structured synthesis, and the immersion experience of the University of Tennessee Senior Executive MBA program.

The Immersion Experience

The immersion experience takes place during a required international residency. The residency is accomplished during an intensive, two-week long tour of two emerging countries in the same geographic area. Logistically, the model includes travel and immersion in two or three major cities of two different countries in the same region of the world. The two countries typically have some economic relation to each other or some economic significance, and are perhaps subject to some of the same regional pressures. The emphasis is on emerging economies—those developing regions where investment or expansion decisions are both most likely to be of interest to the executives and most likely to be troublesome. While the focus is on emerging economies because the issues that the global executive faces in these countries are more clearly developed and easier to focus on during a two-week period, the approach is generalizable to developed countries.

Typically, the model involves a one-week stay in the major economic and financially growing city of each of the countries. The intermediate weekend is often spent at a more cultural or historic city in one of the countries. For example, in 2002, the residency took place in both Shanghai and Beijing in China, and then Seoul, South Korea. In 2003, the residency occurred in Sao Paulo and Rio de Janeiro in Brazil, and then Santiago, Chile. In 2004, the residency took place in Moscow, Russia, and then Warsaw, Poland.

The executives undertake the international residency as a cohort that typically numbers 30–36, accompanied by a cross-functional, interdisciplinary team of

faculty, normally three to four professors, and staff. The residency includes fourteen straight days of meetings with businesses, academicians, association representatives, and government officials, as well as selected cultural events, debriefing sessions by faculty, and some limited relaxation. It is an intensive, action-based immersion for these executives, some of whom have never traveled overseas before, and who must navigate their first international arrival, change money, get through customs, arrange local transport, and get themselves to the hotel.

Additionally, all executives are required to complete a site visit of their own in each country visited. In developing their site visits, the executives are required to establish their own contacts, secure their own appointments, arrange their own transportation, and conduct the meetings entirely on their own. Such visits in the past have included meetings with prospective suppliers, new customers, foreign subsidiaries of the executive's firm, and so forth. For some executives, this is their first experience of the hospitality that can be extended to Americans overseas. Many executives have been picked up, whisked around all day, treated to lunch, dinner, and some extensive sight seeing. Others make use of local transportation including subways and taxis, which can be considerably challenging. In Shanghai, for example, the subway map is not in English. Most executives describe this as a very beneficial experience, one that destroys the preconceived notions and stereotypes held even after they have completed some pre-immersion research.

The CAGE Adaptation

Roughly two months prior to the international residency, the executives are divided into four teams, one for each dimension of the CAGE framework. There is then a culture team, an administrative team, a geographic team, and an economic team. At this time, they are provided with a specific investment opportunity that must be evaluated in the emerging economies to be visited. Each team is required to make a presentation evaluating its CAGE factor's influence on doing business in the country, and it must provide an entry recommendation based on its distance factor at the beginning of the international residency. During this preparation period, the executives are given the option to further refine the subsector of the industry they want to enter since the industry selected is broad. For example, the 2003 SEMBA executives were tasked with entering the financial services industry in Brazil and Chile. The executives requested that they be allowed to narrow the focus to the retail banking industry.

Over the two-month period before the trip to the emerging economies, the teams undertake independent research and meet virtually, using distance meeting technology, to develop an understanding of the CAGE factors as they apply to the emerging economies to be visited. The faculty members participating on the trip are also designated as mentors for one of the teams to provide a sounding board for the teams' ideas.

On the morning of the first day of the international residency, the teams present the information they have developed for their distance factors and their initial recommendations about entry to educate the other executives. These presentations ensure that all of the executives have a similar knowledge base with which to begin the international residency. In short, this is tantamount to asking the executives, “What can you learn about these countries regarding the investment decision without traveling there?” Moreover, the faculty, through feedback and grades, formally evaluates the teams’ presentations.

The Synthesis and Application

Immediately after the initial presentations, the executives are reformed into four new teams each responsible for a CAGE dimension and its interrelationships with the other distance factors. In reforming the teams care is taken to provide equal representation across the CAGE dimensions from the initial groupings. New teams with expertise in the country’s culture, politics, geography, and economy now exist. But again, this expertise is what can be gained without ever setting foot in the country. These teams are charged with rethinking the initial CAGE learnings and also with making a joint, specific recommendation about the hypothetical investment based on meetings over the next two weeks in the emerging economies that have been set up by the University of Tennessee SEMBA faculty and the executives’ individual site visits.

In short, for the balance of the residency, executives have this assignment hovering over them. They must manage their time and energy around the structured activities and determine how best to get valuable information from these activities that will allow them to reach a decision. In accomplishing this assignment, the executives have to deal with language barriers, cultural barriers—in that few cultures are as self-disclosing as American culture—and so forth. At the same time, while they are seeking the specific information on their CAGE distance factors, they are also being exposed to a relentless set of structured experiences, business meetings, university lectures, and government and association briefings in addition to their own site visits.

On the very last day of the residency, the reformed teams reevaluate the CAGE factors based on what they have learned in country and make their joint recommendation about a hypothetical investment decision. This amounts to asking, “So, now that you are here, how accurate and valuable was the information you gleaned before coming here? What has changed? What have you learned that is different? What did you learn that can only be learned by coming here?”

After the residency concludes and executives have returned home, they apply the CAGE framework to develop a recommendation about their firms entering the emerging economies just visited.

Outcomes and Effectiveness

In order to determine the effectiveness of combining the CAGE methodology and the focused, structured synthesis with immersion in the emerging economies on the executives' perceptions of the critical distance factors, a survey, listed in Figure 2, was sent to all of the graduates of the UT SEMBA program since its inception in 1994.

Figure 2. Survey Form

A. Year of Graduation _____

B. How would you rank from 1 to 4 the importance of the following factors in making an international decision from your perspective before and after the international trip? Rank the items with 1 as least important and 4 as most important.

	Before the International Trip	After the International Trip
Cultural Distance Issues ¹	_____	_____
Administrative Distance Issues ²	_____	_____
Geographic Distance Issues ³	_____	_____
Economic Distance Issues ⁴	_____	_____

1. Differences in languages; social or ethnic differences.
2. Absence of colonial ties; absence of shared political and monetary associations and systems; political instability, governmental, and regulatory policies; financial, legal, etc.; institutional weaknesses
3. Physical remoteness; lack of common border; size of the country; weak transportation and communication links
4. Differences in consumer incomes; differences in financial resources; infrastructures, etc.; project economics

C. How would you individually evaluate the distance factors before and after the trip?

	Before <u>Critical</u>	Before <u>Not Critical</u>	After <u>Critical</u>	After <u>Not Critical</u>
Cultural	_____	_____	_____	_____
Administration	_____	_____	_____	_____
Geographic	_____	_____	_____	_____
Economic	_____	_____	_____	_____

D. Have you used the techniques developed in the International RP in your company? If so, how?

E. General comments concerning the effectiveness of the International RP.

Data

Twenty-nine executives filled out the survey, with twenty-four covering the period from 2002 to 2004 when the new pedagogy incorporating the CAGE methodology has been used. It had been hoped to develop some comparative analysis about the effectiveness of the CAGE methodology pre and post its incorporation. But since only five responses covering the years 1994 to 2001 were received, reasonable comparisons could not be undertaken. One executive that returned the survey from the pre-2002 group indicated that since they had not learned about the CAGE factors it was hard to fill out the survey. This, mostly likely, explains the low response rate from executives who participated in the program before 2002. Therefore, the following analyses cover the period since the CAGE methodology's incorporation in 2002 and focuses on the ability of this approach to influence executives' perceptions of the critical distance factors that influence international business decisions. The twenty-four surveys reflect a sample of approximately 25% of the total executives that participated in the international residencies from 2002 to 2004.

A couple of issues existed with the survey responses for Question B. First, several respondents' replies to the question appear to have used a 1 as most important to 4 as the least important ranking scale rather than the one requested. Secondly, several of the respondents rated more than one distance factor with the same value—4, for example. The surveys that displayed these inconsistencies are excluded from the results based on Question B. After the surveys with inconsistent rankings were excluded, only twelve remained in the 2002 to 2004 sample for use in analyzing the Question B results. Nevertheless, the excluded respondents' replies to Question C did not appear to be influenced by their responses to Question B. Therefore, all twenty-four surveys are used for the Question C analyses.

This survey provides a reasonable overview of how the international residency pedagogy influences executives' perceptions, but it was developed after the fact. Since the program provided classroom discussion of the CAGE factors before residency, the results may not capture totally the effect of the CAGE process on executives' perceptions. In the future, surveys of the executives will be conducted before the discussion of the CAGE methodology begins in the classroom setting and after the international residency to get a clearer idea of how their perceptions of the critical distance factors are influenced by the pedagogy.

Results

Figures 3 to 6 provide information on the executives' perceptions of the importance of the individual CAGE distance factors and the changes in their perceptions from before to after the international residency. The columns' heights in the charts are indicative of the percentage of executives in the sample (24) that considered the factor important or not important. The nearer the columns are located to 1, the more important the executives considered the CAGE distance factor.

Figure 3. Change in CAGE Factor Perceptions Before and After Trip: Cultural Post Adoption of CAGE Methodology, Number of Surveys = 24

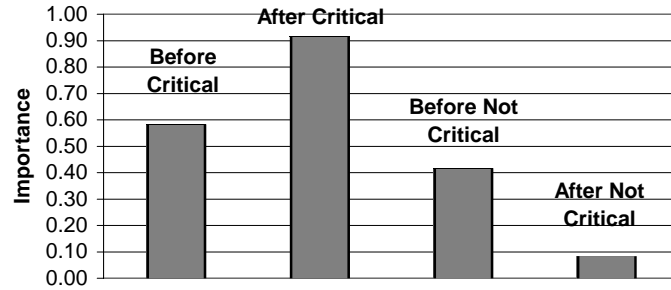


Figure 4. Change in CAGE Factor Perceptions Before and After Trip: Administrative Post Adoption of CAGE Methodology, Number of Surveys = 24

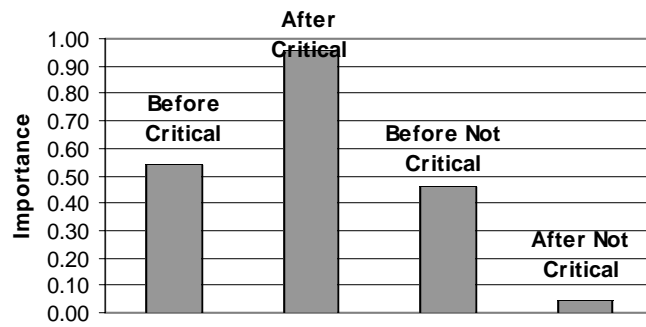


Figure 5. Change in CAGE Factor Perceptions Before and After Trip:
Geographic
Post Adoption of CAGE Methodology, Number of Surveys = 24

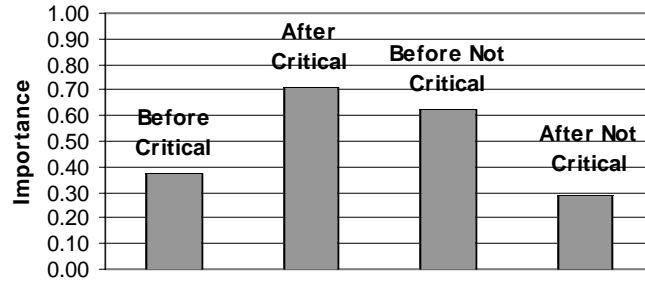
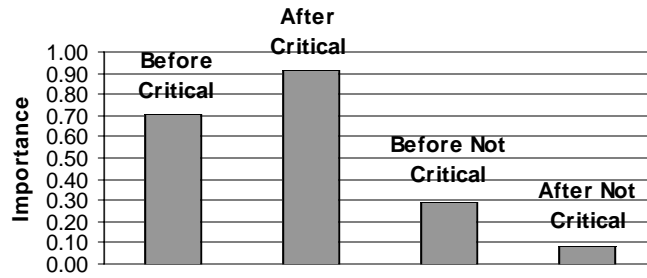


Figure 6. Change in CAGE Factor Perceptions Before and After Trip:
Economic
Post Adoption of CAGE Methodology, Number of Surveys = 24



The first conclusion that can be drawn from reviewing the charts is that the executives' perceptions of the importance of the CAGE distance factors increased by the end of the international residency because the After Critical columns rise for each distance factor. Prior to the international residency, 71% of the executives (i.e., 17/24) considered economics a critical distance factor, followed by culture at 58%, administration at 54%, and geography at 38%. After the international residency, the culture and administration distance factors rise significantly and are considered as critical as economics. All are now considered critical by over 90% of the executives. In fact, the administration factor has the highest percentage at 96%, followed by economics and culture at 92%. The perceived importance of the geography distance factor has also risen significantly to 71%.

Many executives indicated in written comments and in follow-up conversations that even though they had studied the CAGE issues before visiting the countries they did not really appreciate how critical the factors were until they were immersed and had to reevaluate their understandings to complete the synthesis project for the hypothetical investment opportunity. The innovation of coupling the CAGE methodology and the hypothetical investment synthesis with the traditional executive education immersion experience forces executives to test their preconceptions against reality and improves their understanding of emerging economy distance factors. Moreover, through this approach, the lessons learned by the group become more vivid and longer lasting.

As already noted, the CAGE factors that increased the most were related to non-economic issues. Clearly, the CAGE teaching methodology enhances the executives' understanding of the non-economic issues in making international investment decisions.

Figure 7 presents the executives' responses to Question B on the relative rankings on the CAGE distance factors' importance. The first two columns represent the sum of the executives' numerical scores for the CAGE factors for 2002 through 2004. The last column captures the changes in their rankings from before to after the international residency. The results are based on a sample group of twelve, which excludes the surveys where the executives' rankings are obviously inconsistent with the approach requested.

The comparisons in Figure 7 provide some insight about how the executives' rankings of the CAGE distance factors changed over the international residency. Given the small sample, however, the results are only indicative. Prior to the international residency, these executives ranked the administration and economics distance factors the highest followed by culture and geography. The higher ranking for economics reflects the importance placed on this variable for a possible investment. The high ranking for administration reflects the classroom discussion that took place and the executives' concerns about the emerging economies before the trip. After the international residency, however, the executives' ranking of the cultural distance factor's importance is the only one that

increased, while administration stayed the same, and both economics and geography decreased. A conclusion that can be drawn from this evidence is that one can teach about the cultural distance factor in the classroom context, but having executives deal with it through the hypothetical investment opportunity synthesis that must be completed outside of and inside the emerging economy rapidly raises their awareness and understanding of its importance.

Figure 7. CAGE Survey Question B Ranking Sums & Percent Change Before and After International Residency—12 Surveys

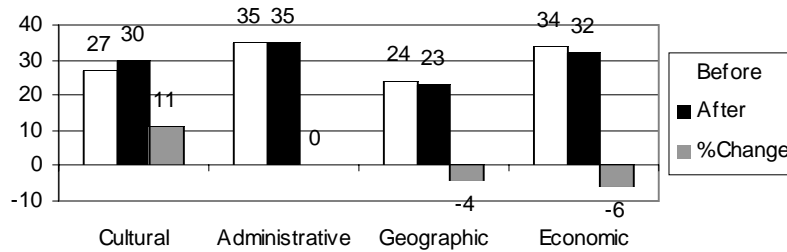
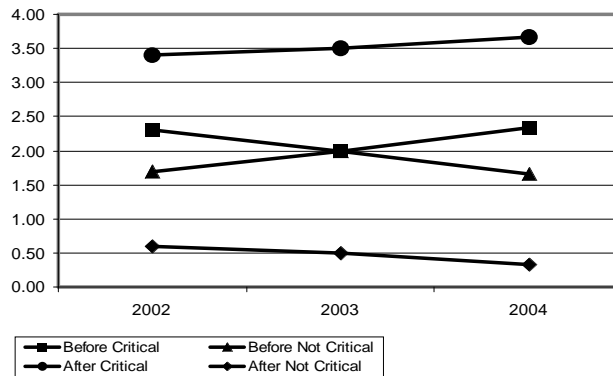


Figure 8 documents the trends in the number of distance factors that executives considered critical and not critical before and after the international residen-

Figure 8. Change in Number of CAGE Factors Considered Critical/Noncritical Before and After the International Trip—24 Surveys



cy from 2002. Before the international residency, executives considered slightly more than two, on average, of the CAGE factors as being critical. After the international residency, the average rises to about 3.5. In 2003 and 2004, after the CAGE approach had been used for several years, most of the executives responding to the survey ranked all of the factors as being critical post the international residency. In comparing the mean number of factors considered critical before and after the international residency, the difference is statistically significant at the .005% level.

As noted above, after the executives return home, they apply the CAGE framework to develop recommendations about their firms entering the emerging economies just visited. Tables 2 and 3 contain applications of the CAGE methodology that two executives developed in completing this exercise. Table 2 is an application of CAGE for a foreign investment by Maytag in Brazil and Chile. The interesting aspect of this application is that the executive rated both the criticality of the barrier and its importance to Maytag numerically. The relative importance of each sub-CAGE factor is then determined by multiplying the two components together. The subfactor numerical scores are then summed to develop an overall measure of distance to determine the attractiveness of the investment. Table 3 contains an application of the CAGE methodology by an executive for a lumber firm entering Brazil or Chile. This executive also developed a numerical assessment of the investment by adding up the numerical sums by sub-CAGE factors.

How have executives actually used this framework? The CAGE methodology is meant to be a toolkit that executives can then use at their firms to make better business decisions. The surveys do provide some anecdotal information on the adoption of the CAGE framework by the executives. A review of the surveys since 2002, when the CAGE framework was introduced, shows that 80% of the 2002 respondents and 50% of the 2003 respondents indicated that they are using or plan to use the CAGE framework in making international or other decisions at their home companies.¹

The following are some anonymous quotes from the executives' responses to Question D (listed in Figure 2):²

o2002

- Yes, mainly to improve my understanding of the cultural distance issues present in international projects.
- We have a huge international sourcing initiative underway. We have carefully considered all dimensions of CAGE.
- Within one year opened an office in China.
- Yes—evaluating UK and European projects and acquisitions.

1. Ten surveys were returned for 2002 and seven for 2003.

2. The responses to the surveys are anonymous so names cannot be provided with the responses.

Table 2. CAGE Application—Maytag
 Source: Charles Parke, CSA4, University of Tennessee SEMBA Program,
 June 2003

	Brazil			Chile		
	Barrier	Importance	Total	Barrier	Importance	Total
Culture						
Language	8	7	56	6	7	42
Ethnicity	3	2	6	2	2	4
Religion	1	1	1	1	1	1
Social Norms	8	10	80	8	10	80
Subtotal			143			127
Administration						
Colonial Ties	10	1	10	10	1	10
Shared						
Monetary or						
Political Policy	8	8	64	5	8	40
Political						
Hostility	7	3	21	5	3	15
Government						
Policies	8	10	80	1	10	10
Institutional						
Weakness	8	9	72	5	9	45
Subtotal			247			120
Geography						
Physical						
Remoteness	7	5	35	7	5	35
Common						
Border	10	3	30	10	3	30
Sea or River						
Access	1	9	9	1	9	9
Size of Country	7	3	21	6	3	18
Transportation	5	8	40	3	8	24
Population	1	9	9	9	9	81
Literacy Rate	7	8	56	5	8	40
Unemployment	7	10	70	6	10	60
Utility						
Infrastructure	7	8	56	6	8	48
Subtotal			326			345
Economics						
Per Capita						
Income	10	10	100	8	10	80
Trade Deficits	1	3	3	1	3	3
Economic						
Stability	5	7	35	4	7	28
Human						
Resources	3	8	24	3	8	24
GDP	4	9	36	8	9	72
Labor Policies	8	8	64	5	8	40
GDP Growth						
Rate	6	8	48	4	8	32
Subtotal			310			279
Grand Total			1026			871

Table 3. CAGE Distance Analysis Factors At-a-Glance: Lumber Industry
 Source: Ruth Kellick-Grubbs, CSA4, University of Tennessee SEMBA
 Program, June 2003

Factor	Brazil			Chile		
	+	+/-	-	+	+/-	-
C:Language			X		X	
C:Religion		X			X	
C:Race/Ethnicity		X			X	
C:Social Norms/Buying Patterns	X					X
C:Social Norms/Product Preferences			X			X
C:Social Norms/Relationships		X			X	
A:Historical & Political Associations			X	X		
A:Political Stability			X	X		
A:Institutional Infrastructure			X	X		
G:Population	X					X
G:Transportation	X			X		
G:Utilities		X			X	
G:Telecommunications		X			X	
G:Natural Resources		X			X	
E:Stability			X	X		
E:Currency			X	X		
E:Monetary Policy		X		X		
E:Market Potential	X			X		
E:Per Capita Income			X			X
E:Labor/Work Force	X			X		
E:Market Growth Rate	X			X		
E:Competitive Landscape			X			X
E:Transparency			X	X		
Risk Factor			X		X	
ROI			X			X
IRR			X			X
	6	7	13	11	8	7

o2003

-Not yet. But I definitely will when the opportunity presents itself as we prepare to enter new markets.

-Better understand limits associated with sourcing product in other countries.

-Yes, in discussing with company representatives in Latin America.

-Yes—I provided the CAGE structure to one of our groups exploring new overseas markets and worked on administrative and economic analyses.

Some executives are using it to make better domestic decisions as the following quote indicates:

-Have not used internationally (no opportunity). Have found it useful in evaluating domestic territory expansions. Has added a helpful dimension to my thought process and in anticipating challenges; you don't have to cross an ocean to be in unfamiliar territory.

Even though the executives in the 2004 class had not finished the program when the survey was distributed, one-third of the 2004 executive survey respondents said they were already using the CAGE framework in their businesses.³ Finally, the following are a few quotes on the executives' overall perceptions of the international residency and methodology:

o2002

-Outstanding "eye opener" for today's executives. The RP combined education, cultural immersion, analysis based on CAGE and exposure to these business sectors.

-It was one of the most important RP's that we had, pity we couldn't fit in another!

o2003

-The International RP was a broadening experience that has enhanced my knowledge and understanding of conducting business outside the U.S.A. The program introduced me to the CAGE-issues that would not have been appreciated in a classroom environment.

-The RP provided valuable experience for me with little international experience. It provided a framework for understanding how international business should be done.

-It was the highlight of my executive career to date. I feel totally confident that I could lead any industry into a foreign country. The international component was that strong.

o2004

-The RP provided valuable experience for me with little international experience.

3. Six surveys were returned for 2004.

It provided a framework for understanding how international business should be done. I very much enjoyed the international trip. It gave exposure that could not be duplicated in the classroom. Until you live the experience and see the differences one cannot fully grasp how the four different distance factors come into play. It would be interesting to begin to trend the differences they notice in the three different locations that are used for the international trip, so comparisons can be made from previous trips. The international trip gave me a heightened sense when looking at potential jobs domestically viewing them in somewhat the same manner as the CAGE factors used in international work. The variety of companies toured was also good from the standpoint of seeing both manufacturing and service type organizations.

Summary

The pedagogical innovation documented in this paper adapts the CAGE methodology framework, coupled with a hypothetical investment opportunity, as an organizing and synthesizing principle woven into a short-term international immersion experience. The intent is to create an executive education experience that contributes to the formation of a global mind-set by challenging and altering executives' perceptions about international business. The evidence presented here suggests that this is a very promising approach. During the three years that this approach has been evolving, executives report significant shifts in their perceptions about the critical dimensions of global expansion. Moreover, they consider the CAGE framework to be valuable and useful enough to implement on their own.

As might be expected prior to this experience, executives tend to view economics as the most critical dimension of strategic global expansions. This resonates with Ghemawat's contention about the prevalence of traditional country portfolio analysis, which largely considers only economic conditions (Ghemawat, 2001). After this experience, the criticality of each of the distance factors becomes more significant, which suggests an enhanced appreciation for the overall complexities of global business. The data also provide additional support for the conclusion that culture can best be learned only through direct experience.

The pedagogy presented here will continue to evolve, and analysis aimed at improving its effectiveness will also continue with successive cohorts of executives. A particular concern will be strengthening data collection methodologies in order to present a fuller picture of the changes in executive perceptions. As mentioned, the data presented here suffer from potential bias in that participants were asked to recall their prior perceptions after they had completed the immersion experience. In the future, such data will be collected from the executives prior to their entering into this experience. It would also be useful to compare results with studies of a similar nature in order to stimulate discussion, exchange, and dissemination of learning about this important issue.

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