

# **Globalization and Strategy**

## **Strategic Management Competencies for Global Business**

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## **Strategic Management Competencies for Global Business**

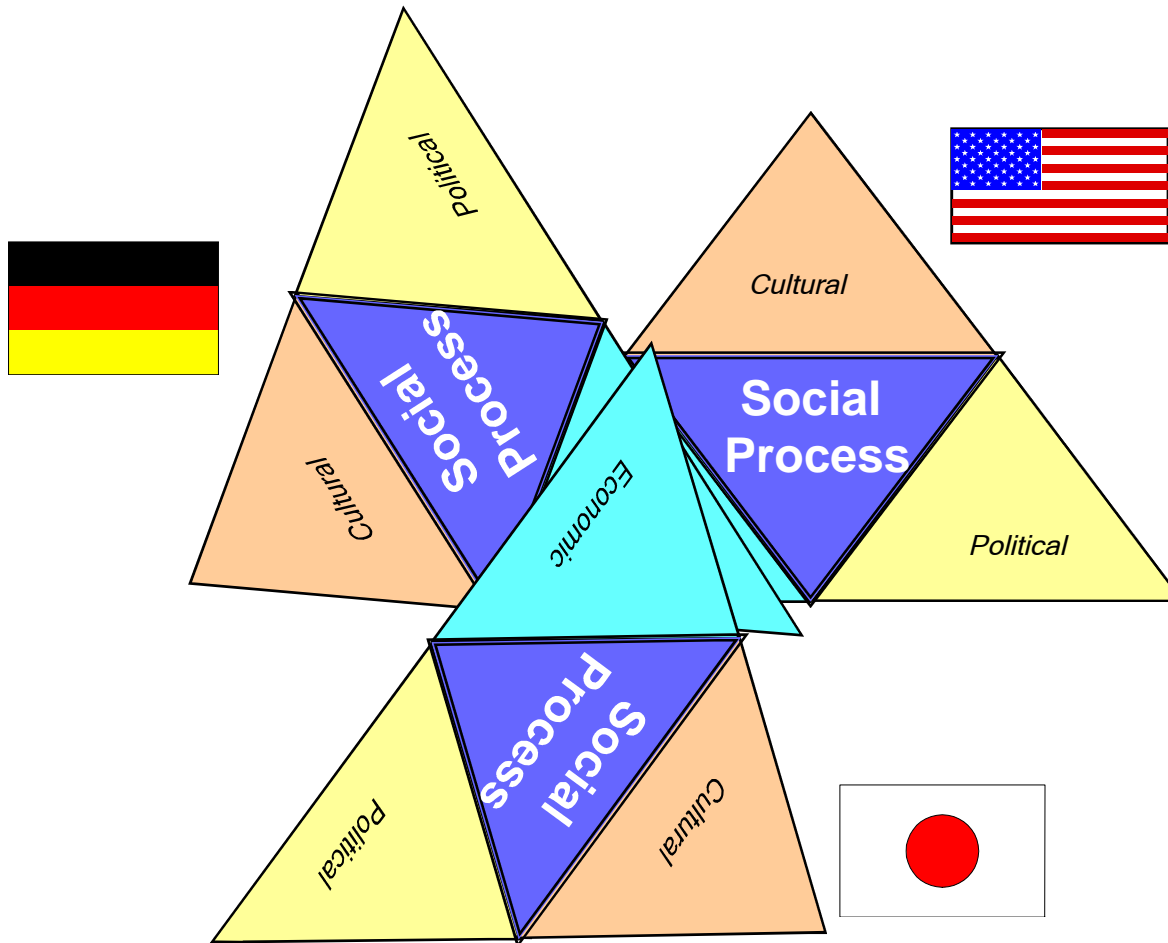
**Dr. Clarence J. Mann  
University of Maryland University  
Graduate School of Management & Technology**

# Global Forces/MegaTrends

- **Time of Transition – 2005-2035**
- **Industries: 1/3 Local – 1/3 Regional – 1/3 Global**
- **Democratization of Tech, Finance & Info - Herds  
Roaming the Fenceless Plains of the World**
- **Demographics - Graying of Advanced Societies**
- **Industry Consolidation as National Buffers fall**

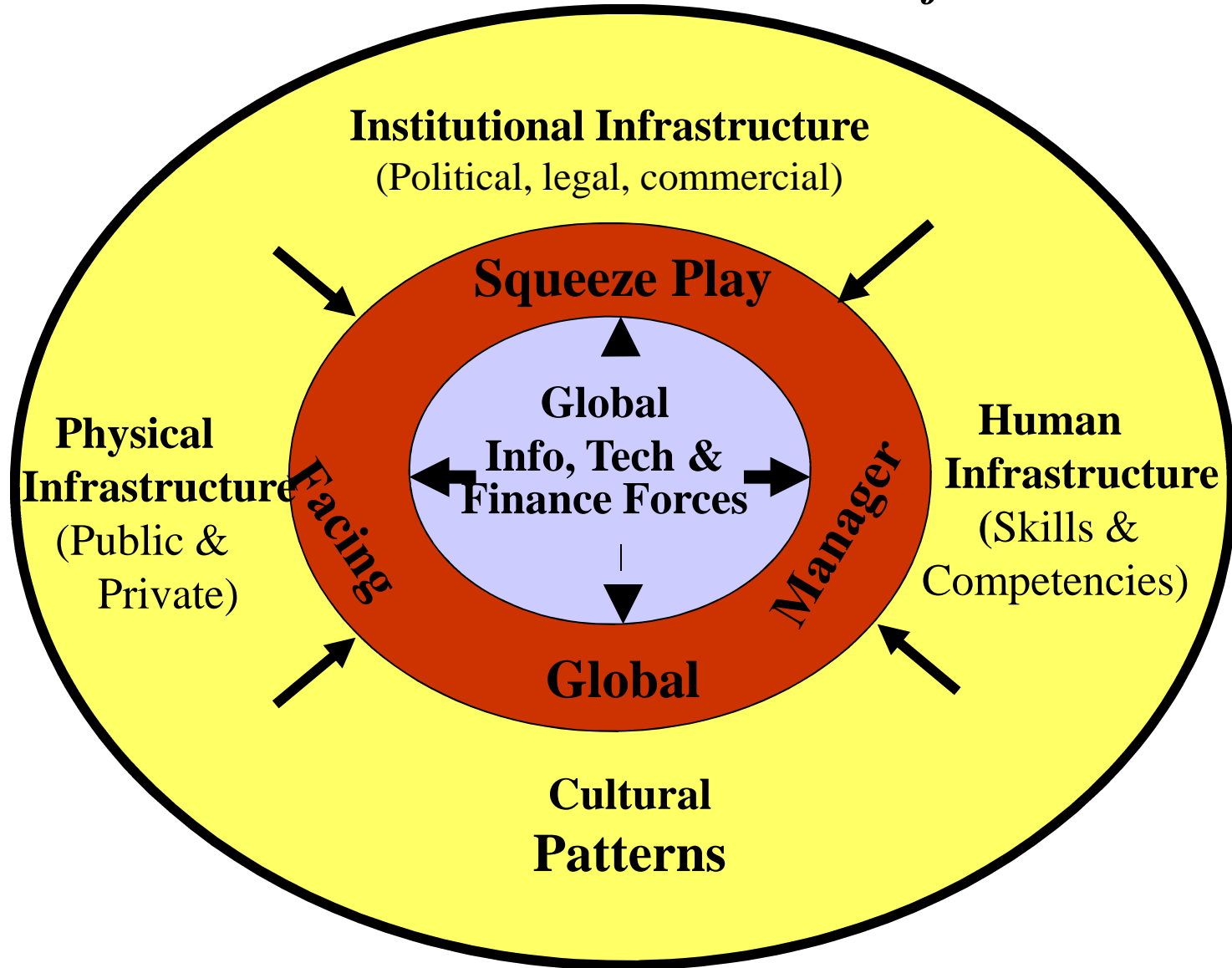
# -- Globalization --

## *Economic Convergence & Tension*

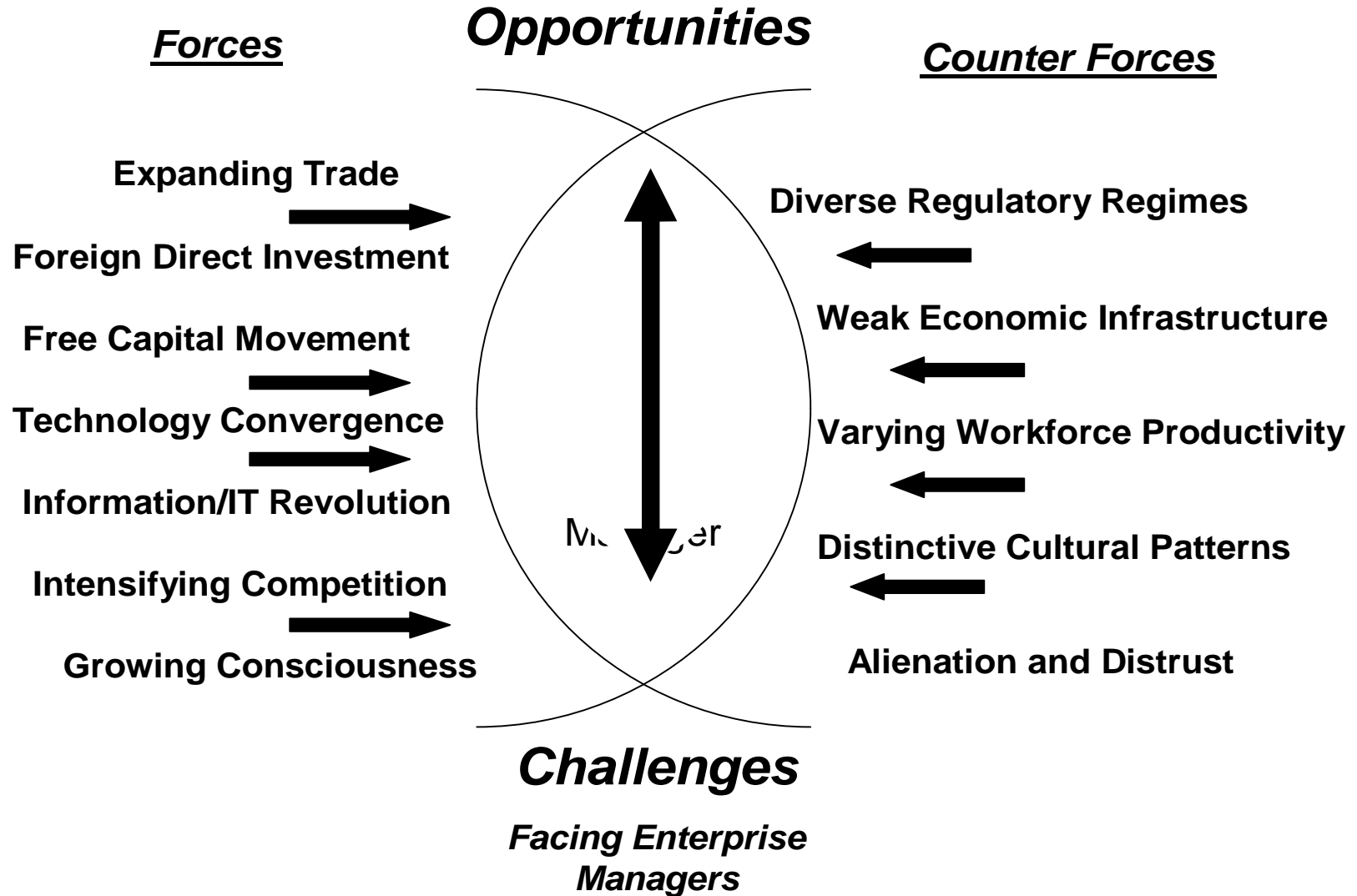


# Management Squeeze Play

*Between the Forces and Counter Forces of Globalization*



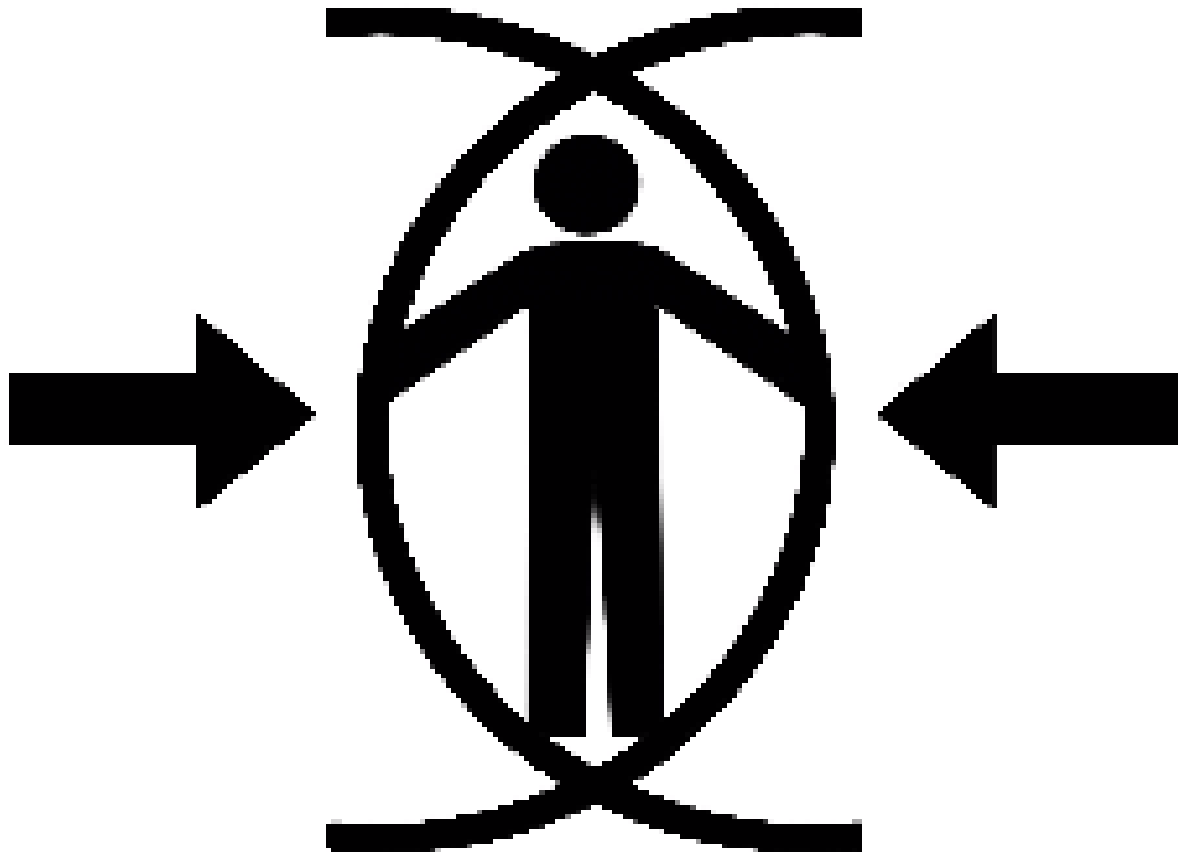
**Figure 1. Management Squeeze Play Among Forces of Globalization**



# Motivations to Globalize

- **Resource Seekers**
- **Market Seekers**
- **Strategic Asset Seekers**
- **Business Climate Seekers**
- **Efficiency Seekers**

# Management Squeeze Play





# Challenge to the Strategist

- **What has changed over past two decades?**
  - No. of Variables at Play
  - Rapidity of Change
  - Volatility of Environment
  - Interdependence – firms, geography
- **Therefore, strategy needs to –**
  - Interface with environment at every point
  - Possess multi-levels, be multi-functional
  - Reflect an ever evolving future

# Contrasting Themes

- **Emergent vs. Deliberate Strategy**
- **Market vs. Resource-Based Positioning**
- **Portfolio vs. Core Competence**
- **Competition vs. Cooperation**
- **Industry Evolution vs. Industry Creation**

# Globalization & Strategy

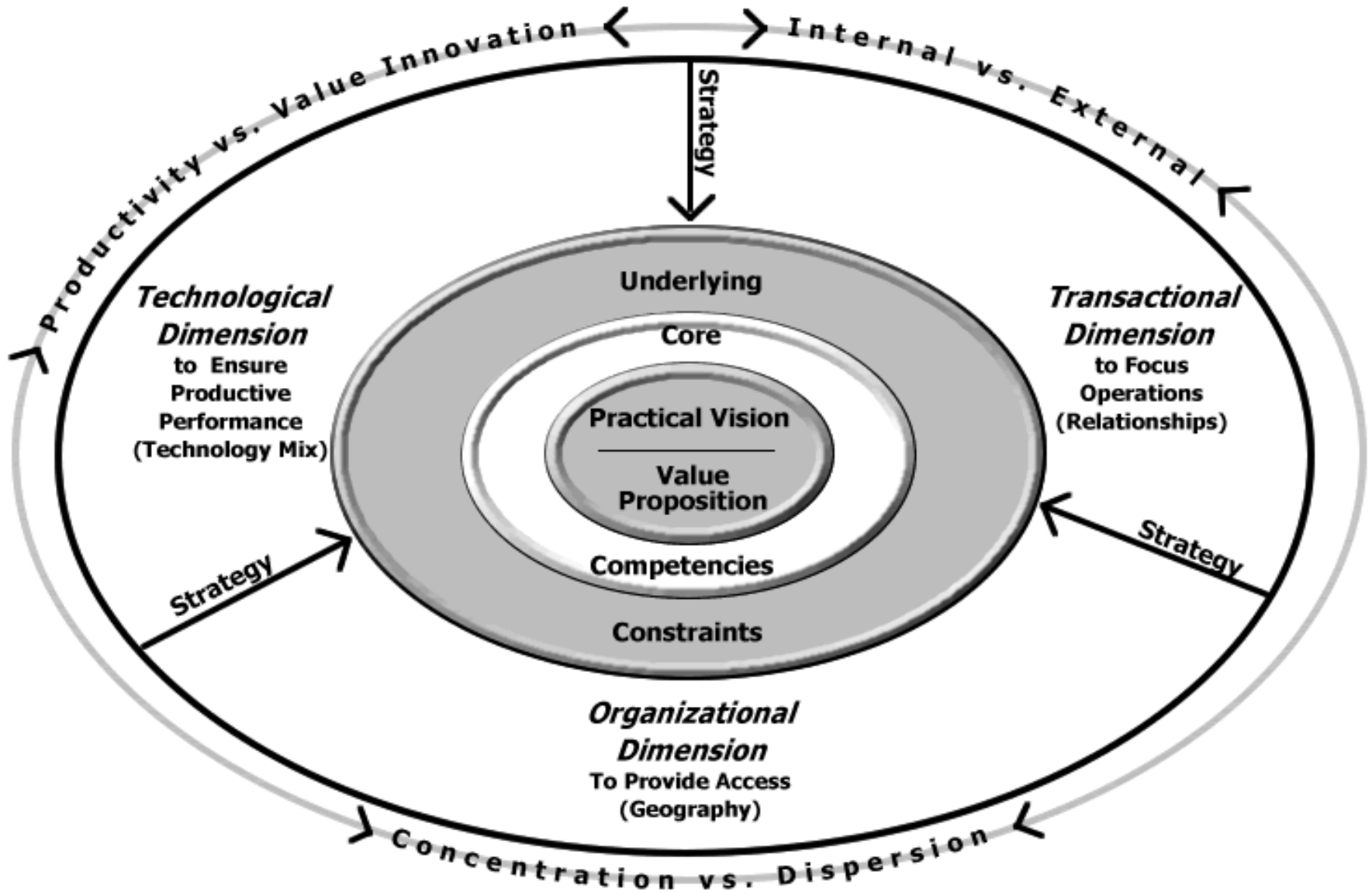
## **DIMENSIONS OF STRATEGY**

# Strategic Typologies

## Three Interactive Dimensions

- **Technological Dimension**
- **Organizational Dimension**
- **Transactional Dimension**

# Dimensions of Strategy in a Global Context



# Strategic Dimensions/Trade-Offs

- Technological Dimension

*Productivity vs. Innovation*

- Organizational Dimension

*Asset Dispersion vs. Coordination*

- Transactional Dimension

*Internal- vs. Externalization*

# Three Dimensions of Strategy

(I)

**Technological**

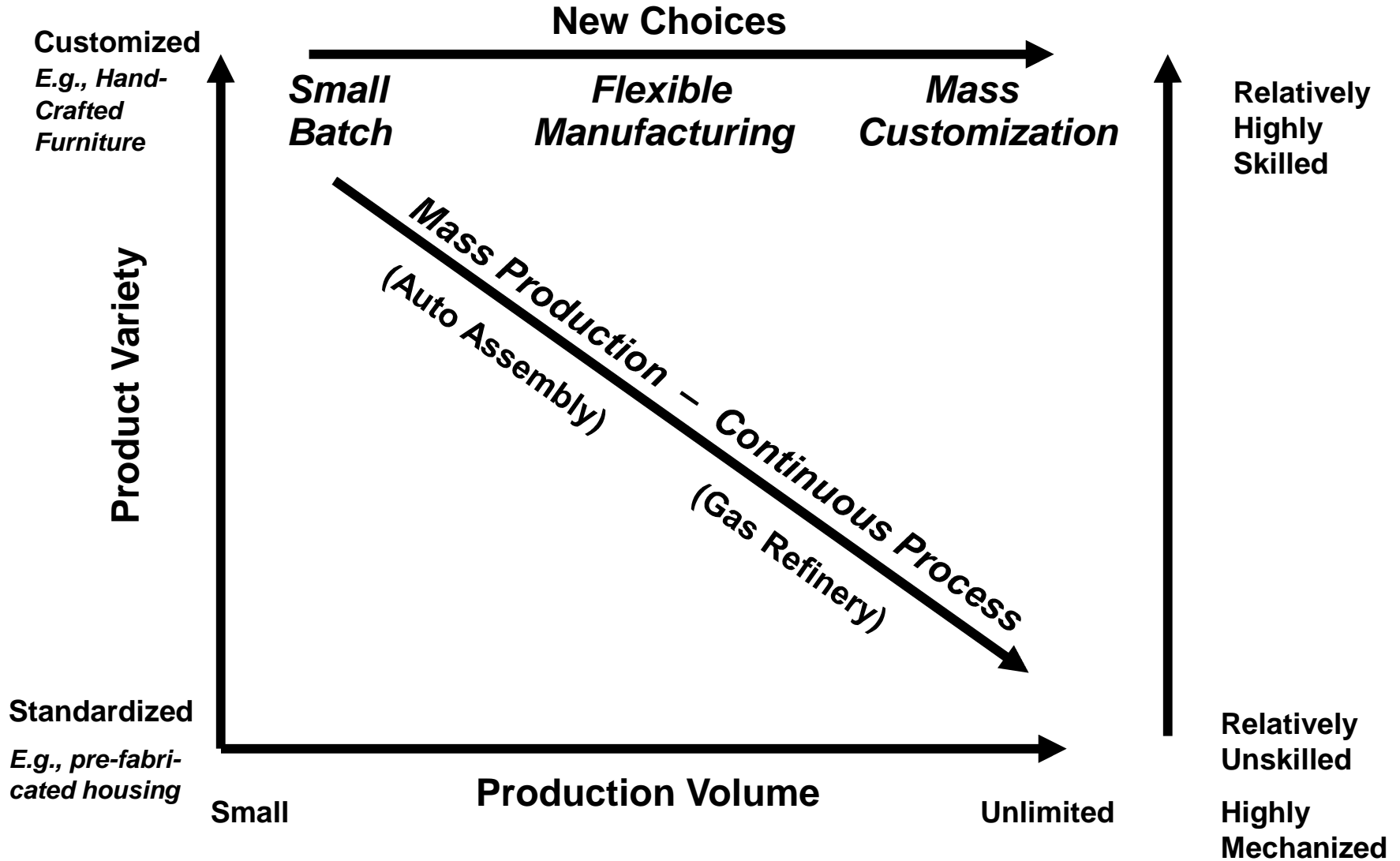
**Dimension**

*Productive Performance*

**Productivity vs. Innovation**

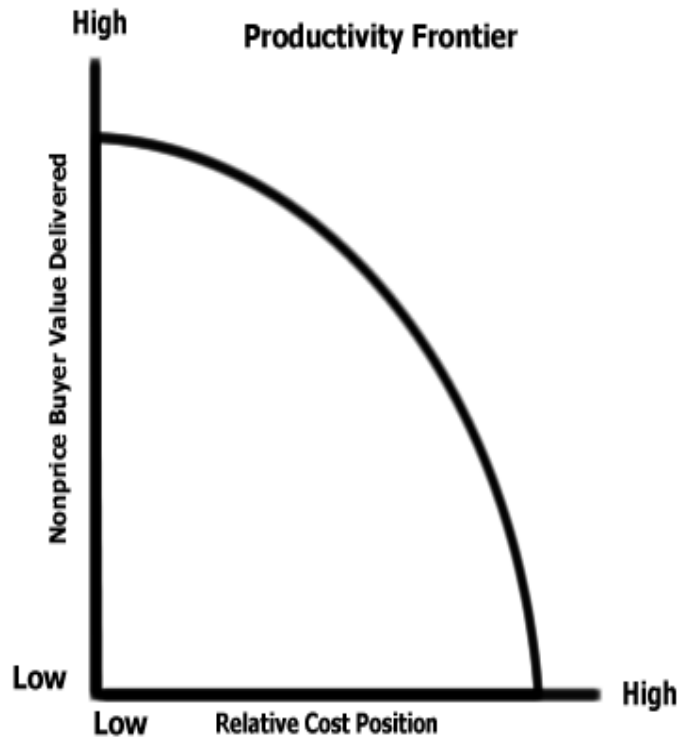
# Technology Trade-Offs: Mass Manufacturing vs. Customization

*Each Technology Option Entails: a Different Technology Mix  
and a Different Organizational Structure*

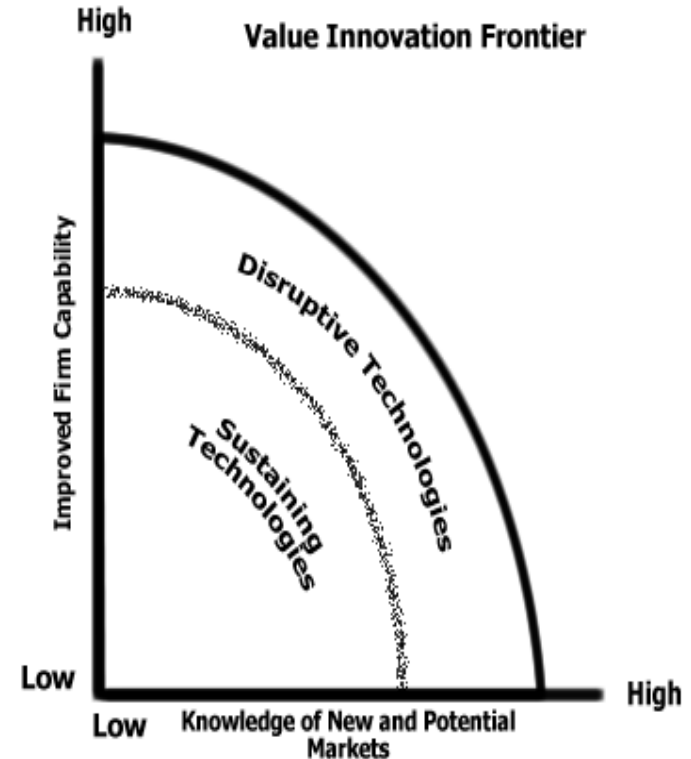




# Technological Dimension



Source: Porter (1996). What is Strategy?, p. 62



Source: Adapted from Williamson (1999), Strategy as Options on the Future, p. 120

# Three Dimensions of Strategy (II)

## **Organizational Dimension**

*Access*

**Asset Dispersion vs. Coordination**

# Organizational Dimension

(M. Porter (1986), Competition in Global Industries)

<b>C o o r d i n a t i o n</b>	<b>Hi</b>	<b>“Transnational” Operations</b>	<b>Simple Global Strategy</b>
	<b>Low</b>	<b>Country-Centered MNCs (polycentric)</b>	<b>Export-Oriented w/ decentralized mktg (ethnocentric)</b>
		<b>Dispersed (Geographical)</b>	<b>Concentrated</b>
		<b><u>Assets</u></b>	

# Organizational Dimension

## *Generic Roles of National Organizations*

Strategic Importance of Local Environment	High	<b>Black Hole</b>	<b>Strategic Leader</b>
	Low	<b>Implementer</b>	<b>Contributor</b>
		Low	High
		Level of Local Resources and Capabilities	

# Multi-Level Strategies

- **Corporate Level – integrative**
- **Divisional Level – core products**
- **Business Level – product lines**
- **Functional Level – business functions**

<b>Position</b>	<b>Multi-Level Management Roles</b>		
<b>Corporate Manager</b>	<i>Global Visionary</i>	<i>Talent Scout &amp; Allocator</i>	<i>Role Framer &amp; Legitim�er</i>
<b>Country Manager</b>	<i>Sensor Interpreter</i>	<i>Builder Local Assets</i>	<i>Strategic Contributor</i>
<b>Functional Manager</b>	<i>Specialized Repository</i>	<i>Cross-Pollinator Standards</i>	<i>Champion Resource Use</i>
<b>Business Manager</b>	<i>Strategist Market Positioning</i>	<i>Architect Asset Positioning</i>	<i>Coordinator Cross Border Ops</i>

Adapted from C. Bartlett & S. Ghoshal (2002), *Managing Across Borders*. HBS, Chap. 11.

# Three Dimensions of Strategy (III)

## **Transactional Dimension**

*Focus*

**Internal vs. Externalization**

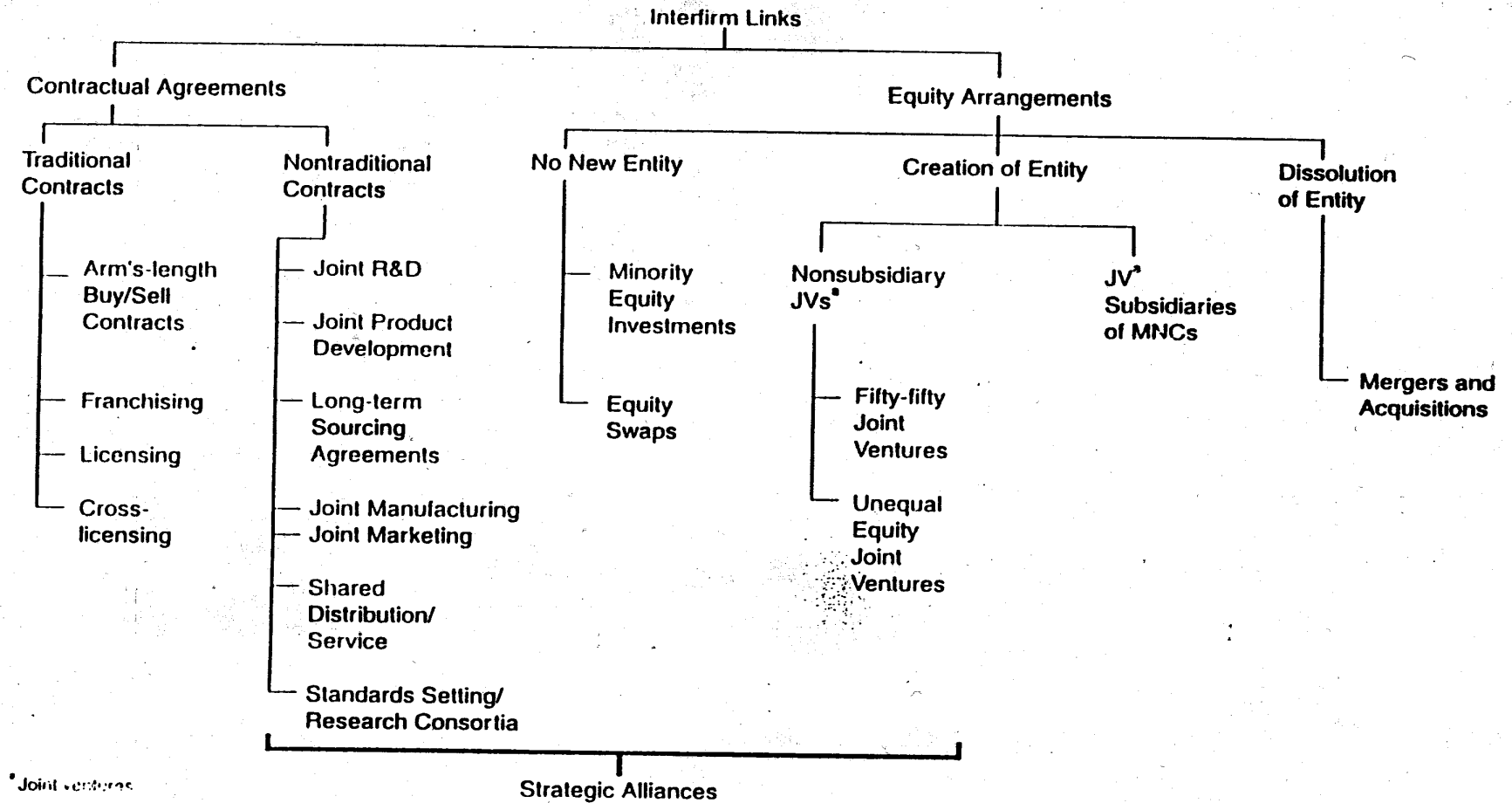
# Alliance Scope

- *Strategic Scope* – range of products/services
- *Economic Scope* – costs/benefits of each partner
- *Operational Scope* – depth and extent of interface



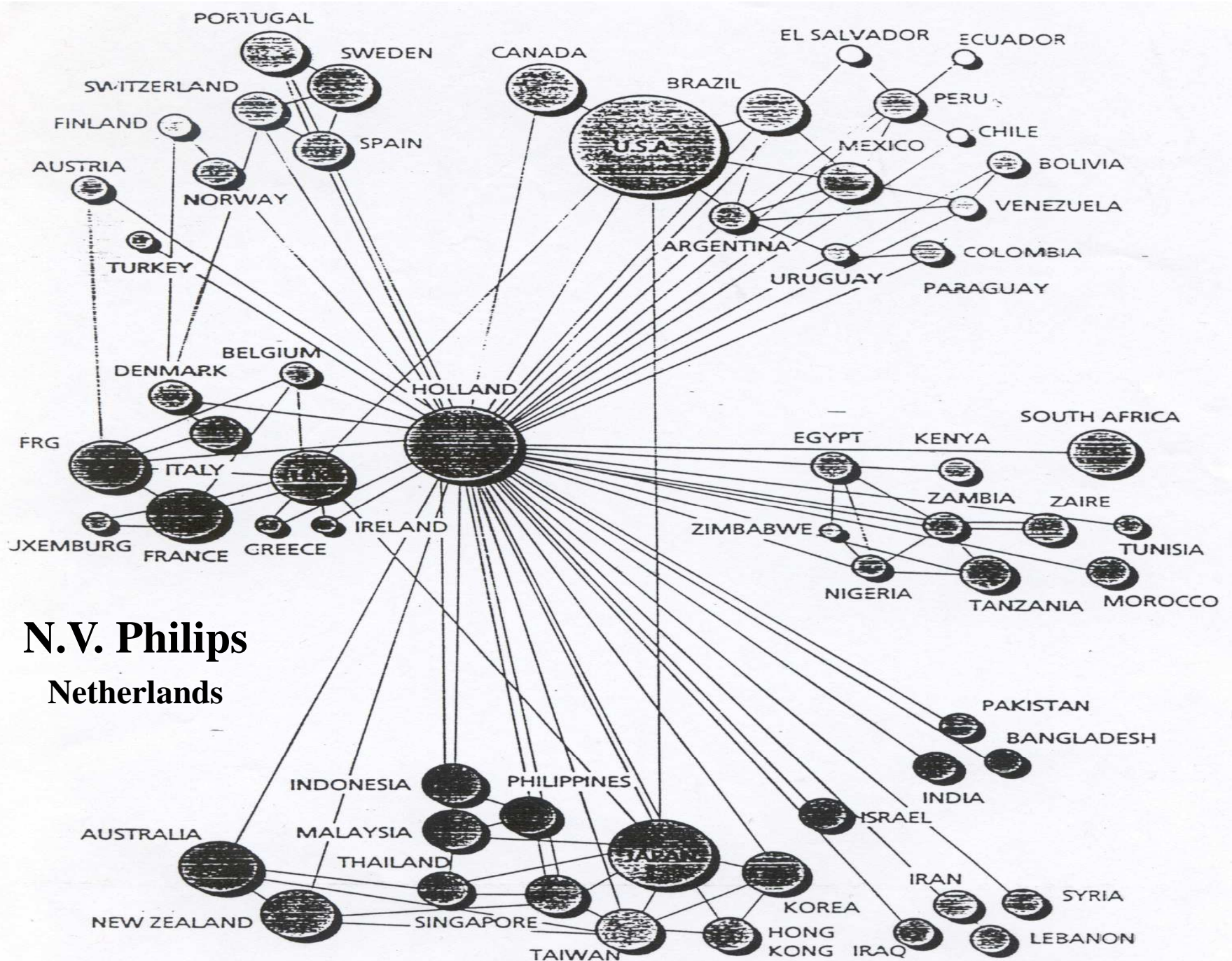
# Transactional Dimension

Range of Interfirm Links



# Typology of Alliances

<b>Potential Conflict</b>	<b>High</b>	<b>Pre-Competitive Alliances</b>	<b>Competitive Alliances</b>
	<b>Low</b>	<b>Pro-Competitive Alliances</b>	<b>Non-Competitive Alliances</b>
		<b>Low</b>	<b>High</b>
		<b>Extent of Organizational Interaction</b>	



# N.V. Philips

## Netherlands

Source: Sumantra Ghoshal and Christopher A. Bartlett, "The Multinational Corporation as an Interorganizational Network," *Academy of Management Review* 15 (1990), p. 605. Used by permission.

# Globalization & Strategy

## Changing Nature of Firms

- **Firms w/i industries** (M. Porter)
- **Firms co-evolving industries** (J. Moore)
- **Transnational typology** (C. Bartlett & S. Ghoshal)
  - Global, MNC, International, Transnational
- **Global network enterprises** (M. Yoshina & U. Rangan)
  - Flagship firms (A. Rugman & J. D’Cruz)
  - Gated and Un-Gated Networks

**Strategic Competencies  
for  
Global Managers**

# Three Interdependent Dimensions of Strategy

	<i>Technological Dimension</i>	<i>Organizational Dimension</i>	<i>Transactional Dimension</i>
<b>1. Primary Purposes Served</b>	Sustained Quality Performance	Providing Access	Focusing Operations
<b>2. Dominant Conditions Addressed</b>	Unremitting innovation	Diversity & Pluriformity	Intensifying Competition
<b>3. Value Trade-Offs</b>	Productivity <u>verses</u> Innovation	Asset Dispersion <u>verses</u> Coordination	Internalization <u>verses</u> Externalization

# Strategic Management Competencies

## Strategic Dimensions

	<i>Global Strategic Perspective</i>	<i>Aptitude for Risk</i>	<i>Effective Comm'n &amp; Coord'n</i>	<i>Inter-Cultural Skills</i>	<i>Open Systems Thinking</i>
<u>Technological</u>	Emerging Opportunities	Technology Deployment	Global Visioning	Diversity Of Talent	Continuous Learning
<u>Organizational</u>	Societal Differences	Location Leveraging	Trust Building	Corporate Cultures	Holistic Analysis
<u>Transactional</u>	Value Chain Network	Risk Sharing	Network Standards	Relationship Building	Collaborative Leadership

# Building Foundational Competencies

*Ethical leadership*

*Implementation*

**Systems thinking** ..... *decision making* ..... **Team management**

**Global** ..... *Perspective* ..... **Inter-cultural**

**Critical thinking** ..... *personal skills* ..... **Communication**

*Technology fluency*

**Information literacy/research skills**



**Questions?**

**Comments**