

Int. Strategic Mngt

1 - Strategy Formulation & Implementation

- Reasons for strg. mngt: -

- FDI is increasing
- Planning is needed to coordinate and integrate diverse ~~parts~~ operations via an overall focus.
- Emerging international challenges.

- Strg. Plan focuses:

- Economic
- Political
- Quality
- Administrative coordination
- Or ~~some~~ variation of the above

- The global integration - ~~total~~ national responsiveness Framework defines the MNCs strategies:

- Int.

- Global (Price base)

- Multi-domestic

- Transnational

Low National Responsiveness High

	Low National Responsiveness	High National Responsiveness
High local adaptation	Global Strategy	Transnational Strategy
Low local adaptation	International Strategy	Multi-Domestic Strategy

- Strg. formulation steps:

- Ext. Envi. scanning (opp. & threats)
- Internal resources analysis (Strengths & weaknesses)
- Strategic Goals

- Strg. Implementation is the process of providing goods and services according to the plan of actions.

- Strg. Impi considerations:

- Location of operation (entry & ownership Strg.)
- Functional Strategies (Marketing, production & FIM)

- For emerging markets and Int. ~~ent~~ entrepreneurship / new ventures may require specialize strategy (approach)

- 1st mover + base of Pyramid
- Int. ent. + Born Global Firms

Int. Strig. Mangt.

2- Entry Strig. & Org. Structure

Entry Strategies:

- Import / Export
- Wholly owned subsidiaries
- M&As
- Alliances & JV
- Licensing
- Franchising

MNCs structures:

- Initial Division Structure (Export or Subsidiary manager)^{oversense}
- International Division Structure
- Global structure (global functions/area/Prod. or mix)

Non traditional Org. ~~Struc~~ Arrangements:

- Org. arrangements from M&As
- ~ ~ ~ ~ ~ JV and strig. Alliance
- ~ ~ ~ ~ ~ Keiretsus ← mafia

IT plays important role in integrating MNCs

MNCs org. characteristics:

- Formalization (DM, Comm. & Control)
- Specialization (task base) ← Vertical / Horizontal
- Centralization

Int. Strg. Mangt.

3 - Managing Political Risk, Gov. Relations & Alliances

- Political Risk: the likelihood that the foreign investment of a biz. will be constrained by host gov. policies.
- Companies conduct political risk analysis (Macro/Micro)
- Risk Types:
 - ① Changing host-gov. policies
 - ② Expropriation
 - ③ Op. Profitability risk
- Risk management strategies:
 - Relative bargaining power Analysis
 - Integrative, Protective & Defensive Techniques
 - ~~Protective~~
 - Proactive Political strategies (lobbying, etc.)
- Effective alliance management:
 - Careful selection of partners
 - Defining the scope and task of the alliance
 - Addressing cross-cultural differences
 - Responding to host-gov. requirements

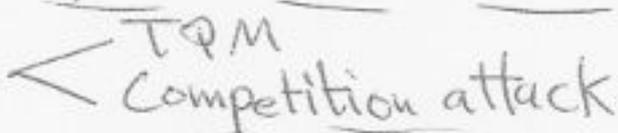
Int. Strg. Management

4 - Management Decision & Control

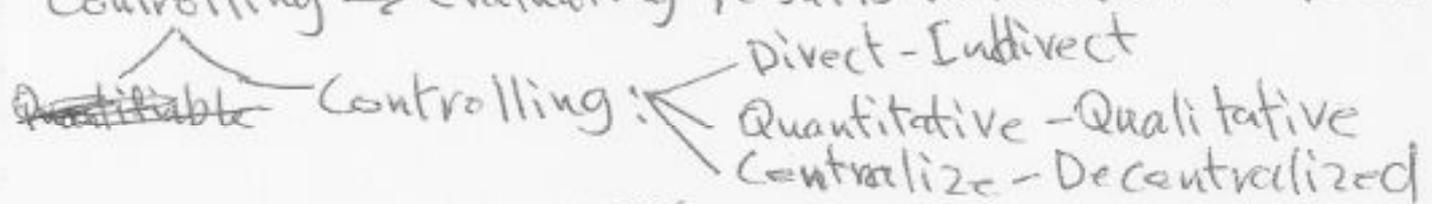
- DM involves choosing among alternatives. Some are centralized and others are less.

- Centralization / De-centralization factors:

- Company Size
- Amount of capital invested
- Relative importance of the overseas unit to MNC.
- Volume-to-unit-cost relationship
- Level of product diversification
- Distance between the home office & Subsidiary
- The Competence of the managers in the host-country

- DM challenges: 

- Controlling → evaluating results in relation to plan


Controlling:

- Direct-Indirect
- Quantitative-Qualitative
- Centralize-Decentralized

- Performance Measures: ^{areas} (for Subsidiaries)

- Financial (Profit & ROI)
- Quality (Quality Circles)
- Personnel (Performance evaluation Technique)