

# 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 based)

- Multi-domestic

- Transnational

Low National Responsiveness High

	Low National Responsiveness	High
High	Global Strategy	Transnational Strategy
Low	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. ~~enter~~ entrepreneurship / new ventures may require specialize strategy (approach)

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

# Int. Strg. Mangt.

## 2- Entry Strg. & Org. Structure

### Entry Strategies:

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

### MNCs structures:

- Initial Division Structure (Export or Subsidiary manager) <sup>oversense</sup>
- International Division Structure
- Global structure (global functions/area/port. or mix)

### Nontraditional Org. ~~Strat~~ Arrangements:

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

IT plays important role in integrating MNCs

### MNCs org. characteristics:

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

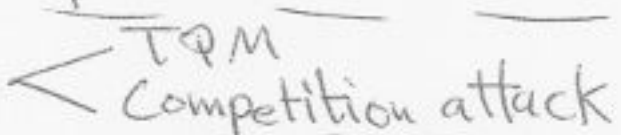
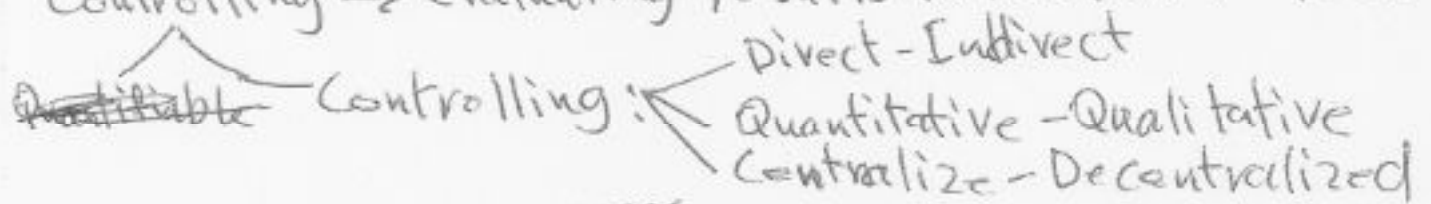
## Int. Strg. Mangt.

### 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
  - 
- Performance Measures: <sup>areas</sup> (for Subsidiaries)
  - Financial (Profit & ROI)
  - Quality (Quality Circles)
  - Personnel (Performance evaluation Techniques)