

MMM306 Lecture - Global Strategy And International Management

Topics
Strategising in a Global Business Environment
Understanding Industry Competition
Organisational Resources and Capabilities
The Institutional Environment of Firms
The International Entrepreneurial Firm
Entering Foreign Markets
Strategic Alliances and Networks
Diversification, Acquisition and Restructuring
Strategising, Structuring and Learning around the World
Strategising and Corporate Social Responsibility

Week 1 - Strategising Around the Globe

What is Strategy?

- Origin-Greek word (strategos)-art of the general
 - Sun Tzu, Chinese military strategist in 500 B.C.
 - Modern-day application to business and competition dates to the 1960s
- Plan - strategy is “explicit, rigorous formal planning
- Action - a set of flexible, goal-oriented actions
- Strategy as Theory-how to compete successfully
 - Firms have both intended and emergent strategies
 - One firm’s strategies may not work in all situations
 - Past success does not guarantee future success
 - It is often difficult to change strategy

TABLE 1.1 What Is Strategy?

Strategy as plan <ul style="list-style-type: none">■ “Concerned with drafting the plan of war and shaping the individual campaigns and, within these, deciding on the individual engagements” (von Clausewitz, 1976)¹■ “A set of concrete plans to help the organization accomplish its goal” (Oster, 1994)²
Strategy as action <ul style="list-style-type: none">■ “The art of distributing and applying military means to fulfill the ends of policy” (Liddel Hart, 1967)³■ “A pattern in a stream of actions or decisions” (Mintzberg, 1978)⁴■ “The creation of a unique and valuable position, involving a different set of activities ... making trade-offs in competing ... creating fit among a company’s activities” (Porter, 1996)⁵
Strategy as integration <ul style="list-style-type: none">■ “The determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals” (Chandler, 1962)⁶■ “The major intended and emergent initiatives undertaken by general managers on behalf of owners, involving utilization of resources to enhance the performance of firms in their external environments” (Nag, Hambrick, and Chen, 2007)⁷■ “The analyses, decisions, and actions an organization undertakes in order to create and sustain competitive advantages” (Dess, Lumpkin, and Eisner, 2008)⁸

Our definition: Strategy as theory

- Integrating both planning and action schools
- Leveraging the concept of “theory”
 - A theory serves two purposes: Explanation and prediction
- Requiring replications and experimentations
 - To establish the temporal (time-related) and geographic limits of an existing theory
- Understanding the difficulty of strategic change

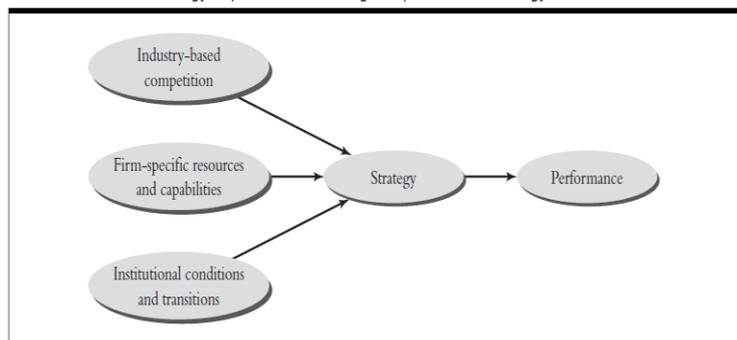
Fundamental Questions in Strategy

- Why do firms differ?
 - Cultural differences between Western firms and Japanese companies
 - Networks of relationships have powerful effect - *keiretsu*, *guanxi*, *chaebol*, *blat*
- How do firms behave?
 - Industry-based view - focus on competitive forces within an industry that impact all firms
 - Resource-based (capabilities) view - focus on internal strengths and weaknesses, firm specific resources and capabilities
 - Institution-based view - focus on government and societal forces
- What determines the scope of the firm?
 - Growth of firms: market and geographic cope: what strategies are required?
- What determines the international success or failure of firms?
 - Industry-based view - degree of competitiveness in the industry
 - Resource-based view - firm specific differences in capabilities
 - Institution-based view - institutional forces, such as economic reforms and government policy

The “Strategy Tripod”

Three Leading Perspectives on Strategy

FIGURE 1.4 The Strategy Tripod: Three Leading Perspectives on Strategy



What Is Global Strategy?

- Provide standardized products and/or services on a worldwide basis (i.e., traditional view)
- Any strategy outside one's home country
- Our definition of global strategy:
 - Strategies of firms around the globe
 - ❖ Both international and non-international (domestic)
 - ❖ Both developed and emerging economies

Layers of the business environment

