

Review

INTERNATIONAL AND GLOBAL STRATEGY



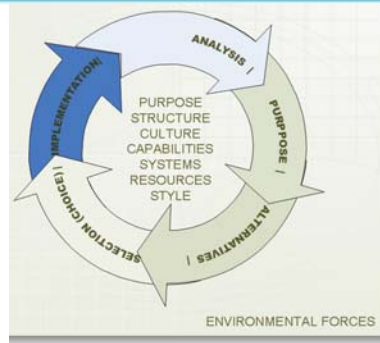
Identify and describe the strategic importance of resources, competencies, core competencies and dynamic capabilities and evaluate how they may be used to confer a sustainable competitive advantage

Explain the role of values, mission, and vision in formulating and implementing strategy

Explain what strategy is and how it is formed and implemented in the international organization

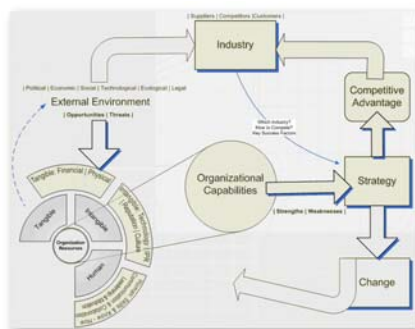
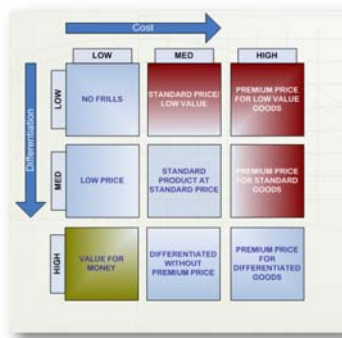
Explain generic strategies and how managers may develop strategic capabilities within international organisations

Discuss the strategic choices and decisions according to the corporate, business and business unit or departmental level



In this chapter we focused on strategy: what the organisation should do (purpose) and how it should be done. In determining the overall purpose and strategy (articulated in the vision, mission and goals) an organisation relies on inputs such as an analysis of the internal and external environment (see previous chapters), the values of other stakeholders, corporate social responsibilities (considered in the next chapter), the values, experience and predisposition of leaders (considered in chapter five), culture and the thoughts of employees.

The purpose and strategy are seen as devices to unify, constrain, coordinate and motivate the organisation. Strategy may result from a formal and planned process or may emerge from a collection of decisions and actions. The overall strategy will be influenced by perspectives on the environment (internal or external) and convergence (global versus local). Once the overall direction and purpose has been agreed, the organisation, typically through corporate level decision-making, must determine the scope for organisational activities. It must decide and make choices about where to compete (geographic scope), the product to sell (product scope) and the activities to perform (vertical scope). Such decisions determine the boundaries for action. Corporate headquarters must ensure these activities add value. This is achieved through synergy - by enabling resource sharing and mutual support. Having identified the countries in which to operate, the corporate must also devise market entry strategies. Subsidiaries and business units will then determine how to compete within this defined scope.



A variety of strategies were discussed such as cost leadership, and differentiation (the two leading generic strategies), focus and time based competitive advantage. The value chain is a useful concept and framework used to identify where the organisation can apply resources to either differentiate itself or reduce costs through efficiency savings. We recognised the problem of competitive advantage erosion and discussed the need to identify sustainable competitive advantages. These are more likely to come from differentiation strategies based on the use of internal resources through competences and capabilities.

Finally, we considered the implementation of strategy, noting the remaining parts of the book would focus on this. Implementation concerns the allocation of resources typically through plans, the structure and budgets. Implementation results in change, considered in chapter four. Assuring the strategy is realised requires effective monitoring and control. However, it is erroneous to believe that this whole process of strategy occurs in an ordered sequence of steps or that the intended strategy is always realised.

Key Terms

STRATEGY

the creation of a unique and valuable position

MISSION

a statement of the overriding direction and purpose of an organisation

VISION

a description of the business as you want it to be

GLOBAL STRATEGY

assumes a single market and offers a standard product(s) to meet customer needs wherever they are located

MULTIDOMESTIC STRATEGY

"assumes variance in customer needs according to their location and therefore adopts a differentiation strategy, adapting products and services to make unique local requirements"

COMPETITIVE STRATEGY

Competitive strategy is concerned with the basis on which a business unit might achieve competitive advantage in its market

BUSINESS STRATEGY

A subunit plan or pattern of decisions identifying how to compete and add value under the umbrella of the corporate strategy

CORPORATE STRATEGY

"a whole company plan or pattern of decisions identifying where the company will compete (in terms of geography, product, and industry) and which resources will be used"

TRANSNATIONAL STRATEGY

"Plan to exploit experience-based cost and location economies, transfer core competencies with the firm, and pay attention to local responsiveness "