Internal study material

Strategic Management of International Company

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Ljubljana

November 2024

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Naslov: Strategic management of international company

Založnik: IBS Mednarodna poslovna šola Ljubljana

Elektronska izdaja

Ljubljana, 2024

Kataložni zapis o publikaciji (CIP) pripravili v Narodni in univerzitetni knjižnici v Ljubljani
COBISS.SI-ID **214305539**
ISBN 978-961-96525-6-5 (PDF)

Strategic Management of International Company

Strategic Management of International Company - PART 1

Introduction anecdote

Once upon a time, there was an international company with branches all over the world. The CEO of the company was a wise man who believed in the power of strategic management. One day, he gathered all his top executives for a meeting to discuss the future direction of the company.

As they sat down at the conference table, the CEO asked his executives, "What is the key to success in strategic management?"

The executives pondered the question for a moment before one of them spoke up, "I think it's all about understanding the local culture and customs of each country we operate in."

Another executive chimed in, "I believe it's about having a clear and concise mission statement that guides all our decisions."

The CEO nodded, but he had a different answer in mind. He pulled out a chessboard and set it up on the table. "Gentlemen," he said, "the key to strategic management is like playing a game of chess. You must anticipate your opponent's moves, plan ahead, and always be ready to adapt to changing circumstances."

The executives looked at each other, then at the chessboard. They realized the CEO was right. From that day forward, they approached strategic management.

Brief intro with history of Strategic Management of International Company

Strategic management is the process of formulating and implementing strategies to achieve an organization's objectives. In the context of international companies, strategic management takes on a global perspective, considering the unique challenges and opportunities presented by operating in multiple countries and regions.

The history of strategic management in international companies can be traced back to the post-World War II period, when many companies began to expand their operations into new international markets. In the 1960s and 1970s, companies increasingly began to adopt a more formalized approach to strategic management, using tools such as SWOT analysis, portfolio analysis, and scenario planning to identify and respond to opportunities and threats in the global marketplace.

In the 1980s and 1990s, the process of globalization accelerated, with companies becoming more interconnected and interdependent than ever before. This led to the emergence of new challenges, such as managing cultural differences, navigating complex legal and regulatory environments, and responding to shifting geopolitical dynamics.

Today, strategic management remains a critical component of success for international companies, with organizations continuing to evolve and adapt their strategies in response to ongoing changes in the global business environment.

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1 Explaining the Meaning of Organization and Management

1.1 Introduction

The field of strategic management has been growing in importance over the past few decades. The increasing globalization of businesses has made it more important for managers to have a strategic perspective in order to be successful. In order to be effective in strategic management of an international company, it is important to have a clear understanding of what the terms "organization" and "management" mean. This chapter provides an overview of the meaning of organization and management, and their role in strategic management.

1.2 Meaning of Organization

An organization can be defined as "a group of people who work together to achieve a common goal" (Robbins and Coulter, 2019, p.5). Organizations can take many different forms, including for-profit businesses, non-profit organizations, government agencies, and educational institutions. Regardless of their specific form, all organizations share a common purpose: to achieve their goals.

Organizations are made up of a variety of different components, including people, technology, and resources. These components are organized in a specific way in order to achieve the organization's goals. The specific way that these components are organized is known as the organization's structure. According to Robbins and Coulter (2019), the structure of an organization includes "formalization, specialization, hierarchy of authority, and centralization" (p.192).

Formalization refers to the degree to which the organization's rules and procedures are standardized. Specialization refers to the degree to which different tasks are assigned to different people within the organization. Hierarchy of authority refers to the organization's chain of command. Centralization refers to the degree to which decision-making is centralized within the organization.

1.3 Meaning of Management

Management can be defined as "the process of planning, organizing, leading, and controlling resources (people, materials, and money) to achieve organizational goals" (Robbins and Coulter, 2019, p.9). The four functions of management are interrelated and must be performed in a coordinated manner in order to achieve organizational goals.

Planning involves setting goals and developing strategies to achieve those goals. Organizing involves arranging resources in a way that will enable the organization to achieve its goals. Leading involves motivating and directing employees to achieve organizational goals. Controlling involves monitoring performance and making adjustments as necessary in order to ensure that organizational goals are being achieved.

1.4 Relationship between Organization and Management

Organizations and management are closely related. In order for an organization to achieve its goals, it must have effective management. Effective management involves performing the four functions of planning, organizing, leading, and controlling in a coordinated manner. The specific way that these functions are performed will depend on the organization's specific goals, structure, and culture.

In addition to the four functions of management, effective management also involves understanding and addressing the needs of stakeholders. According to Freeman (2010), stakeholders are "any group or individual who can affect or is affected by the achievement of the organization's objectives" (p.46). These stakeholders may include employees, customers, shareholders, suppliers, and the community in which the organization operates. In order to be effective, managers must understand the needs of these stakeholders and develop strategies to address those needs.

1.5 Conclusion

In conclusion, effective strategic management of an international company requires a clear understanding of the meaning of organization and management. An organization is a group of people who work together to achieve a common goal, and it is structured in a specific way to achieve that goal. Management is the process of planning, organizing, leading, and controlling resources to achieve organizational goals. Effective management involves performing these functions in a coordinated manner, as well as understanding and addressing the needs of stakeholders. By understanding the meaning of organization and management, managers can develop effective strategies to achieve their organization's goals.

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2 Relating Organization within Wide and Near Outer Business Environment

2.1 Introduction

Strategic management of international companies is a crucial field in today's business world, where firms operate in an increasingly globalized environment. To achieve success, these companies must understand and navigate both their immediate and wider business environments. This chapter focuses on the importance of relating the organization within its near and wide outer business environment. The near environment includes factors that directly impact the organization, such as customers, suppliers, competitors, and regulators. The wide outer environment comprises broader factors that indirectly affect the organization, such as technological, economic, social, political, and environmental factors. Understanding these factors can help organizations make informed decisions and develop effective strategies to achieve their goals.

2.2 The Near Environment

The near environment of an organization comprises factors that have a direct impact on its operations and performance. These factors include customers, suppliers, competitors, and regulators.

2.2.1 Customers

Customers are the most important stakeholders for any organization. Meeting their needs and preferences is crucial for the success of the business. Understanding customer behavior, preferences, and expectations can help organizations develop products and services that meet their needs. Customer feedback is a valuable source of information that organizations can use to improve their products and services. In the international context, cultural differences can impact customer behavior and preferences. Therefore, companies need to understand the cultural nuances of their target market to develop effective marketing strategies.

2.2.2 Suppliers

Suppliers provide the necessary inputs for the organization's operations. The quality, reliability, and cost-effectiveness of these inputs can impact the organization's performance. Therefore, organizations need to carefully select and manage their suppliers. In the international context, supply chain management can be challenging due to differences in legal, cultural, and logistical environments. Therefore, companies need to develop effective supply chain strategies to ensure the timely and cost-effective delivery of inputs.

2.2.3 Competitors

Competitors are organizations that offer similar products or services to the same target market. The competitive environment can impact the organization's performance, market share, and profitability. Therefore, companies need to understand their competitors' strengths and weaknesses to develop effective competitive strategies. In the international context, competition can be intense due to differences in market structures, regulations, and cultural factors. Therefore, companies need to develop tailored strategies for each market.

2.2.4 Regulators

Regulators are government bodies that set rules and regulations for businesses. Compliance with these regulations is essential for avoiding legal and reputational risks. Therefore, organizations need to monitor and comply with regulatory requirements. In the international context, regulatory environments can vary significantly, posing challenges for multinational companies. Therefore, companies need to develop effective regulatory compliance strategies to ensure legal and ethical operations.

2.3 The Wide Outer Environment

The wide outer environment of an organization comprises broader factors that indirectly impact its operations and performance. These factors include technological, economic, social, political, and environmental factors.

2.3.1 Technological Factors

Technological factors refer to innovations that can impact the organization's operations and markets. Technology can provide new opportunities for growth and innovation. Therefore, organizations need to stay updated on technological advancements and integrate them into their operations. In the international context, differences in technological infrastructure and regulations can impact the adoption of technology. Therefore, companies need to tailor their technological strategies to each market.

2.3.2 Economic Factors

Economic factors refer to the macroeconomic conditions that can impact the organization's performance. Economic factors include inflation, exchange rates, interest rates, and economic growth. Organizations need to monitor and analyze economic indicators to identify opportunities and risks. In the international context, economic factors can vary significantly, posing challenges for multinational companies. Therefore, companies need to develop effective economic strategies to navigate different economic environments.

2.3.3 Social Factors

Social factors refer to the cultural, demographic, and societal trends that can impact the organization's markets and stakeholders. Organizations need to understand social factors to develop effective marketing and stakeholder engagement strategies. In the international context, cultural differences can impact social factors, posing challenges for multinational companies. Therefore, companies need to develop tailored strategies that consider cultural nuances.

2.3.4 Political Factors

Political factors refer to the laws, regulations, and policies that can impact the organization's operations and markets. Political factors include trade policies, tax regulations, and political stability. Organizations need to monitor and analyze political factors to identify opportunities and risks. In the international context, political factors can vary significantly, posing challenges for multinational companies. Therefore, companies need to develop effective political strategies to navigate different political environments.

2.3.5 Environmental Factors

Environmental factors refer to the natural and man-made factors that can impact the organization's operations and markets. Environmental factors include climate change, natural disasters, and environmental regulations. Organizations need to monitor and analyze environmental factors to identify opportunities and risks. In the international context, environmental factors can vary significantly, posing challenges for multinational companies. Therefore, companies need to develop effective environmental strategies to mitigate risks and capitalize on opportunities.

2.4 Conclusion

In conclusion, strategic management of international companies requires an understanding of the organization within its near and wide outer business environment. The near environment includes factors that directly impact the organization, such as customers, suppliers, competitors, and regulators. The wide outer environment comprises broader factors that indirectly affect the organization, such as technological, economic, social, political, and environmental factors. Understanding these factors can help organizations make informed decisions and develop effective strategies to achieve their goals. Therefore, companies need to monitor and analyze these factors to identify opportunities and risks and develop tailored strategies for each market.

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3 Using PORTER and PEST analysis as a support to strategic planning

3.1 Introduction

Strategic management of international companies is essential to compete in the global market. To develop an effective strategic plan, companies use various tools and techniques to analyze their internal and external environment. The two most widely used tools are the PEST analysis and the PORTER's five forces analysis. In this chapter, we will discuss how companies can use these tools to support their strategic planning process.

3.2 PEST Analysis

PEST analysis is a useful tool for analyzing the external environment of a company. PEST stands for Political, Economic, Social, and Technological factors. These factors have a significant impact on the business environment, and companies need to analyze them to develop a successful strategy. Let's take a closer look at each factor.

3.2.1 Political Factors

Political factors refer to the government policies and regulations that affect the business environment. Companies need to analyze the political stability of the country they operate in, as well as the laws and regulations related to their industry. For example, tax policies, trade regulations, labor laws, and environmental regulations can significantly impact the company's operations.

3.2.2 Economic Factors

Economic factors refer to the economic conditions of the country, such as inflation rates, interest rates, exchange rates, and GDP growth rates. Companies need to analyze these factors to understand the economic environment they operate in and the potential impact on their business.

3.2.3 Social Factors

Social factors refer to the social and cultural factors that affect the business environment. Companies need to analyze the social trends, demographics, and cultural norms of the country they operate in. For example, changes in consumer behavior, lifestyle trends, and cultural values can impact the demand for their products and services.

3.2.4 Technological Factors

Technological factors refer to the advancements in technology that affect the business environment. Companies need to analyze the technological trends and innovations that impact their industry. For example, the adoption of new technologies can significantly impact the company's operations and competitive landscape.

3.3 PORTER's Five Forces Analysis

PORTER's five forces analysis is a useful tool for analyzing the competitive environment of a company. The five forces include the threat of new entrants, the bargaining power of buyers, the bargaining power of suppliers, the threat of substitute products or services, and the intensity of competitive rivalry. Let's take a closer look at each force.

3.3.1 Threat of New Entrants

The threat of new entrants refers to the possibility of new competitors entering the market. Companies need to analyze the barriers to entry, such as economies of scale, brand recognition, and government regulations, to understand the potential threat.

3.3.2 Bargaining Power of Buyers

The bargaining power of buyers refers to the ability of customers to negotiate prices and terms of service. Companies need to analyze the size and concentration of their customer base, as well as their purchasing power, to understand the bargaining power of buyers.

3.3.3 Bargaining Power of Suppliers

The bargaining power of suppliers refers to the ability of suppliers to negotiate prices and terms of service. Companies need to analyze the number and concentration of suppliers, as well as their bargaining power, to understand the bargaining power of suppliers.

3.3.4 Threat of Substitute Products or Services

The threat of substitute products or services refers to the possibility of customers switching to a competitor's product or service. Companies need to analyze the availability and attractiveness of substitute products or services to understand the potential threat.

3.3.5 Intensity of Competitive Rivalry

The intensity of competitive rivalry refers to the level of competition in the market. Companies need to analyze the number and size of competitors, as well as their competitive strategies, to understand the level of competition.

3.4 Using PEST and PORTER Analysis as a Support to Strategic Planning

PEST and PORTER analysis provide valuable information for companies to develop a successful strategy. Companies can use these tools to identify opportunities and threats in the external environment and to understand the competitive landscape. By analyzing the external environment, companies can identify trends and potential future scenarios, which can help them develop a long-term strategy. By analyzing the competitive environment, companies can identify their strengths and weaknesses, as well as their competitors' strengths and weaknesses, which can help them develop a competitive advantage.

For example, a company can use PEST analysis to identify the technological trends that are impacting their industry. If the analysis shows that new technologies are emerging, the company can invest in research and development to stay ahead of the competition. Similarly, if the analysis shows that the economic conditions are favorable, the company can invest in expansion plans to take advantage of the opportunity.

In contrast, if the analysis shows that the bargaining power of suppliers is high, the company can explore alternative suppliers or negotiate better terms with their current suppliers to reduce costs. If the analysis shows that the threat of new entrants is high, the company can invest in building barriers to entry, such as creating brand recognition, building customer loyalty, or creating economies of scale.

3.5 Conclusion

In conclusion, PEST and PORTER analysis are valuable tools for companies to support their strategic planning process. These tools can help companies identify opportunities and threats in the external environment and understand the competitive landscape. By analyzing the external environment and competitive landscape, companies can develop a successful strategy and create a competitive advantage. However, it is important to remember that PEST and PORTER analysis should be used in conjunction with other tools and techniques, such as SWOT analysis, to provide a comprehensive analysis of the business environment.

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4 Relating Political, Economical, Social, Technological, Cultural, Ecological Aspects with the Planning

4.1 Introduction

The global economy has opened up opportunities for companies to expand their business internationally. However, with the expansion of international businesses comes a range of challenges that companies must consider. The ability to manage these challenges effectively is dependent on the company's strategic management practices. Strategic management is a comprehensive approach to managing a company that encompasses planning, implementation, and evaluation of the company's overall direction and goals. In this chapter, we will discuss how political, economic, social, technological, cultural, and ecological aspects are related to planning in the strategic management of international companies.

4.2 Political Aspects and Planning

Political factors play a significant role in the strategic management of international companies. Companies must consider the political stability and legal framework of the countries where they operate. In some countries, political instability can disrupt the business environment and affect the profitability of the company. Political instability can arise from conflicts between different groups or parties, changes in government policies, or corruption. Therefore, companies must develop contingency plans to manage the risks associated with political instability.

Moreover, the legal framework of the country where the company operates can have a significant impact on its operations. Laws and regulations can vary significantly between countries and can affect the company's ability to conduct business. For example, a country may have strict labor laws that require the company to provide certain benefits to its employees. Therefore, companies must be aware of the legal framework of the countries where they operate and ensure that they comply with all relevant laws and regulations.

4.3 Economic Aspects and Planning

Economic factors can also have a significant impact on the strategic management of international companies. Companies must consider the economic conditions of the countries where they operate. Economic conditions can affect the demand for the company's products or services, the availability of resources, and the cost of doing business. For example, a country experiencing an economic downturn may have lower demand for the company's products or services. This may result in decreased revenues and profits for the company.

Furthermore, currency fluctuations can also affect the profitability of international companies. Companies must consider the exchange rates of the countries where they operate and develop strategies to manage currency risks. This can include hedging strategies or entering into long-term contracts to lock in exchange rates.

4.4 Social Aspects and Planning

Social factors can also affect the strategic management of international companies. Companies must consider the cultural norms, values, and beliefs of the countries where they operate. Cultural differences can affect the way people behave, communicate, and make decisions. For example, a company that is used to a hierarchical management structure may struggle to operate in a country where employees expect to have more autonomy.

Furthermore, companies must consider the social responsibility of their operations. Social responsibility encompasses the company's impact on society and the environment. Companies must ensure that their operations are sustainable and do not have negative impacts on the environment or society.

4.5 Technological Aspects and Planning

Technological factors are becoming increasingly important in the strategic management of international companies. Companies must consider the technological infrastructure of the countries where they operate. This can include factors such as internet connectivity, mobile penetration, and the availability of skilled labor. Technological advancements can also disrupt the business environment and create new opportunities for companies. Companies must stay up-to-date with the latest technological advancements and ensure that they have the necessary skills and resources to leverage these advancements.

4.6 Cultural Aspects and Planning

Cultural factors are closely related to social factors and can affect the strategic management of international companies. Companies must consider the cultural differences between the countries where they operate. This includes factors such as language, customs, and traditions. Companies must develop cultural intelligence and ensure that their employees are aware of and respect the cultural differences of the countries where they operate.

4.7 Ecological Aspects and Planning

Ecological factors are becoming increasingly important in the strategic management of international companies. Companies must consider the impact of their operations on the environment and develop strategies to minimize their environmental footprint. This can include initiatives such as reducing carbon emissions, minimizing waste, and using renewable energy sources. Companies must also consider the environmental regulations of the countries where they operate and ensure that they comply with all relevant laws and regulations.

4.8 Integration of Factors in Planning

The political, economic, social, technological, cultural, and ecological factors discussed above are interrelated and can affect each other. Therefore, companies must integrate these factors into their planning process. This can include conducting a comprehensive analysis of the external environment and developing strategies that take into account these factors.

One framework that can be used to integrate these factors into the planning process is the PESTEL analysis. PESTEL stands for Political, Economic, Social, Technological, Environmental, and Legal. The PESTEL analysis is a tool that can be used to identify and evaluate the external factors that can affect the company's operations. This analysis can help companies to identify opportunities and threats and develop strategies to manage these factors.

Another framework that can be used to integrate these factors into the planning process is the SWOT analysis. SWOT stands for Strengths, Weaknesses, Opportunities, and Threats. The SWOT analysis is a tool that can be used to identify and evaluate the internal and external factors that can affect the company's operations. This analysis can help companies to identify their strengths and weaknesses and develop strategies to capitalize on their strengths and address their weaknesses. It can also help companies to identify opportunities and threats and develop strategies to manage these factors.

4.9 Conclusion

The strategic management of international companies requires a comprehensive approach that takes into account the political, economic, social, technological, cultural, and ecological aspects of the countries where they operate. Companies must conduct a comprehensive analysis of the external environment and develop strategies that take into account these factors. The PESTEL analysis and SWOT analysis are tools that can be used to integrate these factors into the planning process. By considering these factors, companies can develop strategies that are tailored to the specific needs and challenges of the countries where they operate.

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5 Differing and Explaining Relations between Owners, Managers, Employees, and Other Participants in Strategic Management of International Companies

5.1 Introduction

In the context of strategic management, the relationships between owners, managers, employees, and other participants in international companies play a crucial role in shaping the direction and success of the organization. The interplay between these actors can influence organizational performance, innovation, and competitiveness in both positive and negative ways. This chapter aims to provide a comprehensive overview of the differing and explaining relations between owners, managers, employees, and other participants in the strategic management of international companies.

5.2 Owners

Owners of international companies are typically shareholders who invest capital in the company and expect to receive a return on their investment in the form of dividends or capital appreciation. Owners have a significant role in the strategic management of international companies as they can influence the direction and priorities of the organization through their control over the board of directors. According to Galbreath and Galvin (2018), the relationship between owners and managers in international companies can be characterized by agency theory. Agency theory suggests that the interests of owners and managers may not always align, leading to potential conflicts.

The agency theory perspective assumes that owners and managers have differing goals and objectives, which can result in conflicting interests. Owners seek to maximize their financial returns, whereas managers seek to maximize their own personal gains, such as prestige, power, and job security (Fama & Jensen, 2018). This misalignment of goals can create tension between owners and managers, particularly when managers prioritize their own interests over those of the company's shareholders. One way that owners can align the interests of managers with their own is through the use of performance-based incentives, such as stock options or bonuses.

5.3 Managers

Managers are responsible for implementing the strategies developed by the board of directors and overseeing the day-to-day operations of the organization. In international companies, managers play a critical role in coordinating the activities of employees across multiple locations and cultural contexts. According to Lê and Nguyen (2019), managers in international companies face several unique challenges, including cultural differences, language barriers, and differences in business practices.

Effective communication between managers and employees is crucial for the success of international companies. Language barriers, cultural differences, and geographical distance can all hinder effective communication between managers and employees (Tung, 2016). To overcome these challenges, managers need to be skilled in intercultural communication and able to adapt their communication styles to fit the cultural context in which they are operating. Managers should also be aware of the different cultural values and business practices in different regions and be able to develop strategies that take these differences into account.

5.4 Employees

Employees are the backbone of any organization and play a critical role in implementing the strategies developed by the board of directors and managers. In international companies, employees may come from a diverse range of cultural backgrounds and have differing expectations regarding their roles and responsibilities. According to Jonsen, Mazhar, and Yapa (2020), employees in international companies face several unique challenges, including cultural adaptation, communication barriers, and differences in work practices.

To succeed in international companies, employees need to be adaptable and able to work effectively in diverse cultural contexts. This may involve learning new languages, developing cross-cultural communication skills, and understanding the cultural norms and expectations in different regions. Managers have a critical role to play in supporting employees in this process by providing training and development opportunities that help employees to build their intercultural competencies.

5.5 Other Participants

In addition to owners, managers, and employees, international companies may have other participants who play a role in shaping the strategic direction of the organization. These may include customers, suppliers, and other stakeholders. According to Freeman and Reed (2018), stakeholder theory suggests that organizations should take into account the interests and concerns of all relevant stakeholders in their decision-making processes.

Customers are an essential participant in the strategic management of international companies. They provide revenue for the organization and influence the development of new products and services. Managers must be aware of the differing expectations and needs of customers in different regions and be able to develop products and services that meet these needs.

Suppliers are also a crucial participant in the strategic management of international companies. They provide raw materials, components, and services that are essential for the organization's operations. Effective supplier management is critical to ensure that the organization has a reliable supply chain that can meet the demands of customers in different regions.

Other stakeholders, such as governments, regulators, and NGOs, can also play a role in shaping the strategic direction of international companies. These stakeholders may have differing expectations and requirements regarding issues such as sustainability, social responsibility, and corporate governance. Managers must be aware of these expectations and ensure that the organization is meeting its obligations to all relevant stakeholders.

5.6 Conclusion

In conclusion, the relationships between owners, managers, employees, and other participants in international companies play a critical role in shaping the direction and success of the organization. Effective communication, cultural adaptation, and stakeholder management are all critical skills for managers in international companies. By understanding the differing and explaining relations between these actors, organizations can develop effective strategies that take into account the needs and expectations of all relevant stakeholders.

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6 Differing Relation Between Vision, Core Objectives, Other Objectives, Mission and Management on the Operational Level

6.1 Introduction

Strategic management of an international company is an essential aspect of managing the organization's resources to achieve its objectives. Strategic management is a dynamic process that involves setting the company's goals, objectives, and priorities, and aligning resources to achieve these objectives. This chapter explores the differing relationship between the vision, core objectives, other objectives, mission, and management on the operational level in strategic management.

6.2 Vision

The vision of an organization is a statement of the company's desired future state. It provides a direction and purpose for the organization, inspiring and motivating employees to work towards achieving the vision. According to Collis and Rukstad (2008), a good vision statement should be challenging, compelling, and easy to understand. The vision statement should be inspirational, driving the organization to achieve its long-term goals.

The relationship between the vision and the management on the operational level is critical. The management team is responsible for translating the vision into specific objectives and goals that can be achieved through the organization's operations. The vision statement helps the management team to prioritize the organization's activities and allocate resources to achieve the vision. This ensures that the organization is focused on the long-term goals and objectives, rather than short-term gains.

6.3 Core Objectives

The core objectives of an organization are the fundamental goals that the organization seeks to achieve. These objectives are the primary focus of the organization, driving its operations and decision-making. The core objectives are typically related to the organization's core competencies and strategic advantages, and they are critical to the organization's long-term success.

The relationship between the core objectives and the management on the operational level is crucial. The management team is responsible for ensuring that the organization's operations and resources are aligned with the core objectives. This requires a deep understanding of the organization's core competencies and strategic advantages, as well as the external environment in which the organization operates. The management team must develop strategies that enable the organization to achieve its core objectives while remaining adaptable to changes in the external environment.

6.4 Other Objectives

In addition to the core objectives, organizations may also have other objectives that are important to their success. These objectives may be related to improving operational efficiency, expanding into new markets, or developing new products or services. While these objectives may not be as critical to the organization's long-term success as the core objectives, they are still essential for achieving the organization's overall goals.

The relationship between the other objectives and the management on the operational level is also critical. The management team is responsible for balancing the organization's resources between the core objectives and the other objectives. This requires a deep understanding of the organization's priorities and the external environment. The management team must develop strategies that enable the organization to achieve both its core objectives and its other objectives while remaining adaptable to changes in the external environment.

6.5 Mission

The mission of an organization is a statement of its purpose and reason for existence. It provides a framework for the organization's decision-making and guides its operations. According to Johnson, Scholes, and Whittington (2017), a good mission statement should be clear, concise, and specific. The mission statement should communicate the organization's purpose, values, and goals.

The relationship between the mission and the management on the operational level is critical. The management team is responsible for ensuring that the organization's operations and resources are aligned with the mission. This requires a deep understanding of the organization's purpose, values, and goals, as well as the external environment in which the organization operates. The management team must develop strategies that enable the organization to achieve its mission while remaining adaptable to changes in the external environment.

6.6 Conclusion

In conclusion, strategic management of an international company involves setting the company's goals, objectives, and priorities, and aligning resources to achieve them. The relationship between the vision, core objectives, other objectives, mission, and management on the operational level is critical in ensuring the organization's success. The vision statement provides a direction and purpose for the organization, inspiring and motivating employees to work towards achieving the vision. The core objectives are the fundamental goals that the organization seeks to achieve, and the management team is responsible for ensuring that the organization's operations and resources are aligned with them. Other objectives may also be important for achieving the organization's overall goals, and the management team must balance the organization's resources between the core objectives and the other objectives. The mission statement provides a framework for the organization's decision-making and guides its operations, and the management team is responsible for ensuring that the organization's operations and resources are aligned with the mission. By understanding the differing relationship between these aspects of strategic management, organizations can develop effective strategies for achieving their goals and objectives.

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7 Defining and Explaining Roles between Owners, Managers, and Employees at Strategy Development and Realization

7.1 Introduction

In the dynamic business environment, the strategic management of international companies has become an essential component for organizational success. The development and realization of strategic initiatives require collaboration and coordination among owners, managers, and employees. However, the roles and responsibilities of these key stakeholders are often blurred, leading to ineffective strategy implementation. Therefore, this chapter aims to define and explain the roles and responsibilities of owners, managers, and employees in strategy development and realization. The chapter also explores the challenges and opportunities of effective collaboration among the stakeholders.

7.2 Owners' Roles and Responsibilities

Owners are the ultimate decision-makers and responsible for the strategic direction of the company. The owners' role in the strategic management of the company includes setting the vision, mission, and goals, and defining the organizational structure and governance mechanisms. Owners also allocate resources and determine the risk-taking approach to ensure the company's long-term sustainability (Hitt et al., 2020). According to Hitt et al. (2020), owners have the following responsibilities:

1. Defining the company's strategic direction and goals
2. Setting the tone at the top and establishing ethical standards
3. Appointing the board of directors and top-level executives
4. Allocating resources to achieve strategic goals
5. Evaluating and monitoring the performance of the company and its executives
6. Ensuring the company's compliance with legal and ethical standards

However, owners face challenges in ensuring effective collaboration with managers and employees. The communication gap between owners and managers may lead to a lack of alignment between the strategic goals and operational activities. Moreover, owners may face challenges in delegating responsibilities to managers and employees, leading to a micromanagement approach that hampers creativity and innovation (Liang & Ren, 2018).

7.3 Managers' Roles and Responsibilities

Managers are responsible for implementing the strategic direction set by the owners. Managers' role in the strategic management of the company includes translating the vision and goals into operational activities and allocating resources to achieve the desired outcomes. Managers also monitor and evaluate the performance of the employees and implement corrective actions to ensure the achievement of the strategic goals (Hitt et al., 2020). According to Hitt et al. (2020), managers have the following responsibilities:

1. Translating the company's strategic direction into operational activities
2. Allocating resources to achieve the desired outcomes
3. Monitoring and evaluating the performance of employees
4. Implementing corrective actions to ensure the achievement of strategic goals
5. Communicating the strategic goals and progress to employees and stakeholders
6. Managing the organization's risks and opportunities

However, managers face challenges in balancing the strategic goals with the employees' operational realities. The lack of alignment between the strategic goals and operational activities may lead to the failure of the strategy implementation. Moreover, managers may face challenges in motivating and engaging employees to achieve the strategic goals, leading to a low commitment to the strategy (Kang & Snell, 2019).

7.4 Employees' Roles and Responsibilities

Employees are the front-line executioners and responsible for implementing the operational activities to achieve the strategic goals. Employees' role in the strategic management of the company includes aligning their daily activities with the strategic direction set by the owners and managers. Employees also contribute to the innovation and continuous improvement of the processes and products to ensure the company's competitiveness (Hitt et al., 2020). According to Hitt et al. (2020), employees have the following responsibilities:

1. Aligning their daily activities with the company's strategic direction
2. Contributing to the innovation and continuous improvement of processes and products
3. Adhering to ethical and legal standards
4. Communicating the issues and challenges encountered in the implementation of the strategy to the managers and owners
5. Providing feedback and suggestions for improving the strategy implementation
6. Participating in the development and implementation of the strategy

However, employees face challenges in understanding the strategic goals and aligning their daily activities with them. The lack of communication and involvement in the strategy development may lead to a lack of commitment and engagement to the strategy. Moreover, employees may face challenges in implementing the strategy due to a lack of resources, skills, and training (Hirunyawipada & Paswan, 2019).

7.5 Collaboration among Owners, Managers, and Employees

Effective collaboration among owners, managers, and employees is critical for successful strategy development and realization. Collaboration involves a shared understanding of the strategic goals and responsibilities, clear communication channels, and mutual trust and respect (Hitt et al., 2020). According to Hitt et al. (2020), effective collaboration requires the following:

1. Shared understanding of the strategic goals and responsibilities
2. Clear communication channels and feedback mechanisms
3. Mutual trust and respect among stakeholders
4. Recognition of the contributions and achievements of stakeholders
5. Alignment of incentives and rewards with the strategic goals
6. Continuous learning and improvement of the collaboration process

However, effective collaboration among stakeholders may face challenges due to power dynamics, conflicting interests, and cultural differences. The power dynamics may lead to a lack of voice and influence of employees in the strategy development and realization. The conflicting interests may lead to a lack of alignment between the stakeholders and the resistance to change. Moreover, cultural differences may lead to misunderstandings and communication barriers (Sahin et al., 2019).

7.6 Conclusion

In conclusion, effective strategy development and realization require the collaboration and coordination among owners, managers, and employees. Each stakeholder has a unique role and responsibility in the strategic management of the company. Owners set the strategic direction and allocate resources, managers implement the strategy and monitor the performance, and employees execute the operational activities and contribute to innovation and continuous improvement. Effective collaboration among stakeholders requires a shared understanding of the strategic goals and responsibilities, clear communication channels, and mutual trust and respect. However, effective collaboration may face challenges due to power dynamics, conflicting interests, and cultural differences. Therefore, effective collaboration requires continuous learning and improvement of the collaboration process.

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8 Explaining Strategic Planning, Organizing, Leading, and Controlling in the Organization

8.1 Introduction

In today's rapidly changing business environment, it is essential for international companies to have effective strategic management practices in place to ensure their success. Strategic management involves the formulation and implementation of the major goals and initiatives taken by a company's top management on behalf of owners, based on consideration of resources and an assessment of the internal and external environments in which the organization competes. The four functions of management; planning, organizing, leading, and controlling, are fundamental to successful strategic management. This chapter aims to explore each of these four functions in the context of strategic management of international companies.

8.2 Strategic Planning

Strategic planning is the process of developing and documenting a long-term vision for an organization and the strategies and tactics necessary to achieve that vision. It involves analyzing the organization's current situation, setting goals and objectives, and creating a roadmap for achieving those goals. In the context of international companies, strategic planning may also involve evaluating and adapting to changes in global market conditions, economic policies, and legal and regulatory frameworks.

One of the most critical aspects of strategic planning is the SWOT analysis. SWOT stands for Strengths, Weaknesses, Opportunities, and Threats. A SWOT analysis helps to identify the company's internal and external factors that may affect its ability to achieve its objectives. According to Schaufeli and Salanova (2021), conducting a SWOT analysis is necessary for strategic planning, as it helps to identify the company's strengths and weaknesses and prioritize opportunities for growth and development.

Another crucial component of strategic planning is the development of a strategic plan. According to Hitt, Ireland, and Hoskisson (2021), a strategic plan is a document that outlines a company's long-term goals and objectives, as well as the strategies and tactics necessary to achieve them. It typically includes an analysis of the company's strengths and weaknesses, an assessment of market opportunities and threats, and a detailed action plan for achieving the company's objectives. The strategic plan serves as a roadmap for the organization's decision-makers and provides a framework for the company's ongoing activities.

8.3 Organizing

Organizing is the process of arranging resources to achieve organizational goals. This involves identifying the necessary resources, developing a structure for the organization, and assigning roles and responsibilities to team members. In the context of international companies, organizing may also involve the allocation of resources across multiple countries and regions.

One of the most critical aspects of organizing is the development of a clear organizational structure. According to Kinicki and Williams (2018), an organizational structure defines the roles and responsibilities of each team member and provides a clear hierarchy of decision-making authority. An effective organizational structure helps to ensure that the company's resources are used efficiently and that team members are working together to achieve organizational goals.

Another crucial component of organizing is the development of effective communication channels. According to Robbins and Coulter (2019), effective communication is essential to the success of any organization. In the context of international companies, effective communication may involve overcoming language and cultural barriers and ensuring that team members are aligned with the company's strategic objectives. Developing effective communication channels can help to ensure that team members are working together effectively and that everyone is on the same page regarding the company's goals and objectives.

8.4 Leading

Leading is the process of inspiring and motivating team members to achieve organizational goals. This involves setting a clear vision for the organization, creating a positive organizational culture, and developing effective leadership strategies. In the context of international companies, leading may also involve managing teams across multiple countries and regions and ensuring that team members are aligned with the company's strategic objectives.

One of the most critical aspects of leading is the development of effective leadership strategies. According to Yukl (2018), effective leadership involves developing a clear vision for the organization, creating a positive organizational culture, and leading by example. Effective leaders inspire and motivate team members to achieve their best and work towards organizational goals. In the context of international companies, effective leadership may also involve cultural sensitivity and the ability to work across diverse teams.

Another critical component of leading is the development of a positive organizational culture. According to Cameron and Quinn (2019), organizational culture refers to the shared values, beliefs, and attitudes that characterize an organization. A positive organizational culture can help to foster employee engagement, creativity, and innovation. In the context of international companies, a positive organizational culture may also involve cultural sensitivity and an appreciation for diversity.

8.5 Controlling

Controlling is the process of monitoring and evaluating organizational performance and taking corrective action when necessary. This involves setting performance standards, measuring actual performance, and taking corrective action to ensure that organizational goals are being met. In the context of international companies, controlling may also involve monitoring performance across multiple countries and regions.

One of the most critical aspects of controlling is the development of performance metrics. According to Daft (2018), performance metrics provide a quantitative measurement of organizational performance. They help to ensure that team members are working towards organizational goals and can provide insight into areas where performance can be improved.

In the context of international companies, performance metrics may also involve considering cultural and regional differences.

Another crucial component of controlling is the development of a corrective action plan. According to Robbins and Coulter (2019), corrective action involves identifying and addressing issues that are preventing the organization from achieving its goals. Effective corrective action plans involve identifying the root cause of the problem and developing a plan to address it. In the context of international companies, corrective action plans may also involve cultural sensitivity and an understanding of legal and regulatory frameworks in different countries and regions.

8.6 Conclusion

In conclusion, effective strategic management of international companies requires a thorough understanding of the four functions of management: planning, organizing, leading, and controlling. Strategic planning involves developing a long-term vision for the organization and the strategies and tactics necessary to achieve that vision. Organizing involves arranging resources to achieve organizational goals, including developing a clear organizational structure and effective communication channels. Leading involves inspiring and motivating team members to achieve organizational goals, including developing effective leadership strategies and fostering a positive organizational culture. Controlling involves monitoring and evaluating organizational performance and taking corrective action when necessary, including developing performance metrics and a corrective action plan. By effectively implementing these four functions of management, international companies can achieve their long-term goals and succeed in today's rapidly changing business environment.

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9 Explaining the concept of the basic, development, current policy of the organization

9.1 Introduction

Strategic management is an essential function of an organization that requires an in-depth understanding of its basic, development, and current policy. The concept of strategic management involves a long-term perspective that aims to achieve sustainable competitive advantage, enhance organizational performance, and achieve strategic goals. This chapter aims to explore the concept of basic, development, and current policy of an organization and how they influence the strategic management process.

9.2 Basic Policy of an Organization

The basic policy of an organization refers to its fundamental principles and beliefs that guide its operations and decision-making. According to Boiral (2017), the basic policy of an organization is the foundation of its strategic management process. It provides a framework for defining the organization's mission, vision, and values, which are essential components of strategic planning.

The mission of an organization describes its purpose, which is why it exists, what it does, and for whom. The vision outlines the organization's aspirations and goals, which provide direction and motivation for the organization. The values reflect the organization's ethical principles and beliefs, which guide its behavior and decision-making. The basic policy of an organization helps to align its mission, vision, and values with its strategic goals and objectives.

9.3 Development Policy of an Organization

The development policy of an organization refers to its strategic plan to achieve its long-term goals and objectives. It involves identifying and assessing internal and external factors that affect the organization's performance, developing strategies to exploit opportunities and mitigate threats, and allocating resources to achieve its strategic goals. According to Simsek, Heavey, and Veiga (2020), the development policy of an organization is a critical component of its strategic management process because it guides its actions and decisions.

The development policy of an organization includes various components, such as its strategic goals and objectives, market analysis, competitive analysis, resource allocation, and implementation plan. The strategic goals and objectives provide a clear direction for the organization and help to measure its progress towards achieving its long-term goals. The market analysis and competitive analysis help to identify opportunities and threats in the external environment, while the resource allocation plan helps to allocate resources efficiently and effectively. The implementation plan outlines the specific actions and initiatives that the organization will undertake to achieve its strategic goals and objectives.

9.4 Current Policy of an Organization

The current policy of an organization refers to its current strategic plan and initiatives that it is undertaking to achieve its strategic goals and objectives. According to Berman and Wang (2018), the current policy of an organization is an essential component of its strategic management process because it reflects the organization's current position, performance, and direction.

The current policy of an organization includes various components, such as its current strategic goals and objectives, ongoing initiatives, performance metrics, and evaluation plan. The current strategic goals and objectives reflect the organization's current priorities and direction, while ongoing initiatives reflect its current actions and initiatives. The performance metrics help to measure the organization's performance and progress towards achieving its strategic goals and objectives, while the evaluation plan helps to assess the effectiveness of its current policy.

9.5 Conclusion

In conclusion, strategic management of an international company requires an in-depth understanding of its basic, development, and current policy. The basic policy of an organization provides a framework for defining its mission, vision, and values, which guide its strategic planning. The development policy of an organization involves developing a strategic plan to achieve its long-term goals and objectives, while the current policy of an organization reflects its current position, performance, and direction. By understanding the concept of basic, development, and current policy of an organization, managers can develop effective strategies to achieve sustainable competitive advantage, enhance organizational performance, and achieve strategic goals.

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10 The Concepts of Means, Resources and Activities within the Organization

10.1 Introduction

International companies operate in complex environments that require strategic management practices to ensure their success. Strategic management refers to the formulation and implementation of strategies that help an organization achieve its goals and objectives. This chapter discusses the concepts of means, resources, and activities within an organization and their role in strategic management. It also examines how these concepts can be used to develop effective strategies for international companies.

10.2 Means

Means refer to the methods or approaches used to achieve a particular goal or objective. In the context of strategic management, means include the various strategies, tactics, and tools used by an organization to achieve its goals. According to Porter (2018), means are the critical elements that distinguish one company from another in terms of its ability to compete effectively in the market. Means can be classified into two categories: strategic and operational means.

Strategic means are long-term approaches that an organization uses to achieve its objectives. They include developing new products, entering new markets, forming strategic partnerships, and mergers and acquisitions. Strategic means require significant resources and involve high levels of risk. However, if successful, they can yield high returns and provide the organization with a sustainable competitive advantage.

Operational means, on the other hand, are short-term approaches used by an organization to achieve its objectives. They include pricing strategies, marketing campaigns, and cost reduction initiatives. Operational means are less risky than strategic means and are easier to implement. However, they provide only temporary benefits and may not provide the organization with a sustained competitive advantage.

10.3 Resources

Resources refer to the assets or capabilities that an organization possesses and can use to achieve its objectives. Resources can be classified into two categories: tangible and intangible resources.

Tangible resources are physical assets that an organization possesses, such as buildings, equipment, and inventory. These resources are visible and measurable and are essential for an organization to operate effectively.

Intangible resources, on the other hand, are assets that are not physical but are critical for an organization's success. These resources include human capital, brand reputation, and intellectual property. Intangible resources are harder to measure but are equally important as tangible resources.

10.4 Activities

Activities refer to the actions or tasks that an organization performs to achieve its objectives. Activities can be classified into two categories: primary and support activities.

Primary activities are directly involved in the production and delivery of a product or service. These activities include inbound logistics, operations, outbound logistics, marketing and sales, and service. Primary activities are critical for an organization's success as they directly contribute to its value proposition.

Support activities, on the other hand, are activities that indirectly contribute to an organization's success. These activities include procurement, technology development, human resource management, and infrastructure. Support activities are essential for an organization's success as they help to create a strong organizational structure and culture.

10.5 Application to Strategic Management of International Companies

The concepts of means, resources, and activities are essential for developing effective strategies for international companies. International companies operate in complex and diverse environments that require careful consideration of these concepts.

International companies need to use strategic means to enter new markets, form strategic partnerships, and develop new products. To do this, they need to have the necessary resources, such as human capital, financial resources, and technology. International companies also need to perform primary activities, such as marketing and sales, to create value for their customers.

International companies also need to focus on support activities, such as human resource management, to create a strong organizational structure and culture. International companies need to have the necessary resources, such as skilled employees, to perform support activities effectively.

10.6 Conclusion

In conclusion, the concepts of means, resources, and activities are critical for strategic management in international companies. International companies need to use strategic means to enter new markets, form strategic partnerships, and develop new products, and they need to have the necessary resources to achieve these goals. International companies also need to focus on primary and support activities to create value for their customers and build a strong organizational structure and culture.

By understanding and applying these concepts, international companies can develop effective strategies that help them achieve their objectives and gain a sustainable competitive advantage in the global marketplace.

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11 Explaining Change Management, Effects, and Responses of the Organization on the Changes

11.1 Introduction

In the dynamic business environment, change has become an inevitable part of every organization. Globalization and technological advancements have led to an increase in the complexity and uncertainty of the business environment, forcing companies to respond to change. Change management has, therefore, become an essential skill for organizations to survive and succeed in the global marketplace. This chapter aims to explain the concept of change management, its effects, and how organizations respond to changes.

11.2 Change Management

Change management is the process of planning, implementing, and controlling changes to an organization's structure, processes, and culture. It involves the adoption of new ways of doing things to achieve desired outcomes. Change management is a complex and challenging process that requires careful planning, effective communication, and collaboration among stakeholders.

According to Hiatt and Creasey (2018), change management involves three key stages: preparing for change, managing change, and reinforcing change. The first stage involves assessing the need for change, setting goals, and developing a plan. The second stage involves implementing the plan, monitoring progress, and making necessary adjustments. The third stage involves consolidating the change, ensuring it becomes a part of the organization's culture, and providing support to sustain the change.

11.3 Effects of Change Management

Change management has both positive and negative effects on organizations. On the positive side, change management can lead to improved performance, increased competitiveness, and enhanced organizational culture. Change management can also lead to increased employee engagement, motivation, and job satisfaction (Buchanan and Huczynski, 2017).

On the negative side, change management can result in resistance, conflict, and stress among employees. Change can also lead to job losses, which can affect employee morale and organizational reputation. In some cases, change can fail, leading to wasted resources and damage to the organization's credibility (Hiatt and Creasey, 2018).

11.4 Organizational Responses to Change

Organizations respond to change in various ways, depending on the nature of the change and the organization's culture. According to Cameron and Green (2015), there are four types of organizational responses to change: passive, defensive, compliant, and proactive.

Passive responses involve ignoring the change or hoping it will go away. Passive responses are common in organizations that have a low sense of urgency or are risk-averse. Defensive responses involve resisting the change or trying to maintain the status quo. Defensive responses are common in organizations that have a strong culture or are resistant to change.

Compliant responses involve accepting the change but doing the minimum required to implement it. Compliant responses are common in organizations that have a high sense of urgency but limited resources or capacity. Proactive responses involve embracing the change and taking advantage of the opportunities it presents. Proactive responses are common in organizations that have a strong sense of urgency and a culture of innovation and risk-taking.

11.5 Conclusion

Change management is an essential skill for organizations to succeed in the dynamic business environment. Change management involves careful planning, effective communication, and collaboration among stakeholders. Change management has both positive and negative effects on organizations, depending on how it is managed. Organizations respond to change in various ways, depending on the nature of the change and the organization's culture. Understanding the concept of change management, its effects, and how organizations respond to changes is critical for organizations to achieve their strategic goals.

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12 Advise for further study and reading

For further study and reading on: Strategic Management of International Companies, there are many excellent resources available. Here are some recommendations:

1. "Global Business Today" by Charles W. L. Hill - This book provides an overview of the global business environment and discusses key strategic issues faced by multinational corporations.
2. "International Business: Environments and Operations" by John D. Daniels, Lee H. Radebaugh, and Daniel P. Sullivan - This book covers the key issues involved in managing an international business, including strategic planning, cross-cultural management, and international trade.
3. "Global Strategy" by Mike W. Peng - This book provides an overview of global strategy and discusses the key factors that companies need to consider when developing a global strategy.
4. "The End of Corporate Imperialism" by C.K. Prahalad - This book challenges the traditional approach to international business and argues that companies need to adopt a more flexible and adaptive approach to global strategy.
5. "The New Globalization: Reclaiming the Lost Ground of Our Economies and Societies" by Richard Baldwin - This book explores the challenges and opportunities of the new era of globalization and discusses the strategic implications for multinational corporations.
6. "Managing Across Borders: The Transnational Solution" by Christopher A. Bartlett and Sumantra Ghoshal - This book provides practical guidance for managing multinational corporations and discusses the challenges and opportunities of cross-border collaboration.
7. "The Strategy Paradox: Why committing to success leads to failure (and what to do about it)" by Michael E. Raynor - This book challenges traditional thinking about strategy and argues that companies need to be flexible and adaptive in order to succeed in a rapidly changing global environment.
8. "The Competitive Advantage of Nations" by Michael E. Porter - This book provides an overview of the competitive advantage of nations and discusses the key factors that contribute to national competitiveness.
9. "Global Strategy and Organization" by Anil K. Gupta and Vijay Govindarajan - This book provides an overview of global strategy and discusses the organizational challenges faced by multinational corporations.
10. "International Management: Culture, Strategy, and Behavior" by Fred Luthans and Jonathan Doh - This book covers the key issues involved in managing an international

business, including cross-cultural management, global strategy, and international human resource management.

By reading and studying these resources, individuals and firms can gain a deeper understanding of the complexities and opportunities in Strategic management of international companies, and develop the skills and knowledge needed to succeed in the global marketplace.

Strategic Management of International Company - PART 2

13 Management and Organization: Organization - Management and Managers - Manager Activities, Employees and Organization

13.1 Introduction

Effective management of an international company requires a deep understanding of the organization and its management. This chapter provides an overview of the concepts of organization, management, and managers in the context of international companies. It also discusses the roles and activities of managers in leading and directing employees to achieve the organization's goals.

13.2 Organization

An organization can be defined as a social entity comprising individuals, groups, and systems that work together to achieve a common objective (Daft, 2020). Organizations exist in various forms, including for-profit and nonprofit entities, and can be small, medium, or large. In an international context, organizations operate across different countries and cultures, which presents unique challenges that managers must overcome.

Organizations have structures that define the various roles, responsibilities, and relationships among employees. The structure determines the distribution of power, authority, and decision-making within the organization. A common structure in international companies is the matrix structure, which combines functional and geographic structures to facilitate collaboration across borders (Daft, 2020). The matrix structure enables the organization to leverage its diverse resources and expertise to achieve its strategic goals.

13.3 Management and Managers

Management is the process of planning, organizing, directing, and controlling organizational resources to achieve its objectives (Hitt et al., 2020). Managers are responsible for leading and directing employees to achieve the organization's goals. They play a critical role in setting the organization's strategic direction, allocating resources, and managing employees.

In an international company, managers must possess cultural intelligence, which is the ability to understand and adapt to different cultures and work effectively with people from diverse backgrounds (Earley & Ang, 2019). Cultural intelligence enables managers to build relationships with employees, customers, and stakeholders from different countries and cultures. It also enables them to navigate cultural differences and avoid misunderstandings that could undermine the organization's success.

13.4 Manager Activities

Managers engage in various activities to achieve the organization's goals. One of the critical activities is planning, which involves setting objectives, identifying resources, and developing strategies to achieve the objectives (Hitt et al., 2020). Planning enables managers to align the organization's resources and capabilities with its strategic objectives.

Organizing is another critical activity that involves designing the organization's structure, assigning tasks, and delegating authority to employees (Daft, 2020). Organizing enables managers to create an efficient and effective organizational structure that can respond to the organization's needs.

Directing is the activity of motivating and leading employees to achieve the organization's objectives (Hitt et al., 2020). Effective directing involves communicating the organization's vision, setting expectations, and providing feedback to employees. It also involves creating a positive work environment that promotes employee motivation and engagement.

Controlling is the activity of monitoring and evaluating performance to ensure that the organization's objectives are achieved (Daft, 2020). Effective controlling involves setting performance standards, measuring performance, and taking corrective action when necessary.

13.5 Employees and Organization

Employees are critical resources in the organization, and their engagement and motivation are critical to achieving the organization's objectives. Employee engagement is the degree to which employees are committed to their work and the organization's goals (Hitt et al., 2020). Engaged employees are more productive, loyal, and committed to the organization's success.

Managers play a critical role in promoting employee engagement and motivation. They can do this by creating a positive work environment, providing opportunities for growth and development, and recognizing and rewarding employee contributions (Earley & Ang, 2019). Effective communication is also essential in promoting employee engagement and motivation. Managers should communicate the organization's vision, goals, and expectations clearly and consistently to employees.

13.6 Conclusion

The effective management of an international company requires a deep understanding of the organization and its management. This chapter provided an overview of the concepts of organization, management, and managers in the context of international companies. It also discussed the roles and activities of managers in leading and directing employees to achieve the organization's goals.

To be successful in managing an international company, managers must possess cultural intelligence and be able to navigate cultural differences effectively. They must also engage in various activities such as planning, organizing, directing, and controlling to achieve the organization's goals. Moreover, managers must promote employee engagement and motivation by creating a positive work environment, providing opportunities for growth and development, and recognizing and rewarding employee contributions.

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13.8 Progress Test

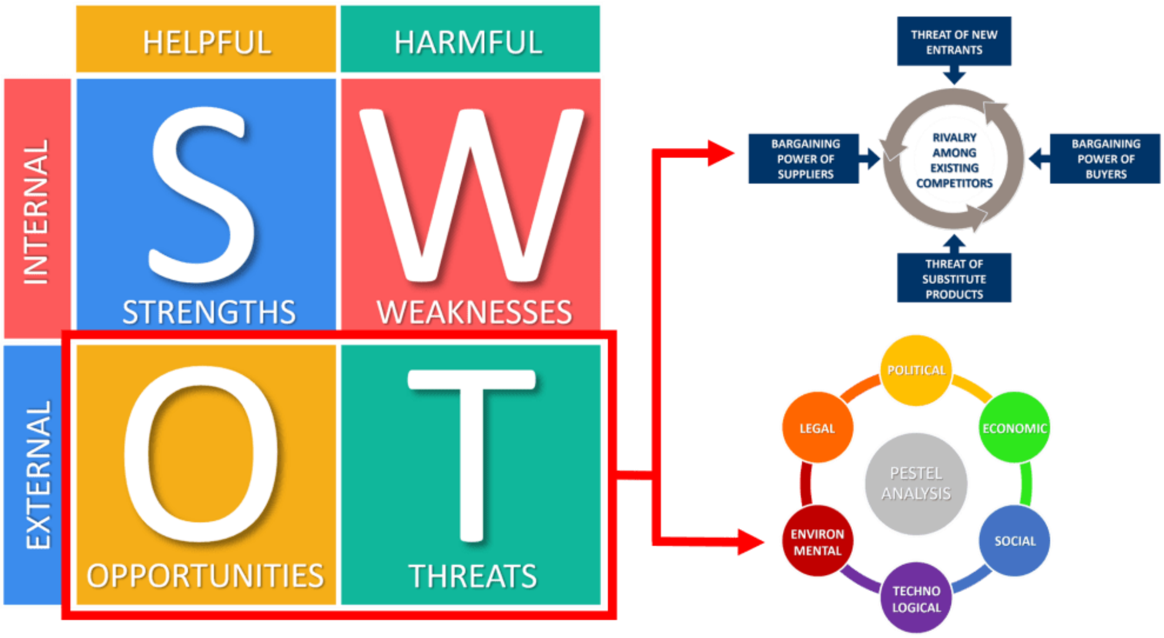
1. What is an organization?
    a. A group of individuals who work together to achieve a common objective
    b. A group of individuals who work independently to achieve their own goals
    c. A group of individuals who have no common objective
    d. A group of individuals who work for personal gains
2. What is management?
    a. The process of setting objectives
    b. The process of delegating tasks to employees
    c. The process of planning, organizing, directing, and controlling organizational resources
    d. The process of evaluating employee performance
3. What is cultural intelligence?
    a. The ability to understand and adapt to different cultures and work effectively with people from diverse backgrounds
    b. The ability to speak multiple languages
    c. The ability to understand and adapt to the local laws
    d. The ability to understand and adapt to the local customs and traditions
4. What is employee engagement?
    a. The degree to which employees are committed to their work and the organization's goals
    b. The degree to which employees are dissatisfied with their work and the organization's goals
    c. The degree to which employees are indifferent to their work and the organization's goals
    d. The degree to which employees are overcommitted to their work and the organization's goals

Answers: a, c, a, a

14 Organizations and Relations to Environment: PORTER Diagram and PEST Analysis

14.1 Introduction

Organizations are complex entities that interact with various external environments to survive and grow. The external environments are typically referred to as the organization's stakeholders, which include customers, suppliers, competitors, government agencies, and other entities that have an interest in the organization's operations. Understanding the organization's relationships with its stakeholders is critical for successful strategic management. This chapter will discuss two frameworks for analyzing the relationships between organizations and their external environments: the Porter diagram and the PEST analysis.



14.2 Porter Diagram

The Porter diagram is a framework developed by Michael Porter that helps organizations analyze the competitive environment in which they operate. The diagram consists of five forces: the threat of new entrants, the bargaining power of suppliers, the bargaining power of buyers, the threat of substitute products or services, and the intensity of competitive rivalry (Porter, 2008).

The threat of new entrants refers to the possibility that new competitors will enter the market and compete with existing companies. The level of threat depends on factors such as the barriers to entry, economies of scale, and the degree of product differentiation. The bargaining power of suppliers refers to the extent to which suppliers can influence the price and quality of the inputs used by the organization. The bargaining power of buyers refers to the extent to which buyers can influence the price and quality of the organization's products or services. The threat of substitute products or services refers to the possibility that customers will switch to a competitor's product or service if they perceive it to be a better value. Finally, the intensity of competitive rivalry refers to the level of competition among existing firms in the industry.

The Porter diagram is a useful tool for identifying the key factors that affect an organization's competitiveness. By understanding the five forces, organizations can develop strategies to increase their competitive advantage and maintain their position in the market. For example, an organization can increase its bargaining power by building strong relationships with its suppliers or by developing unique products or services that are difficult to replicate.

14.3 PEST Analysis

The PEST analysis is a framework that helps organizations analyze the macro-environmental factors that affect their operations. The acronym PEST stands for Political, Economic, Social, and Technological factors. The framework is often used as a tool for analyzing the external environment when developing a strategic plan.

Political factors refer to the political and legal environment in which the organization operates. This includes factors such as government regulations, taxation policies, and political stability. Economic factors refer to the broader economic environment, including factors such as inflation, exchange rates, and economic growth. Social factors refer to the cultural and social factors that affect the organization, such as demographic changes, consumer attitudes, and lifestyle trends. Finally, technological factors refer to the technological developments that affect the organization, such as new innovations, changes in communication, and changes in production processes.

The PEST analysis is a useful tool for identifying the key external factors that affect an organization's operations. By understanding these factors, organizations can develop strategies that take advantage of opportunities and mitigate potential threats. For example, an organization operating in an industry that is heavily regulated can develop strategies to comply with regulations while still maintaining profitability. Similarly, an organization operating in a market with changing consumer attitudes can develop new products or services that meet changing consumer demands.

14.4 Conclusion

In conclusion, the relationships between organizations and their external environments are complex and dynamic. The Porter diagram and the PEST analysis are two frameworks that can help organizations analyze their relationships with their external environments. By understanding these frameworks, organizations can develop strategies that take advantage of opportunities and mitigate potential threats. The Porter diagram helps organizations analyze the competitive environment, while the PEST analysis helps organizations analyze the macro-environmental factors that affect their operations. Successful strategic management requires organizations to continually analyze their relationships with their external environments and adjust their strategies accordingly.

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14.6 Progress Test

1. Which of the following is NOT one of the five forces in the Porter diagram?
    a. Threat of new entrants
    b. Bargaining power of suppliers
    c. Bargaining power of buyers
    d. Technological advancements
2. Which of the following factors is NOT included in the PEST analysis?
    a. Political
    b. Economic
    c. Social
    d. Technical
3. Which of the following is a way that an organization can increase its bargaining power?
    a. Lowering prices to undercut competitors
    b. Building strong relationships with suppliers
    c. Reducing the quality of their products or services
    d. Using aggressive marketing tactics
4. What is the purpose of the PEST analysis?
    a. To analyze the competitive environment
    b. To analyze the micro-environmental factors that affect an organization's operations
    c. To analyze the macro-environmental factors that affect an organization's operations
    d. To develop strategies for mitigating potential threats

Answers: d, d, b, c

15 Environmental Aspects and Strategic Management

15.1 Introduction

The world is changing fast, and companies are facing numerous environmental challenges in their quest to remain competitive in the global market. In recent years, there has been a growing recognition of the need to integrate environmental considerations into strategic management processes. Environmental aspects are now viewed as a critical component of corporate strategy, and companies that fail to recognize and respond to these challenges risk losing their competitive edge.

This chapter examines the relationship between environmental aspects and strategic management in international companies. It begins by defining environmental aspects and strategic management and discussing their importance in the context of the modern business environment. The chapter then explores the different environmental challenges facing international companies and the strategies that can be employed to address these challenges. Finally, it concludes by highlighting the key takeaways and offering recommendations for companies seeking to manage environmental aspects strategically.

15.2 Defining Environmental Aspects and Strategic Management

Environmental aspects refer to the various environmental factors that affect the operations and performance of an organization. These factors can be internal or external to the organization and can include factors such as climate change, pollution, resource depletion, and sustainability. Strategic management, on the other hand, refers to the process of formulating and implementing strategies that enable an organization to achieve its goals and objectives.

In the context of international companies, environmental aspects and strategic management are closely intertwined. International companies operate in a complex and rapidly changing global environment that presents numerous environmental challenges. To remain competitive in this environment, companies need to develop and implement strategies that address these challenges while also enabling them to achieve their objectives.

15.3 The Importance of Environmental Aspects and Strategic Management in the Modern Business Environment

The modern business environment is characterized by increasing competition, globalization, and rapid technological change. These factors have created a highly dynamic and uncertain business environment that requires companies to be agile and adaptable to remain competitive. Environmental aspects are now viewed as a critical component of strategic management in this context. Companies that ignore environmental considerations risk losing their competitive edge, as consumers, investors, and other stakeholders demand more sustainable and responsible business practices.

Moreover, environmental considerations are increasingly shaping the regulatory landscape, as governments around the world enact policies aimed at promoting environmental sustainability. Companies that fail to adapt to these changing regulatory requirements risk facing legal and reputational consequences.

15.4 Environmental Challenges Facing International Companies

International companies face numerous environmental challenges, including climate change, pollution, resource depletion, and sustainability. These challenges can have significant impacts on their operations, supply chains, and reputations. The following section explores these challenges in more detail.

15.4.1 Climate Change

Climate change is one of the most significant environmental challenges facing international companies. The scientific consensus is that human activities, particularly the burning of fossil fuels, are driving global warming, resulting in rising sea levels, more frequent and severe weather events, and other impacts. These impacts can have significant implications for companies operating in affected regions, particularly those with vulnerable supply chains.

15.4.2 Pollution

Pollution is another significant environmental challenge facing international companies. Air and water pollution can have significant health impacts on employees, customers, and local communities. Moreover, companies that contribute to pollution can face legal and reputational consequences, particularly as environmental regulations become more stringent.

15.4.3 Resource Depletion

Resource depletion is another significant environmental challenge facing international companies. Many companies rely on finite natural resources, such as oil, gas, and minerals, to operate. As these resources become scarcer and more expensive, companies face significant challenges in maintaining their operations and profitability.

15.4.4 Sustainability

Sustainability is perhaps the most significant environmental challenge facing international companies. Sustainability refers to the ability of a company to operate in a way that meets the needs of the present without compromising the ability of future generations to meet their own needs. Companies that fail to adopt sustainable practices risk losing their social license to operate, as consumers and other stakeholders demand more responsible and ethical business practices.

15.4.5 Strategies for Managing Environmental Aspects

International companies can adopt several strategies to manage environmental aspects effectively. These strategies include:

15.4.6 Environmental Audits

Environmental audits are an effective tool for identifying and assessing environmental risks and opportunities. An environmental audit involves a systematic review of an organization's operations to identify potential environmental risks and opportunities for improvement. Environmental audits can help companies to identify areas where they can reduce their environmental footprint, increase efficiency, and reduce costs.

15.4.7 Environmental Management Systems (EMS)

An environmental management system (EMS) is a framework that enables organizations to manage their environmental impacts systematically. An EMS provides a structured approach to managing environmental aspects, including planning, implementing, reviewing, and improving environmental performance.

15.4.8 Life Cycle Assessment (LCA)

A life cycle assessment (LCA) is a tool for assessing the environmental impacts of a product or service throughout its life cycle. An LCA can help companies to identify opportunities for improving the environmental performance of their products or services and can be used to inform product design decisions.

15.4.9 Sustainable Supply Chain Management
Sustainable supply chain management involves integrating environmental considerations into supply chain management processes. This can involve working with suppliers to reduce their environmental impact, implementing sustainable procurement practices, and developing sustainable logistics and transportation strategies.

15.4.10 Corporate Social Responsibility (CSR)
Corporate social responsibility (CSR) refers to a company's voluntary actions to improve its social, environmental, and economic impacts. Companies that adopt CSR practices are often viewed more favorably by consumers, investors, and other stakeholders and may enjoy a competitive advantage as a result.

15.5 Conclusion
Environmental aspects are now recognized as a critical component of strategic management in international companies. Companies that fail to recognize and respond to these challenges risk losing their competitive edge, as consumers, investors, and other stakeholders demand more sustainable and responsible business practices. To manage environmental aspects effectively, companies can adopt several strategies, including environmental audits, environmental management systems, life cycle assessments, sustainable supply chain management, and corporate social responsibility. By adopting these strategies, companies can not only reduce their environmental footprint but also improve their efficiency, reduce costs, and enhance their reputation.

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15.7 Progress Test

1. Which of the following is the primary challenge faced by organizations in the current era of globalization?
    a. Balancing economic growth and social sustainability
    b. Balancing economic growth and environmental sustainability
    c. Balancing social sustainability and environmental sustainability
    d. None of the above
2. What is the process of integrating environmental considerations into the strategic decision-making process of an organization?
    a. Environmental scanning
    b. Environmental analysis
    c. Environmental management
    d. None of the above
3. What is the most effective method of environmental analysis?
    a. SWOT analysis
    b. PESTEL analysis
    c. BCG matrix analysis
    d. Porter's Five Forces analysis
4. What is the international standard for environmental management?
    a. ISO 9001
    b. ISO 14001
    c. ISO 45001
    d. None of the above

Answers: b, c, b, b

16 Organization Policy Planning – Policy Models – Strategic Planning and Analysis

16.1 Introduction

In today's global economy, companies face various challenges in managing their operations and achieving their objectives. One of the most important aspects of managing an international company is the development of effective policies and strategies. These policies and strategies need to be aligned with the company's objectives and goals, and should help the organization to adapt to changing market conditions and evolving business environments. In this chapter, we will discuss the importance of organization policy planning, policy models, strategic planning, and analysis for international companies.

16.2 Organization Policy Planning

Organization policy planning is a process of developing policies that guide the actions of an organization towards achieving its goals and objectives. Policies are the guidelines that specify what the organization should do and how it should do it. They provide a framework for decision-making and help to ensure consistency in the organization's actions. The policy planning process involves identifying the issues, analyzing the options, and developing policies that address those issues.

16.3 Policy Models

Policy models are frameworks that guide the development of policies. They provide a structured approach to policy development and help to ensure that policies are consistent with the organization's objectives and goals. There are several policy models that can be used for developing policies. These include the rational model, incremental model, mixed scanning model, and advocacy/participatory model.

The rational model is a linear approach to policy development, where the problem is identified, alternatives are evaluated, and the best alternative is chosen based on a rational analysis of the costs and benefits.

The incremental model is a gradual approach to policy development, where policies are developed in small steps, based on feedback from stakeholders and the results of previous policy interventions.

The mixed scanning model is a combination of the rational and incremental models, where the policy development process involves both a rational analysis of the costs and benefits and feedback from stakeholders.

The advocacy/participatory model is a more participatory approach to policy development, where stakeholders are involved in the policy development process, and policy decisions are made based on the values and preferences of the stakeholders.

16.4 Strategic Planning and Analysis

Strategic planning is a process of defining the organization's long-term goals and objectives, and developing strategies to achieve those goals and objectives. Strategic planning involves a systematic analysis of the organization's internal and external environment, including its strengths, weaknesses, opportunities, and threats.

SWOT analysis is a commonly used tool for strategic planning. SWOT analysis involves identifying the organization's strengths, weaknesses, opportunities, and threats. The strengths and weaknesses are internal factors that are within the control of the organization, while the opportunities and threats are external factors that are outside the control of the organization.

Once the SWOT analysis is complete, the organization can use the information to develop strategies that capitalize on its strengths, address its weaknesses, take advantage of opportunities, and mitigate threats. The strategies should be consistent with the organization's objectives and goals, and should be reviewed and updated periodically to ensure that they remain relevant and effective.

16.5 Conclusion

Effective organization policy planning, policy models, strategic planning, and analysis are essential for the success of international companies. Policies and strategies should be aligned with the organization's objectives and goals, and should help the organization to adapt to changing market conditions and evolving business environments. The use of policy models and strategic planning tools, such as SWOT analysis, can help organizations to develop effective policies and strategies that are consistent with their objectives and goals.

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16.7 Progress Test

1. What is the purpose of organization policy planning?
    a. To develop guidelines for organizational actions
    b. To increase the organization's profits
    c. To manage human resources
    d. To reduce costs
2. What is a rational model of policy development?
    a. A linear approach to policy development
    b. A gradual approach to policy development
    c. A combination of the rational and incremental models
    d. A more participatory approach to policy development
3. What is strategic planning?
    a. A process of defining the organization's short-term goals and objectives
    b. A process of developing policies that guide the actions of an organization
    c. A process of defining the organization's long-term goals and objectives
    d. A process of reviewing and updating policies periodically
4. What is SWOT analysis?
    a. A tool for developing policies
    b. A tool for analyzing an organization's internal and external environment
    c. A tool for managing human resources
    d. A tool for reducing costs

Answer Key: a, a, c, b

17 Basic Policy of the Organization: Interests, Vision, Core Objectives, and Mission of the Organization – Values: Organization and Environment Culture, Ethics of Management

17.1 Introduction

Strategic management is a critical aspect of any international company. Organizations face complex challenges when entering global markets, including new cultures, regulations, and economic structures. Therefore, companies require strategic plans to manage these challenges and leverage opportunities. This chapter aims to discuss the basic policies of an organization, including interests, vision, core objectives, and mission, and their alignment with organizational culture and values. Furthermore, the chapter examines the significance of ethics in organizational management and the implications of ethical behavior on organizational performance.

17.2 Interests

Organizational interests refer to the company's goals, objectives, and aspirations. In international business, interests are centered around expanding the business to new territories, acquiring new customers, increasing revenue, and creating a competitive advantage. Interests are vital in strategic management, as they provide the basis for setting objectives and goals that guide the organization's decision-making process. However, setting goals and objectives alone is insufficient. An organization must articulate its vision to provide direction and focus to its operations.

17.3 Vision

The organizational vision describes the desired future state of the company. It articulates what the company aspires to achieve in the long-term. The vision provides guidance on what the organization should strive for and what it should avoid. An effective vision must be clear, concise, and easily understood by all stakeholders. Moreover, the vision must align with the company's interests and values. An effective vision statement is characterized by its ability to inspire employees, create a sense of purpose, and differentiate the organization from its competitors.

17.4 Core Objectives

Core objectives are the specific outcomes that the organization must achieve to realize its vision. Core objectives are essential in strategic management as they provide a clear focus on the company's operations. The core objectives must be aligned with the company's interests and vision. Moreover, core objectives must be measurable, achievable, relevant, and time-bound. An effective core objective is characterized by its ability to provide direction, focus, and motivation to employees. Additionally, core objectives should be flexible to allow for adjustments when the company's operating environment changes.

17.5 Mission

The organizational mission outlines the company's purpose, values, and beliefs. The mission provides a clear understanding of why the organization exists and what it seeks to accomplish. The mission statement should be aligned with the company's interests, vision, and core objectives. An effective mission statement is characterized by its ability to provide a sense of direction, purpose, and motivation to employees. Furthermore, the mission statement should guide the company's decision-making process and help align the company's operations with its values.

17.6 Values

Organizational values refer to the beliefs and principles that guide the company's behavior and decision-making. Values provide a framework for ethical behavior, which is critical in international business. Ethical behavior helps the company build trust with stakeholders, including customers, employees, and regulators. Furthermore, ethical behavior is a critical aspect of corporate social responsibility, which is increasingly important in today's business environment.

17.7 Organizational and Environmental Culture

Organizational culture refers to the shared values, beliefs, and norms that guide the behavior of employees in the organization. Organizational culture plays a critical role in shaping employee behavior, attitudes, and decision-making. Furthermore, organizational culture influences how the organization interacts with its environment, including customers, suppliers, regulators, and other stakeholders. An effective organizational culture is characterized by its ability to foster innovation, promote ethical behavior, and enhance the company's reputation.

17.8 Ethics of Management

Ethics of management refers to the moral principles and values that guide the behavior of managers in the organization. Ethical behavior in management is critical, particularly in international business, where organizations face complex ethical dilemmas. Ethical behavior in management is essential for building trust with stakeholders, including employees, customers, suppliers, and regulators. An ethical approach to management involves honesty, integrity, and transparency in decision-making.

Organizations that practice ethical management are more likely to attract and retain high-quality employees, enhance their reputation, and build long-term relationships with customers and suppliers. Moreover, ethical management practices are increasingly becoming a requirement for companies to access new markets and comply with regulations.

17.9 Conclusion

In conclusion, basic policies of an organization, including interests, vision, core objectives, and mission, are critical in strategic management. These policies provide direction, focus, and purpose to the organization. Moreover, organizational culture and values play a critical role in shaping employee behavior and decision-making. An effective organizational culture fosters innovation, promotes ethical behavior, and enhances the company's reputation. Ethical behavior in management is also essential for building trust with stakeholders, complying with regulations, and accessing new markets. Therefore, international companies must align their basic policies with their culture and values and practice ethical behavior in management to succeed in global markets.

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17.11 Progress Test

1. Which of the following refers to the desired future state of an organization?
    a. Interests
    b. Vision
    c. Core objectives
    d. Mission
2. Which of the following is NOT a characteristic of an effective mission statement?
    a. Alignment with the company's interests
    b. Ability to provide a sense of direction
    c. Ability to guide the company's decision-making process
    d. Flexibility to allow for adjustments when the company's operating environment changes
3. Which of the following is a critical aspect of an effective organizational culture?
    a. The ability to foster innovation
    b. The ability to promote unethical behavior
    c. The ability to enhance the company's reputation negatively
    d. The ability to alienate employees and customers
4. Why is ethical behavior in management critical in international business?
    a. It helps the company build trust with stakeholders
    b. It increases revenue and market share
    c. It allows the company to ignore regulations
    d. It leads to short-term gains for the company

Answers: b, d, a, a

18 Development Policy of the Organization: Development Policy – Business Model – Organization Structuring – Infrastructural Systems of Organization

18.1 Introduction

The success of an international company depends on its ability to adapt to changing business environments and to make strategic decisions that align with its long-term goals. One of the critical factors in achieving this success is the development policy of the organization. This chapter aims to provide a comprehensive understanding of the development policy of an organization. It covers various aspects of development policy, including business model, organization structuring, and infrastructural systems of the organization. The chapter concludes with a discussion of the importance of aligning these aspects of the development policy to achieve organizational success.

18.2 Development Policy

Development policy is a set of policies and strategies that an organization adopts to achieve its long-term goals. It is a process of continuous improvement in the organization's practices, procedures, and systems to achieve excellence. According to Czarnitzki and Spielkamp (2018), development policy is a critical determinant of organizational success, and it involves the following aspects: business model, organization structuring, and infrastructural systems of the organization.

18.3 Business Model

The business model is the blueprint of how an organization creates, delivers, and captures value. It is a critical aspect of the development policy, and it helps an organization to align its resources and capabilities with its long-term goals. According to Osterwalder and Pigneur (2010), a business model comprises nine building blocks: customer segments, value proposition, channels, customer relationships, revenue streams, key resources, key activities, key partnerships, and cost structure. These building blocks help an organization to identify its target customers, create a value proposition that meets their needs, and deliver it through the right channels and customer relationships. The business model also helps an organization to generate revenue, allocate resources efficiently, and manage costs effectively.

18.4 Organization Structuring

Organization structuring is the process of organizing an organization's resources and activities to achieve its long-term goals. It involves creating a formal structure that defines roles, responsibilities, and reporting relationships. According to Cummings and Worley (2014), organization structuring is a critical aspect of the development policy, and it helps an organization to achieve the following objectives: to allocate resources efficiently, to achieve economies of scale, to improve coordination and communication, to enhance employee motivation and commitment, and to manage risk effectively. The most common forms of organization structures are functional, divisional, and matrix structures.

18.5 Infrastructural Systems of the Organization

Infrastructural systems of the organization are the systems and processes that support the organization's operations. These include information systems, financial systems, human resource systems, and supply chain systems. According to Laudon and Laudon (2016), infrastructural systems of the organization are critical components of the development policy, and they help an organization to achieve the following objectives: to improve operational efficiency, to enhance decision-making, to manage risk effectively, to improve customer service, and to support innovation and growth. Infrastructural systems of the organization should be aligned with the organization's business model and organization structuring to achieve maximum effectiveness.

18.6 Conclusion

The development policy of an organization is critical to its success. It involves the adoption of policies and strategies that align with the organization's long-term goals. The development policy comprises various aspects, including the business model, organization structuring, and infrastructural systems of the organization. These aspects should be aligned to achieve maximum effectiveness. The business model helps an organization to create, deliver, and capture value. Organization structuring helps an organization to organize its resources and activities to achieve its long-term goals. Infrastructural systems of the organization support the organization's operations and help it to achieve its objectives. Alignment of these aspects of the development policy is essential to achieving organizational success.

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18.8 Progress Test

1. Which of the following is NOT an aspect of the development policy of an organization?
    a. Business model
    b. Organizational culture
    c. Organization structuring
    d. Infrastructural systems of the organization
2. What is the business model of an organization?
    a. It is the process of organizing an organization's resources and activities to achieve its long-term goals
    b. It is the blueprint of how an organization creates, delivers, and captures value
    c. It is the set of policies and strategies that an organization adopts to achieve its long-term goals
    d. It is the systems and processes that support the organization's operations
3. What is the most common form of organization structure?
    a. Functional
    b. Divisional
    c. Matrix
    d. Hybrid
4. Why is alignment of the development policy of an organization important?
    a. It helps the organization to achieve maximum effectiveness
    b. It helps the organization to achieve its short-term goals
    c. It helps the organization to reduce costs
    d. It helps the organization to minimize risk

Answers: b, b, a, a

19 Current Policy of the Organization: Current Activities of the Organization – Process – Means Management

19.1 Introduction

Strategic management is essential for any organization that aims to achieve long-term success. The global business environment has become increasingly complex, and organizations need to adapt to this change. The strategic management of international companies is even more challenging due to the diversity of cultures, political systems, and economic conditions. Effective strategic management requires an understanding of the organization's current policy and activities. This chapter examines the current policy of the organization and how it affects the management process and means.

19.2 Current Policy of the Organization

The policy of an organization refers to a set of principles, rules, and guidelines that guide decision-making and actions. The policy of an organization can be categorized into three levels: corporate, business, and functional. Corporate policy relates to the overall direction of the organization, while business policy relates to a specific business unit. Functional policy pertains to a particular department within the organization. The policy of an organization is critical in determining its direction and focus.

The current policy of an organization is influenced by internal and external factors. Internal factors include the organization's goals, objectives, resources, and capabilities. External factors include political, economic, social, technological, and legal factors. The current policy of the organization can be analyzed using tools such as SWOT analysis, PESTEL analysis, and Porter's Five Forces model. These tools help to identify the strengths, weaknesses, opportunities, and threats of an organization.

19.3 Current Activities of the Organization

The current activities of the organization are the actions taken to achieve the organization's goals and objectives. These activities can be classified into two categories: operational and strategic. Operational activities relate to the day-to-day activities of the organization, such as production, marketing, and finance. Strategic activities relate to the long-term direction of the organization, such as new product development, market entry, and mergers and acquisitions.

The current activities of an organization can be analyzed using tools such as value chain analysis and the Boston Consulting Group (BCG) matrix. Value chain analysis helps to identify the activities that add value to the organization, while the BCG matrix helps to identify the organization's product portfolio.

19.4 Process Management

Process management refers to the management of processes within an organization. A process is a series of activities that transforms inputs into outputs. Process management involves the design, implementation, monitoring, and improvement of processes. Effective process management can lead to improved efficiency, quality, and customer satisfaction.

The current policy and activities of the organization affect the management of processes. For example, if an organization's policy is to prioritize customer satisfaction, its processes should be designed to meet this objective. The organization's current activities should also be monitored to identify opportunities for process improvement.

19.5 Means Management

Means management refers to the management of resources within an organization. Resources include people, money, materials, and equipment. Effective means management involves the allocation, utilization, and control of resources to achieve the organization's goals and objectives.

The current policy and activities of the organization affect means management. For example, if an organization's policy is to expand into new markets, it may require additional resources such as capital, personnel, and equipment. The organization's current activities should also be monitored to ensure that resources are being utilized effectively.

19.6 Conclusion

In conclusion, effective strategic management requires an understanding of the organization's current policy and activities. The policy of an organization is critical in determining its direction and focus, while the current activities of the organization are the actions taken to achieve the organization's goals and objectives. Process management and means management are essential components of strategic management and are affected by the organization's current policy and activities. Analyzing the organization's current policy and activities using tools such as SWOT analysis, PESTEL analysis, value chain analysis, and the BCG matrix can help to identify areas for improvement and opportunities for growth. By effectively managing processes and means, organizations can improve efficiency, quality, and customer satisfaction while achieving their long-term goals.

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19.8 Progress Test

1. What is the current policy of an organization?
    a. A set of principles that guides decision-making
    b. A long-term direction of the organization
    c. Day-to-day activities of the organization
    d. A specific business unit
2. What are the two categories of current activities of an organization?
    a. Policy and process
    b. Strategic and operational
    c. Means and process
    d. Operational and functional
3. What is process management?
    a. Management of resources within an organization
    b. Management of processes within an organization
    c. Design of an organization's policy
    d. Implementation of an organization's policy
4. What is means management?
    a. Management of resources within an organization
    b. Management of processes within an organization
    c. Design of an organization's policy
    d. Implementation of an organization's policy

Answers: a, b, b, a

20 Change Management: Organizational Effects and Responses to the Wide and Near Outer Business Environment – Changing and the Time Dimension of the Organization Policy – Basic Policy Change – Development Policy Change – Current Policy Change

20.1 Introduction

In today's dynamic business environment, change management has become a critical aspect of strategic management for international companies. The ability to adapt to changing market trends, technological advancements, and customer needs is essential for the survival and growth of any organization. However, managing change is a complex and challenging process that requires a clear understanding of the organization's current policies and the external environment. This chapter will discuss the different types of policy changes that organizations undergo and how they respond to the changing business environment.

20.2 Wide and Near Outer Business Environment – Changing and the Time Dimension of the Organization Policy

The outer business environment refers to the external factors that affect an organization's operations, including political, economic, social, technological, legal, and environmental factors. These factors can be categorized as wide or near, depending on their impact on the organization. Wide factors are those that affect the entire industry or market, while near factors are specific to the organization.

The outer business environment is constantly changing, and organizations need to be able to adapt their policies and strategies to keep up with these changes. One way to do this is by considering the time dimension of the organization's policies. Policies can be classified as basic, development, or current.

20.3 Basic Policy Change

Basic policy changes are those that involve fundamental changes in the organization's structure, culture, or strategy. These changes are usually triggered by a significant shift in the external environment, such as a new competitor entering the market, a change in government policy, or a technological breakthrough. Basic policy changes can be challenging to implement, as they often require a complete overhaul of the organization's operations.

One example of a basic policy change is when Nokia, a Finnish multinational telecommunications company, decided to shift its focus from producing mobile phones to network equipment and services. This decision was made in response to the growing competition from Apple and Samsung in the mobile phone market. Nokia had to restructure its organization and lay off thousands of employees to implement this change successfully.

20.4 Development Policy Change

Development policy changes are those that involve incremental improvements in the organization's policies and strategies. These changes are usually driven by a desire to stay competitive and improve performance. Development policy changes can be easier to implement than basic policy changes, as they do not require a complete overhaul of the organization's operations.

One example of a development policy change is when Amazon, an American multinational technology company, introduced its Prime membership program. This program offered customers free two-day shipping and other benefits, such as access to streaming services. This change helped Amazon to increase customer loyalty and boost sales.

20.5 Current Policy Change

Current policy changes are those that involve minor adjustments to the organization's policies and strategies. These changes are usually driven by a need to respond to immediate challenges or opportunities. Current policy changes can be relatively easy to implement, as they do not require significant resources or a complete reorganization of the organization.

One example of a current policy change is when Coca-Cola, an American multinational beverage company, introduced smaller-sized bottles to its product line. This change was made in response to growing concerns about obesity and the trend towards healthier lifestyles. By offering smaller sizes, Coca-Cola was able to appeal to customers who were looking for smaller portions.

20.6 Organizations Effect and Respond to the Wide and Near Outer Business Environment – Changing

Organizations can respond to changes in the outer business environment in several ways. One way is by adopting a proactive approach, where they anticipate changes and take action before they occur. Another way is by adopting a reactive approach, where they respond to changes after they occur.

Proactive approaches can be beneficial as they allow organizations to be ahead of the curve and take advantage of opportunities before their competitors. However, they require a high level of risk-taking and investment, as organizations need to predict future trends accurately. Reactive approaches can be less risky, as they involve responding to changes that have already occurred. However, they can also be less effective, as organizations may not be able to respond quickly enough or may miss out on opportunities.

One example of a proactive approach is when Google, an American multinational technology company, invested in developing its own mobile operating system, Android, in 2005. At the time, the market was dominated by Nokia's Symbian operating system. However, Google anticipated the growing importance of mobile devices and saw an opportunity to enter the market. Today, Android is the most widely used mobile operating system in the world.

Another example of a proactive approach is when Microsoft, an American multinational technology company, developed its own search engine, Bing, in 2009. At the time, the market was dominated by Google's search engine. However, Microsoft saw an opportunity to enter the market and invested heavily in developing Bing. While Bing has not been as successful as Google, it has still gained a significant market share.

One example of a reactive approach is when Blockbuster, an American-based provider of home video and video game rental services, failed to adapt to the changing business environment. With the rise of streaming services such as Netflix and the shift towards digital media, Blockbuster's business model became outdated. While the company attempted to adapt by introducing its own online rental service, it was too late, and the company eventually filed for bankruptcy in 2010.

20.7 Conclusion

In conclusion, change management is an essential aspect of strategic management for international companies. The ability to adapt to changes in the external environment is critical for the survival and growth of any organization. This chapter discussed the different types of policy changes that organizations undergo, including basic, development, and current policy changes. It also explored how organizations respond to changes in the outer business environment, including proactive and reactive approaches. By understanding these concepts, organizations can better manage change and position themselves for success in a rapidly changing business environment.

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20.9 Progress Test

1. What are the three types of policy changes that organizations undergo?
    a. Basic, intermediate, and advanced
    b. Basic, development, and current
    c. Basic, long-term, and immediate
    d. Basic, reactive, and proactive
2. Which type of policy change involves incremental improvements in an organization's policies and strategies?
    a. Basic policy change
    b. Development policy change
    c. Current policy change
    d. Proactive policy change
3. Which approach to responding to changes in the outer business environment involves anticipating changes and taking action before they occur?
    a. Reactive approach
    b. Proactive approach
    c. Adaptive approach
    d. Incremental approach
4. What is an example of a basic policy change?
    a. Coca-Cola introducing smaller-sized bottles
    b. Amazon introducing its Prime membership program
    c. Nokia shifting its focus from mobile phones to network equipment and services
    d. Apple releasing a new version of the iPhone every year

Answers: b, b, b, c

21 Influence of Globalization on Management in Public Administration

21.1 Introduction

Globalization has transformed the world's economy and politics, leading to the rise of international companies and organizations. As a result, public administration is facing new challenges, particularly in terms of managing international companies. This chapter examines the influence of globalization on management in public administration, focusing on the challenges and opportunities associated with managing international companies. The chapter also discusses the strategies that public administrators can adopt to manage international companies effectively.

21.2 Globalization and Management in Public Administration

Globalization has led to a significant increase in international trade and investment, resulting in the growth of multinational corporations (MNCs). MNCs operate in different countries and are subject to different legal and regulatory frameworks, which pose significant challenges for public administrators. For example, public administrators must ensure that international companies comply with local laws and regulations while maintaining the company's overall goals and objectives.

Globalization has also led to the integration of global markets, resulting in increased competition among companies. Public administrators must ensure that international companies remain competitive while complying with local laws and regulations. They must also ensure that the company's overall goals and objectives are aligned with the interests of the local community.

21.3 Challenges of Managing International Companies

Managing international companies is challenging due to the cultural, social, and political differences that exist among different countries. For example, different countries have different legal and regulatory frameworks that international companies must comply with. Additionally, the cultural differences among different countries can lead to misunderstandings and miscommunications, which can affect the company's operations negatively.

International companies also face challenges related to managing human resources. For example, different countries have different labor laws and regulations, and international companies must ensure that they comply with these laws while managing their workforce effectively. Additionally, international companies must develop effective strategies for managing the cultural diversity that exists among their employees.

21.4 Strategies for Managing International Companies

Public administrators can adopt various strategies to manage international companies effectively. One such strategy is to develop a comprehensive understanding of the cultural, social, and political differences that exist among different countries. This understanding can help public administrators develop effective policies and procedures that are aligned with the interests of the local community.

Another strategy is to establish effective communication channels between the international company and the local community. Effective communication can help the company understand the local community's needs and expectations, which can inform the company's decision-making processes.

Public administrators can also adopt a collaborative approach to managing international companies. This approach involves working closely with the international company to develop policies and procedures that are aligned with the interests of the local community. Additionally, public administrators can work with the international company to develop strategies for managing cultural diversity and promoting a positive work environment.

21.5 Conclusion

In conclusion, the influence of globalization on management in public administration is significant, particularly in terms of managing international companies. Public administrators face various challenges associated with managing international companies, including cultural, social, and political differences. However, public administrators can adopt various strategies to manage international companies effectively, such as developing a comprehensive understanding of the cultural, social, and political differences that exist among different countries, establishing effective communication channels, and adopting a collaborative approach.

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21.7 Progress Test

1. What is the main challenge associated with managing international companies in public administration?
    a. Ensuring compliance with local laws and regulations.
    b. Maintaining the company's overall goals and objectives.
    c. Managing cultural diversity among employees.
    d. Developing effective communication channels.
2. What is one strategy that public administrators can adopt to manage international companies effectively?
    a. Maintaining a narrow understanding of cultural, social, and political differences among different countries.
    b. Establishing communication channels between the international company and the local community.
    c. Adopting an individualistic approach to managing international companies.
    d. Developing policies and procedures that are not aligned with the interests of the local community.
3. What is the impact of digital transformation on public organizations, according to the Gartner model?
    a. Digital transformation has no impact on public organizations.
    b. Digital transformation leads to a decline in service quality.
    c. Digital transformation leads to an improvement in service quality.
    d. Digital transformation leads to a decrease in efficiency.
4. What is the main benefit of adopting a collaborative approach to managing international companies?
    a. It leads to effective communication channels.
    b. It allows public administrators to maintain a narrow understanding of cultural, social, and political differences among different countries.
    c. It helps public administrators to develop policies and procedures that are not aligned with the interests of the local community.
    d. It leads to the development of effective strategies for managing cultural diversity and promoting a positive work environment.

Answers: a, b, c, d

22 Recenzija monografije "Strategic Management of International Company"

Monografija "Strategic Management of International Company" predstavlja pomembno in aktualno delo na področju strateškega managementa in mednarodnega poslovanja. Avtorji so z razumevanjem kompleksnih struktur in procesov v mednarodnem poslovanju uspešno izpostavili kritične aspekte vodenja in upravljanja mednarodnih podjetij.

Knjiga je dobro organizirana, s teorijami in koncepti strateškega managementa, ki so jasno predstavljeni in razloženi. Posebej cenim, da vsako poglavje vključuje razlago pomembnih pojmov ter primere iz prakse, kar pripomore k boljšemu razumevanju obravnavanih tem. Všeč mi je tudi, da so koncepti podkrepljeni z najnovejšimi raziskavami in dokazi, kar daje delu visoko stopnjo kredibilnosti. Za bralca se po vsakem poglavju drugega dela ponuja sprotno preverjanje razumevanja vsebine s testom na temo vsebine aktualnega poglavja.

Vsebina knjige se razteza od osnov strateškega managementa, strukturiranja mednarodnih podjetij, do analize mednarodnega poslovnega okolja, izbire strategij za vstop na trg in upravljanja medkulturnih razlik. Ta širok spekter tem zagotavlja celovit pregled strateškega managementa mednarodnega podjetja.

V celoti gledano je "Strategic Management of International Company" izčrpna in informativna knjiga, ki bo koristna tako za študente kot za praktike na področju managementa in mednarodnega poslovanja. To delo bi vsekakor lahko priporočil kot pomembno referenco v tem obsežnem in hitro spreminjajočem se področju.

23 Recenzija:

"Strateško upravljanje mednarodnega podjetja" je temeljit in celovit vir informacij za tiste, ki se ukvarjajo z mednarodnim menedžmentom in strateškim načrtovanjem. Knjiga uspešno predstavi in razloži ključne koncepte strateškega menedžmenta, s posebnim poudarkom na upravljanju mednarodnih podjetij.

Prvi del knjige se osredotoča na osnovne pojme organizacije in menedžmenta, od tega, kako se organizacije povezujejo z širšim poslovnim okoljem, do tega, kako se uporabljajo analize PORTER in PEST za strateško načrtovanje. Avtor v poglavju 4 in 5 podrobno obravnava politične, ekonomske, socialne, tehnološke, kulturne in ekološke vidike, ki vplivajo na načrtovanje in strateško upravljanje. Prav tako so obravnavani različni odnosi med lastniki, menedžerji, zaposlenimi in drugimi udeleženci v strateškem menedžmentu mednarodnih podjetij.

V drugem delu knjige avtor podrobno obravnava teme, kot so organizacijsko načrtovanje, vodenje in nadzor, ter koncepte osnovne, razvojne in trenutne politike organizacije. Vsako poglavje spremlja tudi kratek test namenjen razumevanju obravnavane vsebine.

"Strateško upravljanje mednarodnega podjetja" je bogat in vsestranski vir za razumevanje in izvajanje učinkovitega strateškega menedžmenta. Knjiga ponuja tudi izčrpen seznam nadaljnjih virov za branje, kar študentom in strokovnjakom omogoča nadaljnje raziskovanje tem, ki jih najbolj zanimajo.

Avtorjeva jasna in razumljiva razlaga konceptov, podkrepljena s primeri iz prakse, naredi to knjigo zelo dostopno tako za študente kot za strokovnjake. Knjiga je celovit in praktičen vodnik za razumevanje in izvajanje strateškega menedžmenta v mednarodnem okolju, zato jo brez zadržkov priporočam za uporabo v učilnicah in kot osnovni vir za vse, ki se ukvarjajo s strateškim menedžmentom mednarodnih podjetij.