

19MEEC1015-PRINCIPLES OF MANAGEMENT

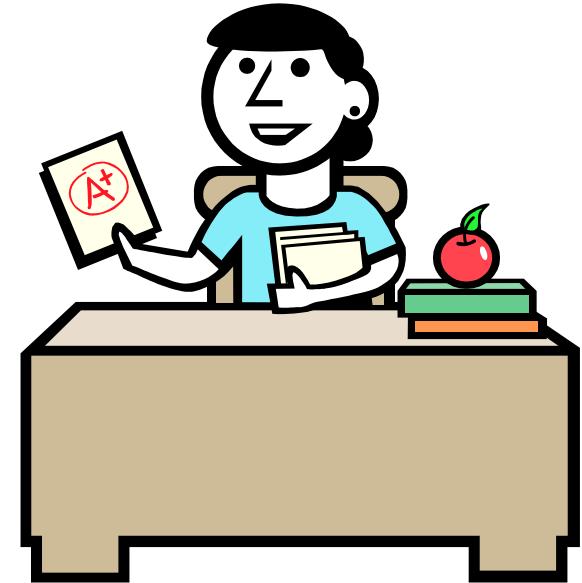
By
Elakkiya R
Assistant Professor/ECE

Overview of Management

Introductory

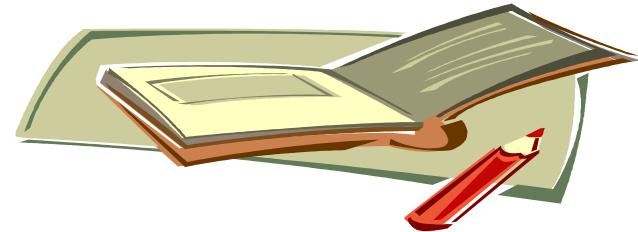
Subject: Principles of Management
Unit: 1
Lecture:1

Principles of Management



- LO1.1: Describes about Organization & Management**
- LO1.2: Role of Managers**

- What's the organization
- Who are managers?
- What is management?
- What do managers do?
- What skills should successful managers possess?



What's the organization?

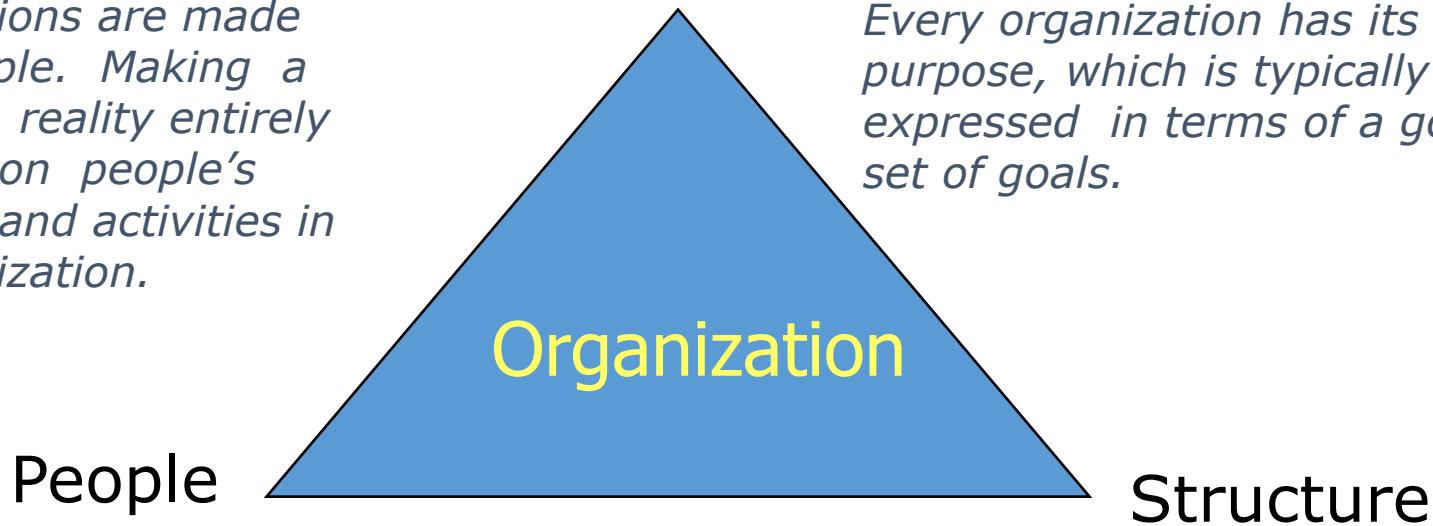
An organization is a systematic arrangement of people brought together to accomplish some specific purpose.



purpose

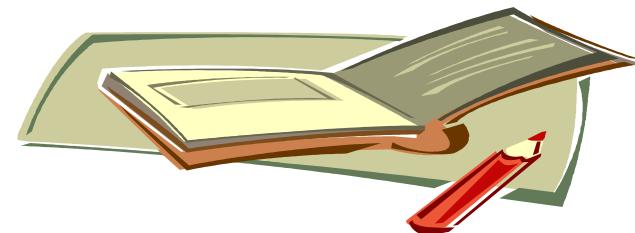
Organizations are made up of people. Making a goal into reality entirely depends on people's decisions and activities in the organization.

Every organization has its distinct purpose, which is typically expressed in terms of a goal or set of goals.



All organizations develop a systematic structure that defines and limits the behavior of its members.

- What's the organization
- Who are managers?
- What is management?
- What do managers do?
- What skills should successful managers possess?



Managers----- individuals in an organization who direct the activities of other people.

Operatives -----people who work directly on a job or task and have no responsibility for overseeing the work of others.



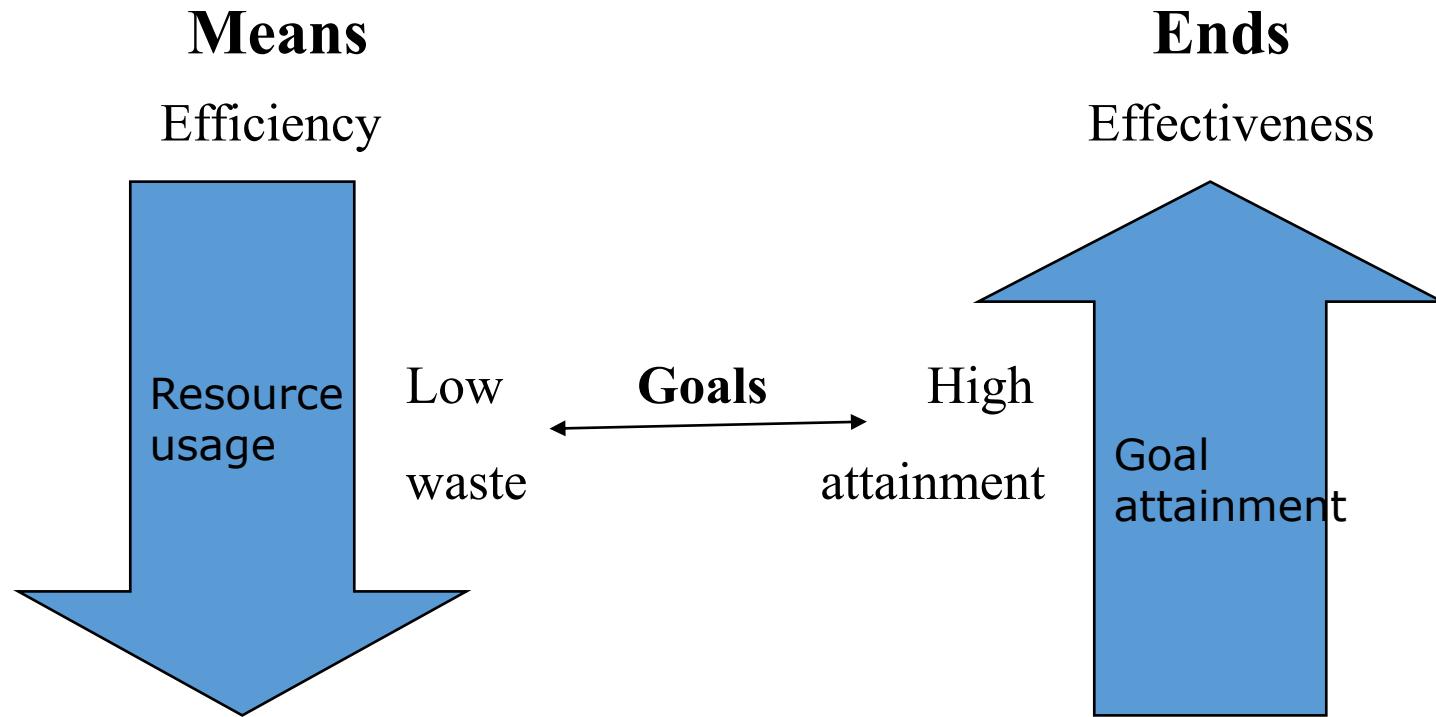
- What's the organization
- Who are managers?
- What is management?
- What do managers do?
- What skills should successful managers possess?

What is management ?

- Definition

The term **management** refers to the process of getting things done, effectively and efficiently, through and with other people. Several components in this definition need discussion. These are terms **process, effectively, and efficiently**.





Management by Different Authors

- F.W. Taylor - “Art of knowing what you want to do and then seeing that it is done the best and cheapest way”.
- Henry Fayol – “To Manage is to forecast, to plan, to organize, to command, to co-ordinate and to control”.
- Peter F. Drucker – ”Management is work and as such it has its own skills, its own tools and its own techniques”.
- Mary Parker Follet - “Management is the art of getting things done through and with people”.
- George R. Terry – “Consisting of planning, organizing, actuating and controlling”.

What is management?

- Management processes / management functions
- Management roles
- Are there any differences in different managers' jobs?

Management Functions

Planning

- 1.Defining goals
- 2.Establishing strategy
- 3.Developing sub plans
- coordinate activities

Organizing

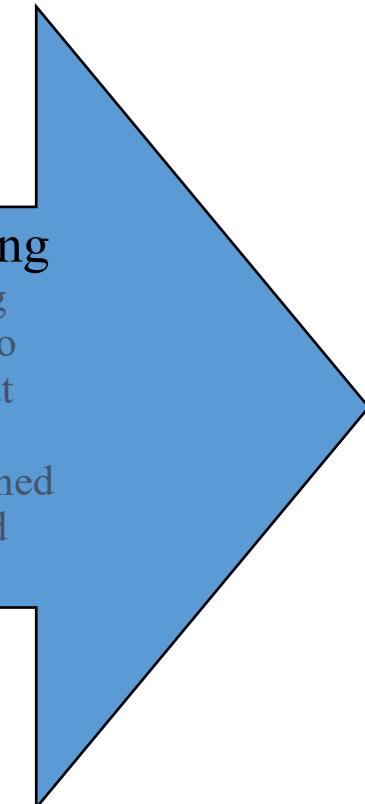
- 1.Determining what needs to done
- 2.How it will be to done
- 3.who is to do it

Leading

- 1.Directing all involved parties
- 2.Motivating
- 3.Resolving conflicts

Controlling

- Monitoring activities to ensure that they are accomplished as planned

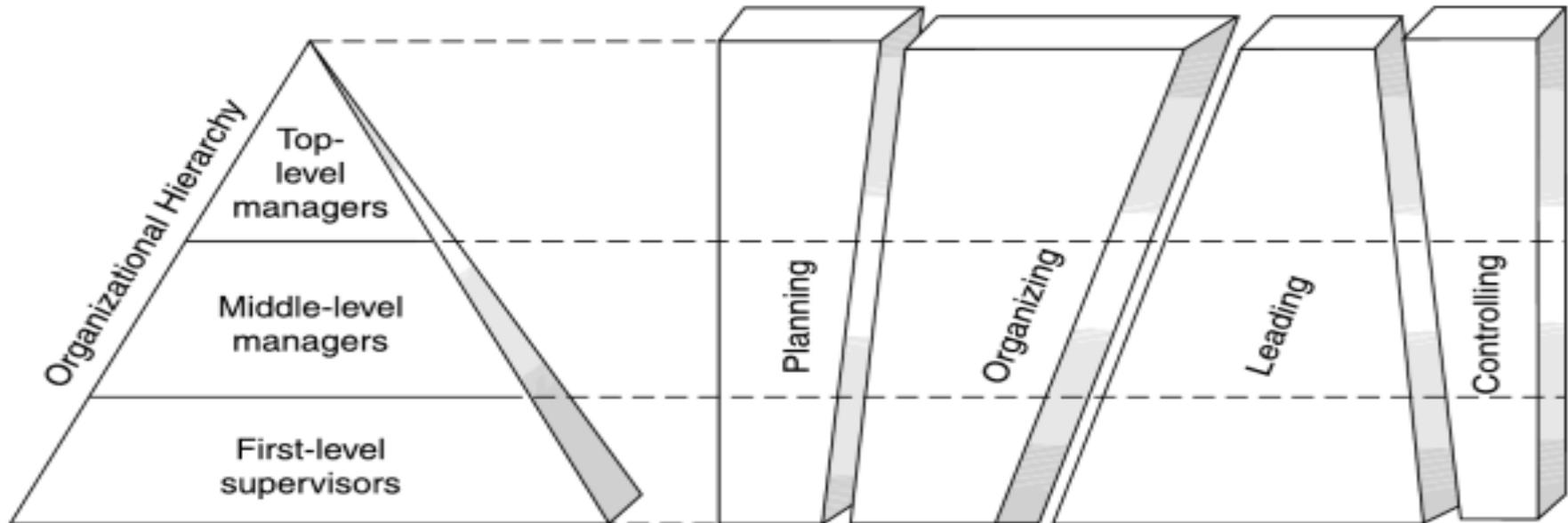


Achieving the organization's stated purpose

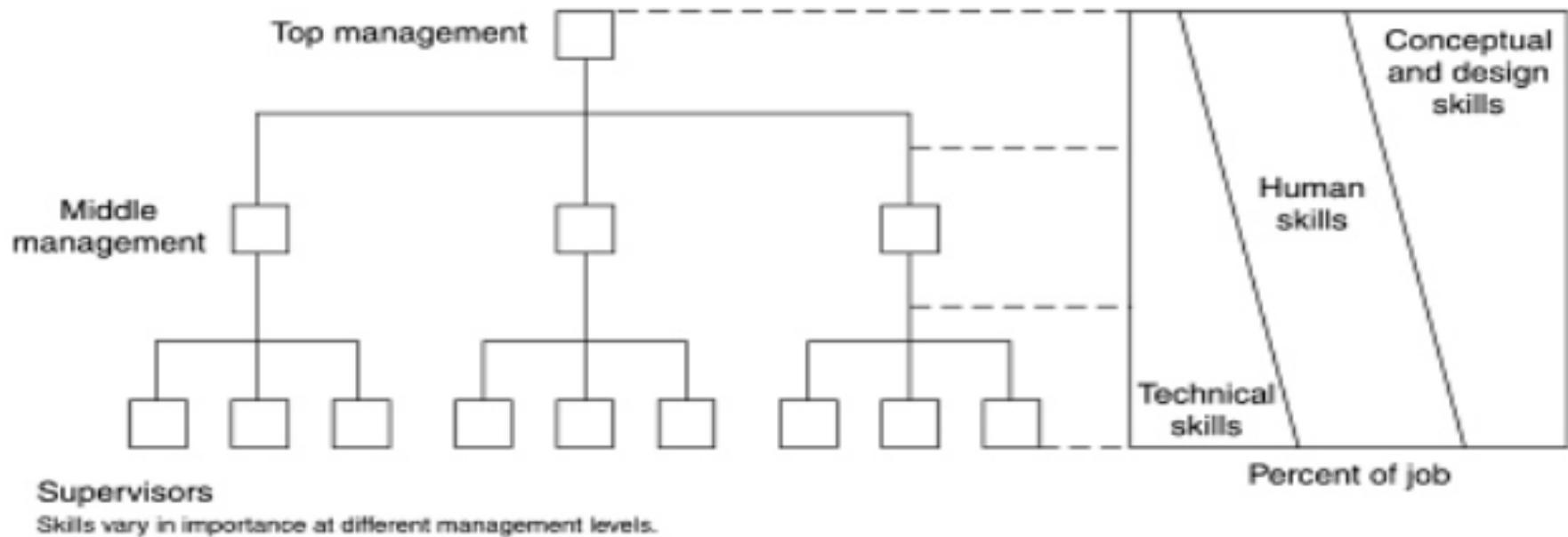
Management functions by different authors

- Newman and Summer – organizing, planning, leading and controlling.
- Henri Fayol and Koontz and O'Donnell – Planning, organizing, commanding, coordinating and controlling.
- Warren Haynes and Joseph Massie – Decision making and communicating.

Functions @different Organisational levels



Skills and Management levels



Overview of Management

Roles of Managers

Subject: Principles of Management
Unit: 1
Lecture:2

What is management?

- Management processes / management functions
- Management roles
- Are there any differences in different managers' jobs?

Management Roles

- *Mintzberg concluded that managers perform 10 different roles but highly interrelated roles. These 10 roles can be grouped under three primary headings:*
 - **Interpersonal relationship**
 - **The transfer of information**
 - **Decision making**

Interpersonal relationship

This part encompasses three roles:

Role	Description	Identifiable Activities
Figurehead	Symbolic head; obliged to perform a number of routine duties of a legal or social nature	Greeting visitors; signing documents
Leader	Responsible for the motivation and activation of employees; responsible for staffing, training, and associated duties	Performing virtually all activities that involve subordinates
Liaison	Maintains self-developed network of outside contacts and informers who provide favors and information	Acknowledging mail; performing other activities that involve outsiders

The transfer of information

The informational roles also include three roles:

Role	Description	Identifiable Activities
Monitor	Emerges as nerve center of internal and external information about Information.	Reading periodicals and reports; maintaining personal contact.
Disseminator	Transmits information received from other employees to members of the organization.	Holding informational meeting; making phone calls to relay information.
Spokesperson	Transmit information to outsiders on organization's plan, policies, actions, results, etc.	Holding board meeting; giving information to the media.

Decision making

The decisional roles include four roles:

Role	Description	Identifiable Activities
Entrepreneur	Searches for development opportunities in the dynamic environment and initiates “improvement projects” to bring about change.	Designing and initiating changes within the organization.
Disturbance handler	Responsible for corrective action when organization faces important disturbances.	Taking corrective action in nonroutine situations.
Resource allocator	Responsible for the allocation of organizational resources of all kinds.	Performing any activity that involves budgeting and the programming of employees’ work.
Negotiator	Responsible for representing the organization at major negotiations.	Participating in negotiations with other parties.

What is management?

- Management processes / management functions
 - Management roles
 - Are there any differences in different managers' jobs?
-

Differences in Different Managers' Jobs

- Level in the organization
- Type of the organization
- Size of the organization

Organizational Level

Responsibility

Making decisions about the direction of the organization and establishing policies that affect all organizational members.

Translating the goals set by top management into specific details that lower-level managers can perform

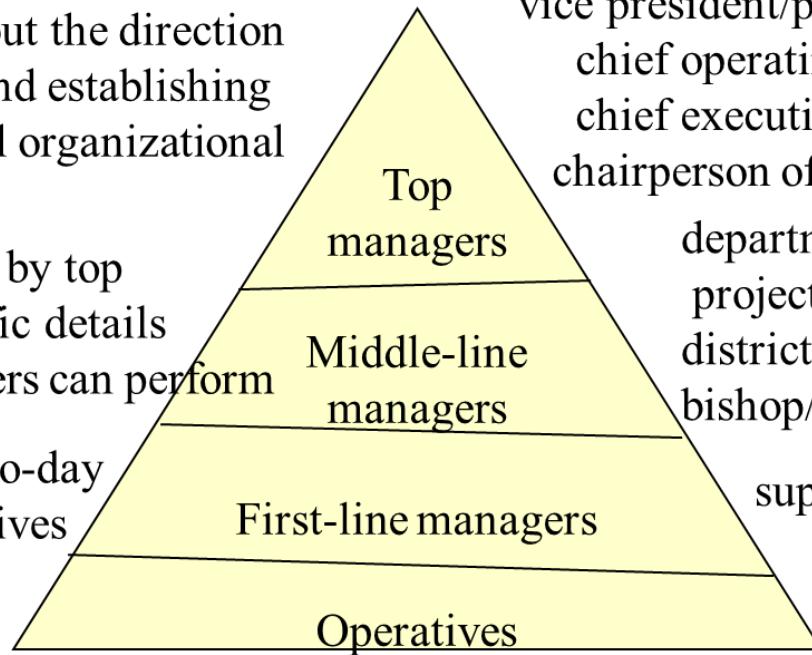
Directing the day-to-day activities of operatives

Title

vice president/president/chancellor/
chief operating officer/
chief executive officer/
chairperson of the board

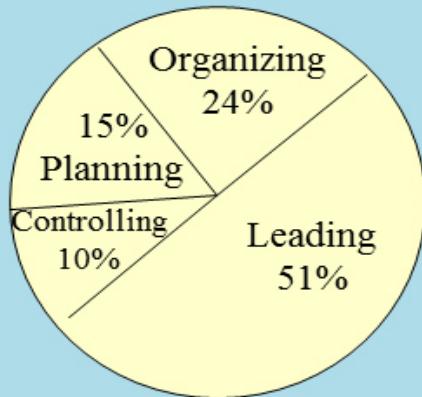
department or agency head/
project leader/ unit chief/
district manager/dean/
bishop/division manager

supervisors

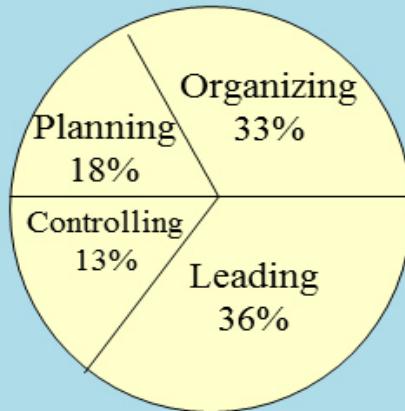


Level in the organization

The differences in their jobs are of degree and emphasis but not of activities' property. We can see the following figure.



First-Level Managers



Middle-Level Managers



Top Managers

Win
Go to PC setting:

Distribution of Time per Activity by Organization Level

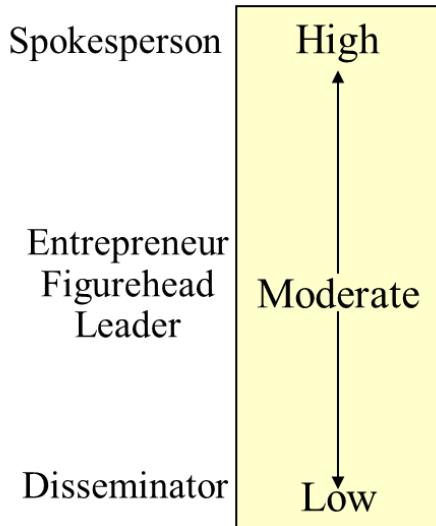
Type of organization

- Profit versus not-for-Profit

The most important is measuring performance. Profit, or the “bottom line”, acts as an unambiguous measure of the effectiveness of a business organization, but there is no such universal measure in not-for-profit organizations. Making a profit is not the primary focus for the “owners” of not-for-profit organizations

Importance of Roles

Roles Played by Managers in Small Firms



Roles Played by Managers in Large Firms

Liaison
Monitor
Disturbance handler
Negotiator

Entrepreneur

Importance of Managerial Roles in Small and Large Business

- What's the organization
- Who are managers?
- What is management?
- What do managers do?
- What skills should successful managers possess?

What skills should successful managers possess?

General skills

- Conceptual skills
- Interpersonal skills
- Technical skills
- Political skills

Specific skills

- Controlling the organization's environment and its resources
- Organizing and coordinating
- Handling information
- Providing for growth and development
- Motivating employees and handling conflicts
- Strategic problem solving

Practices

- ❖ Understand the term management , efficiency and effectiveness?
- ❖ Identify the primary responsibilities of the three levels of managers.
- ❖ What four functions and ten roles are performed by managers?
- ❖ What differences exist in different managers, if considering level, type, size in the organization?
- ❖ What are four general skills that a successful manager should possess?

Answer the Questions now:

1. List out the Four Functions of Management
2. Can you say the 10 Roles performed by the managers
3. List the General Skills that a manager possess
4. Recall the Specific skills possess by the Managers

Overview of Management

Evolution of Management Thought

Subject: Principles of Management

Unit: 1

Lecture:3

Recalling the last session Questions:

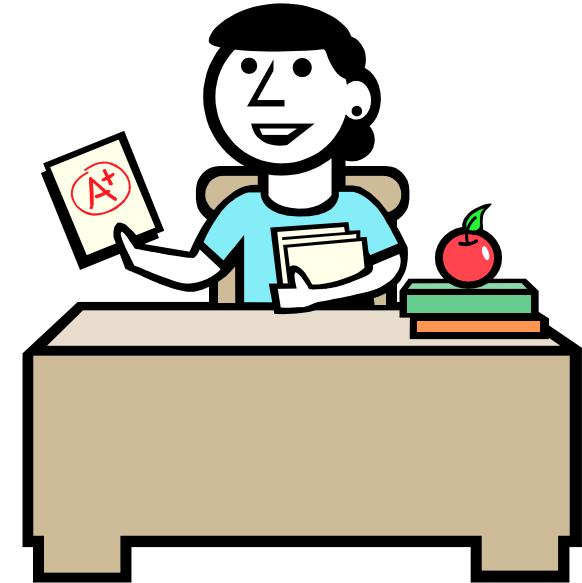
1. List out the Four Function of Management
2. Can you say the 10 Roles are performed by the managers
3. List the General Skills that a manager possess
4. Recall the Specific skills possess by the Managers

Answers for last session Questions:

1. List out the Four Function of Management
(Planning ,Organizing, Leading ,Controlling)
2. Can you say the 10 Roles are performed by the managers
(Figurehead, Leader,Liaison, monitor, disseminator, spokesperson , entrepreneur, disturbance handler, resource allocator,negotiator)
3. List the General Skills that a manager possess
(Conceptual skills , Interpersonal skills , Technical skills , Political skills)
4. Recall the Specific skills possess by the Managers
(Controlling the organization's , Organizing and coordinating , Handling information , Providing for growth and development , Motivating employees and handling conflicts , Strategic problem solving)

Principles of Management

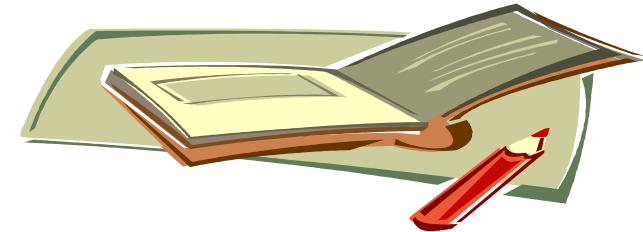
Class-2



LO1.3: The Evolution of Management thought

There are several approaches to the theory and practice of management.

- **Universal process approach**
- **Operational approach**
- **Behavioral approach**
- **Systems approach**
- **Contingency approach**



List the different approaches of management

Universal Process	Operational	Behavioral	Systems	Contingency
Henry Fayol	Frederick Taylor Frank & Lillian Gilbreth Henry Gantt Walter Shewhart Kaoru Ishikawa W. Edwards Deming Joseph M. Juran Armand V. Feigenbaum Philip B. Crosby	The Hawthorne Studies Elton Mayo Mary Parker Follet Douglas McGregor	Chester I. Barnard General Systems Theory	Kieser Kubicek

- Assumes all organizations require the same rational management process
- Core management process remains the same regardless of the purpose of the organization.
- The management process can be reduced to a set of separate functions and related principles.

Henri Fayol's Universal Management Process

He divided a manager's job into five functions:

- Planning
- Organizing
- Command
- Coordination
- Control

He developed 14 universal principles of management.

Fayol published Administration Industrielle et Générale in 1916.

Henri Fayol's Universal Management Process

Table 2.1 Fayol's 14 Universal Principles of Management

1. **Division of work.** Specialization of labor is necessary for organizational success.
2. **Authority.** The right to give orders must accompany responsibility.
3. **Discipline.** Obedience and respect help an organization run smoothly.
4. **Unity of command.** Each employee should receive orders from only one superior.
5. **Unity of direction.** The efforts of everyone in the organization should be coordinated and focused in the same direction.
6. **Subordination of individual interests to the general interest.** Resolving the tug of war between personal and organizational interests in favor of the organization is one of management's greatest difficulties.
7. **Remuneration.** Employees should be paid fairly in accordance with their contribution.
8. **Centralization.** The relationship between centralization and decentralization is a matter of proportion; the optimum balance must be found for each organization.
9. **Scalar chain.** Subordinates should observe the formal chain of command unless expressly authorized by their respective superiors to communicate with each other.
10. **Order.** Both material things and people should be in their proper places.
11. **Equity.** Fairness that results from a combination of kindness and justice will lead to devoted and loyal service.
12. **Stability and tenure of personnel.** People need time to learn their jobs.
13. **Initiative.** One of the greatest satisfactions is formulating and carrying out a plan.
14. **Esprit de corps.** Harmonious effort among individuals is the key to organizational success.

Source: Adapted from Henri Fayol, General and Industrial Management, trans. Constance Storrs (London: Isaac Pitman & Sons, 1949). Copyright 1949 by Lake Publishing Company. Reprinted by permission.

- Lessons from the Universal Process Approach
 - The management process can be separated into interdependent functions.
 - Management is a continuous process.
 - Management is a largely, though not an entirely, rational process.
 - The functional approach is useful because it specifies what managers should do.

Frederick W. Taylor's Scientific Management

- Developing performance standards on the basis of systematic observations and experimentation
- Standardization of work practices and methods to reduce waste and increase productivity
- Time and task study of workers' efforts to maximize productivity and output
- Systematic selection and training of workers to increase efficiency and productivity
- Differential pay incentives based on established work standards

- Frank and Lillian Gilbreth
 - Refined time and motion study methods for use in work simplification
- Henry L. Gantt
 - Refined production control and cost-control techniques
 - Developed the Gantt chart for work scheduling of projects
 - Early advocate of the importance of the human factor and the importance of customer service over profits

- Walter A. Shewhart
 - Introduced the concept of statistical quality control
- Kaoru Ishikawa
 - Proposed a preventive approach to quality
 - Developed fishbone diagram approach to problem solving
- W. Edwards Deming
 - Based his 14 principles on reformed management style, employee participation, and striving for continuous improvement

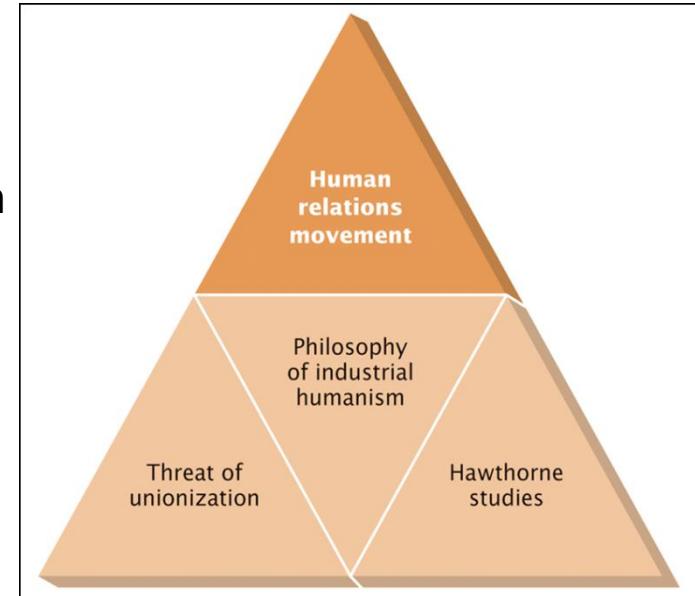
Frederick W. Taylor's Followers

- Joseph M. Juran
 - Proposed the concept of internal customers, teamwork, partnerships with suppliers, and brainstorming
 - Developed Pareto analysis (the 80/20 rule) as a tool for separating major problems from minor ones
- Armand V. Feigenbaum
 - Developed the concept of total quality control
- Philip B. Crosby
 - Promoted the idea of zero defects (doing it right the first time)

Operational Approach

- A dedication to finding a better way is still important.
- Using scientific management doesn't dehumanize workers.
- Quality advocates, inspired by the scientific approach, have been right all along about the importance of quality and continuous improvement.
- The operational approach fostered the development of operations management.

- The Human Relations Movement
 - An effort to make managers more sensitive to their employees' needs
 - Arose out of the influences of
 - The threat of unionization
 - The Hawthorne studies
 - The philosophy of industrial humanism



The Human Relations Movement

- The Threat of Unionization
 - The Wagner Act of 1935 legalized union-management collective bargaining, promoting the growth of unions and union avoidance by firms.
- The Hawthorne Studies (1924)
 - The study's results that productivity was strongly affected by workers' attitudes turned management toward the humanistic and realistic viewpoint of the "social man" model.
- The Philosophy of Industrial Humanism
- Elton Mayo
 - Emotional factors were more important determinants of productive efficiency than were physical and logical factors.
- Mary Parker Follett
 - Managers should be aware of how complex each employee is and how to motivate employees to cooperate rather than to demand performance from them.
- Douglas McGregor
 - Developed Theory X and Theory Y
 - Theory X: Management's traditionally negative view of employees as unmotivated and unwilling workers
 - Theory Y: The positive view of employees as energetic, creative, and willing workers

Table 2.2 McGregor's Theories X and Y

Theory X: Some traditional assumptions about people

1. Most people dislike work, and they will avoid it when they can.
2. Most people must be coerced and threatened with punishment before they will work. They require close direction.
3. Most people prefer to be directed. They avoid responsibility and have little ambition. They are interested only in security.

Theory Y: Some modern assumptions about people

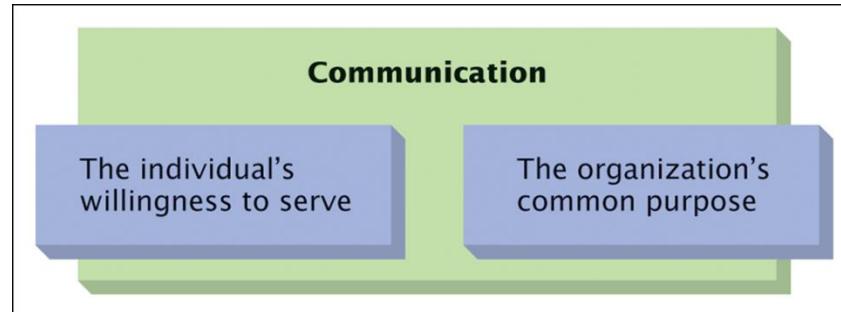
1. Work is a natural activity, like play or rest.
2. People are capable of self-direction and self-control if they are committed to objectives.
3. People will become committed to organizational objectives if they are rewarded for doing so.
4. The average person can learn to both accept and seek responsibility.
5. Many people in the general population have imagination, ingenuity, and creativity.

- **Organizational Behavior**
 - A modern research-oriented approach seeking to discover the causes of work behavior and to develop better management techniques
- **Lessons from the Behavioral Approach**
 - People are the key to productivity.
 - Success depends on motivated and skilled individuals committed to the organization.
 - Managerial sensitivity to employees is necessary to foster the cooperation needed for high productivity.

- What Is a System?
 - A collection of parts operating interdependently to achieve a common purpose
- Systems Approach
 - Posits that the performance of the whole is greater than the sum of the performance of its parts
 - Analytic versus synthetic thinking: Outside-in thinking versus inside-out thinking
 - Seeks to identify all parts of an organized activity and how they interact

Chester I. Barnard's Early Systems Perspective

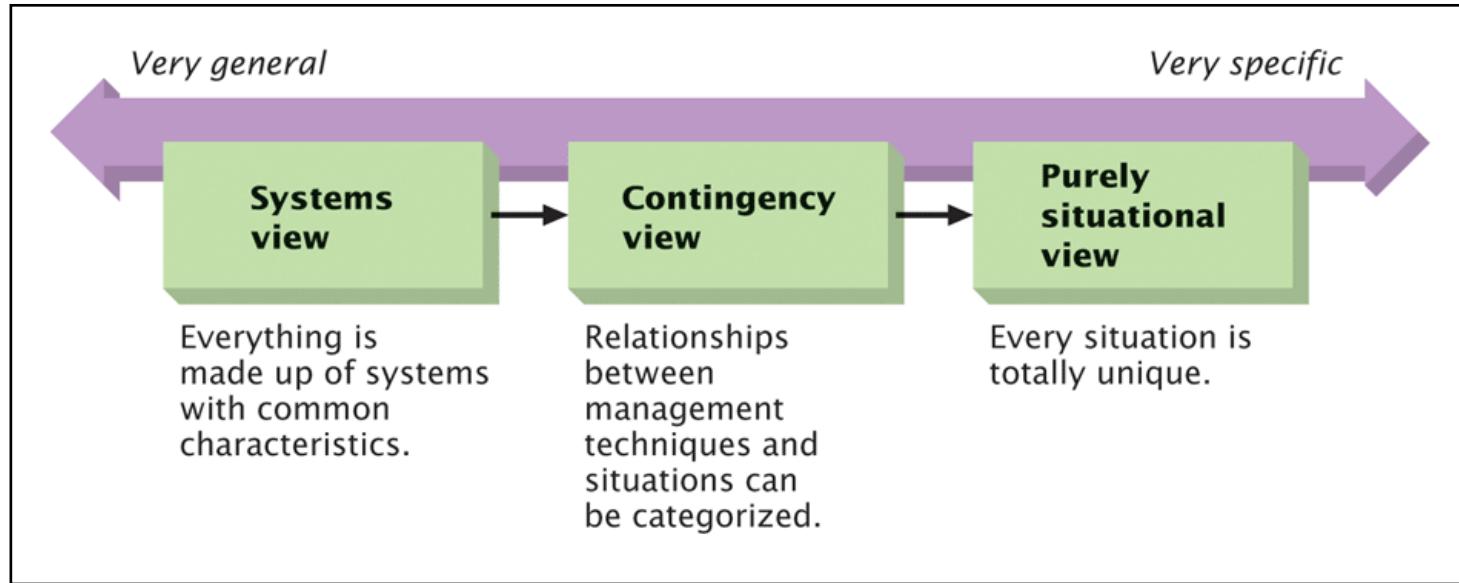
- Wrote Functions of the Executive
- Characterized all organizations as cooperative systems
- Defined principal elements in an organization as
 - ❖ Willingness to serve
 - ❖ Common purpose
 - ❖ Communication
- Strong advocate of business ethics



- General Systems Theory
 - An interdisciplinary area of study based on the assumptions that everything is part of a larger, interdependent arrangement
- Levels of systems
 - Each system is a subsystem of the system above it.
 - Identification of systems at various levels helps translate abstract systems theory into more concrete terms.
- Lessons from the Systems Approach
 - Managers now have a greater appreciation for the importance of seeing the whole picture.
 - Manager should not become preoccupied with one aspect of organizational management while ignoring other internal and external realities.
 - The systems approach tries to integrate various management theories.

- A research effort to determine which managerial practices and techniques are appropriate in specific situations.
- An open-system perspective
 - How subsystems combine to interact with outside systems
- A practical research orientation
 - Translating research findings into tools and situational refinements for more effective management
- A multivariate approach
 - Many variables collectively account for variations in performance.

Contingency View: A Compromise



- **Lessons from the Contingency Approach**
 - Approach emphasizes situational appropriateness rather than rigid adherence to universal principles
 - Approach creates the impression that an organization is captive to its environment

The Evolution of Management thought

Outcomes

- Management is an interdisciplinary and international field that has evolved over the years.
- The operational approach has evolved from scientific management to operations management.
- Quality advocates teach the strategic importance of high-quality goods and services.
- Management has turned to the human factor in the human relations movement and organizational behavior approach.
- Under the systems approach, modern organizations are viewed as open systems.
- The contingency approach stresses situational appropriateness rather than universal principles.
- A quick-fix is unlikely to solve an organization's unique problems.

Terms for Understanding:

- Universal process approach
- Operational approach
- Scientific management
- Operations management
- Human relations movement
- Theory X and Y
- Organizational behavior
- System
- General systems theory
- Closed system
- Open system
- Contingency approach
- Multivariate analysis

Overview of Management

Environmental Factors of Management

Subject: Principles of Management

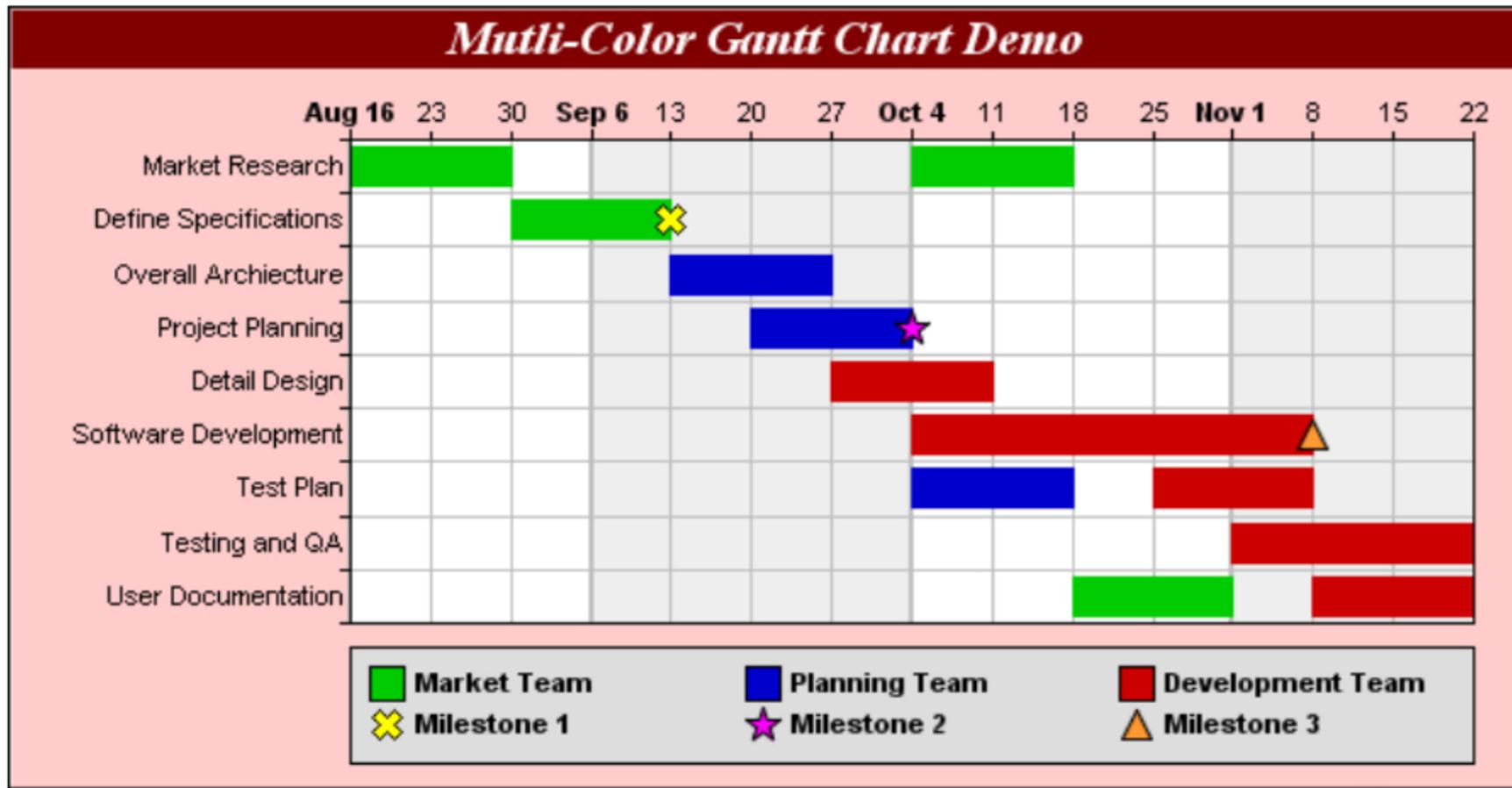
Unit: 1

Lecture:4

Recall the last session:

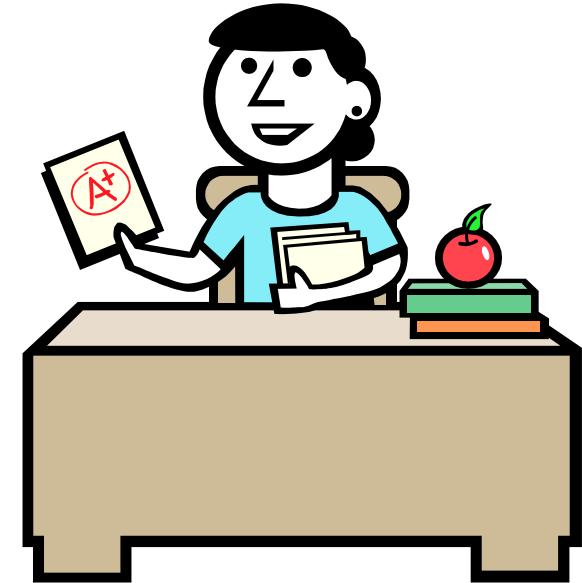
- Universal process approach
- Operational approach
- Scientific management
- Operations management
- Human relations movement
- Theory X and Y
- Organizational behavior
- System
- General systems theory
- Closed system
- Open system
- Contingency approach
- Multivariate analysis

Re calling - Gantt Chart



Principles of Management

Class-4

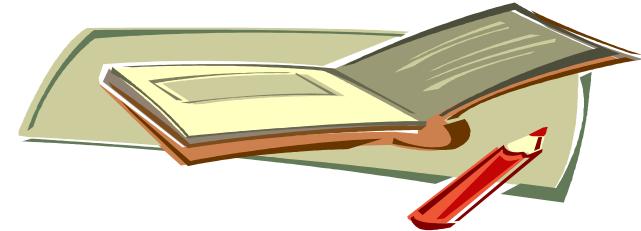


LO1.4: The environmental factors of an organization

Classify the types of business organizations

The environment of management and the factors that affect the environment.

The terms organization, administration and management are often used interchangeably. Sometimes they are used to mean one and the same thing.



Organization is:

- The “collection, preservation and co-ordination of the elements of an enterprise in an integrated manner.”
- It brings together various resources of an enterprise into a single harmonious whole.
- It warrants the utilization of resources for the accomplishment of its objectives.

Management is:

- An executive function that makes the decisions within the confines of the framework, which is set up by the administration.
- Management consists of a group of managerial persons, who leverage their specialist skills to fulfill the objectives of an organization.
- The success of an enterprise/institution is dependent on how efficiently the management can execute plans and policies set by the administration.

Administration is:

- The efficient organization or utilization of the resources of an organization to achieve the goals.
- It determines the principles for ensuring the effective performance of the activities of different divisions and branches of the enterprise.
- Administration is above management, and exercises control over the finance and licensing of an organization.

Classify the types of business organizations



Fig. 1.4. Internal Environment

There are numerous factors that affect an organization or the management.

Managers can monitor these factors/environments through boundary spanning — a process of gathering information about developments that could impact the future of the organization.

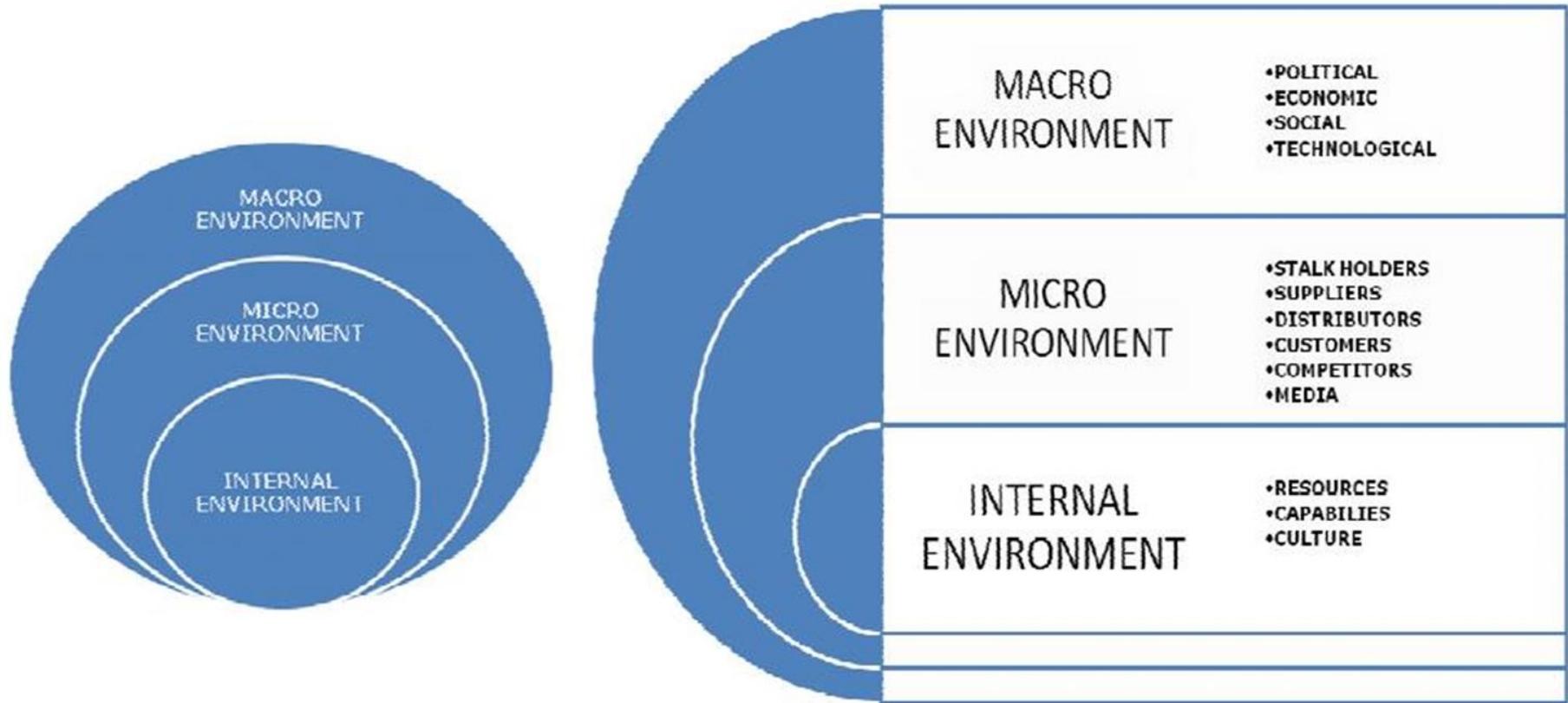
Following types of factor/environment affect management:

- Microeconomic factors
- Macroeconomic factors

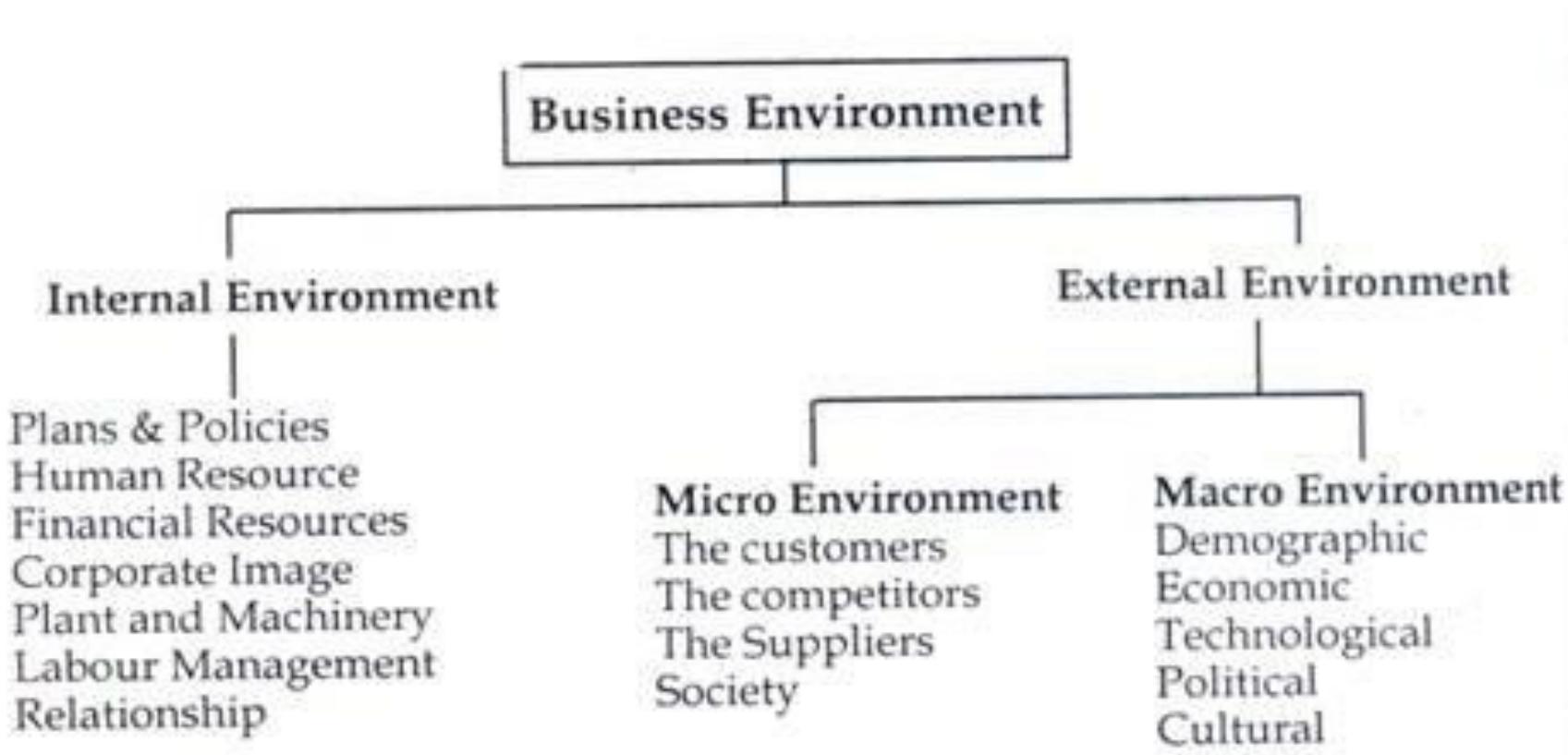
The environmental factors of an organization

Microeconomic Factors	Macroeconomic Factors
<ul style="list-style-type: none">Company-specific influences that have a direct impact on its business operations and success.Components within the control of an organization can be managed and altered.	<ul style="list-style-type: none">Broad economic forces and global events are out of control of any business or company.Forces indirectly affect company objectives.Volatile and risky, and a savvy manager must be agile to sidestep a cascading macroeconomic crisis to keep the company intact.
<ul style="list-style-type: none">For example, a company's revenue, earnings and margin.The employees, stakeholders, the production volume of the products and the advertising campaigns can also be called microfactors.	<ul style="list-style-type: none">For example, the country's economic output, inflation, its political environment, unemployment, etc.

Classification of environmental factors



The environmental factors of an organization



The environmental factors of an organization



The environmental factors of an organization

- Environment of management
 - ✓ Organization
 - ✓ Administration
 - ✓ Management
- The types of business organizations
 - Microeconomic factors
 - Macroeconomic factors
- Business Environment
 - ❖ Internal
 - ❖ External

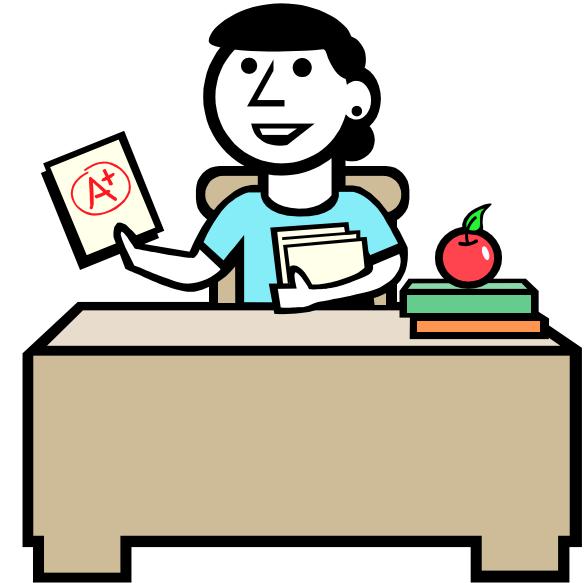
Overview of Management

Managing Globally

Subject: Principles of Management
Unit: 1
Lecture:5

Principles of Management

Class-6



LO1.5: The trends and challenges of management in global scenario

The trends and challenges of management in global scenario

The importance of planning and decision making in global management

- Global economy - environmental issues and competitive issues
- Local market conditions and technological factor -affect their operations.
- Corporate level
- Which markets are growing?
- Which markets are shrinking?
- Which are our domestic and foreign competitors doing in each market?
- They must also make a variety of strategic decisions about their organizations.
- Critical issues include understanding environmental circumstances.
- The role of goals and planning in a global organization.

Organizing in a Global Scenario

Managers in international businesses must also attend to a variety of organizing issues.

Managers in an international business must address the basic issues of organization structure and design, managing change, and dealing with human resources.

Leading in a Global Scenario

Individual managers -interact people from different cultural

Managers must understand how cultural factors affect individuals.

Motivational processes vary across cultures

The role of leadership changes in different cultures

Communication varies across cultures and

Interpersonal and group processes depend on cultural background.

Controlling in a Global Scenario

International organizations must also be concerned with control.

Distances, time zone differences, and cultural factors also play a role in control.

Basic control issues for the international manager revolve around operations management productivity, quality, technology and information systems.

Over view:

Planning and Decision Making in a Global Scenario

Organizing in a Global Scenario

Leading in a Global Scenario

Controlling in a Global Scenario

Overview of Management

Strategies for International Business

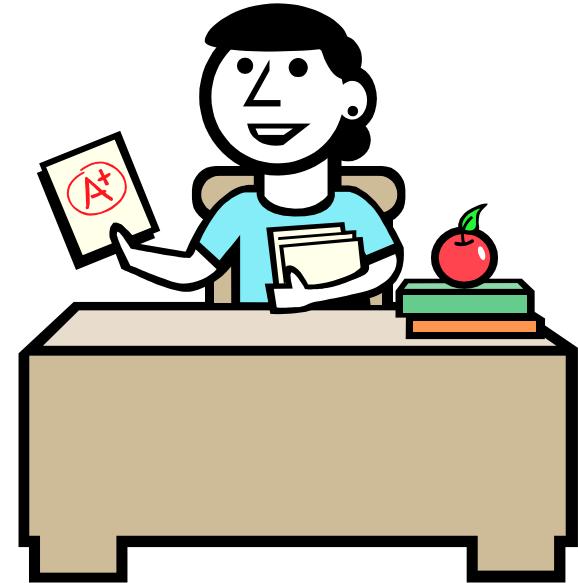
Subject: Principles of Management

Unit: 1

Lecture:6

Principles of Management

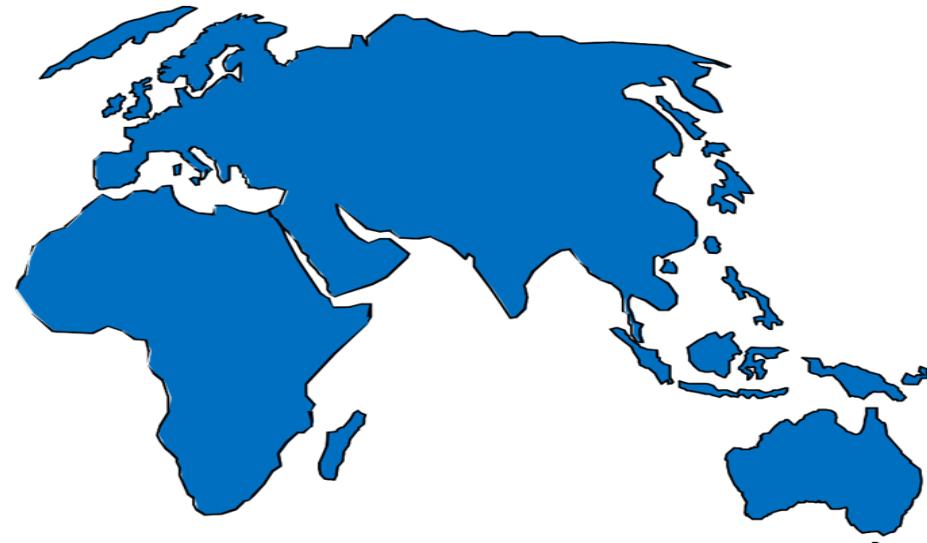
Class-7



LO1.6:Explain the strategies for managing International business

Explain the strategies for managing International business

- List the strategies to be followed in an International business



International Companies



International Companies

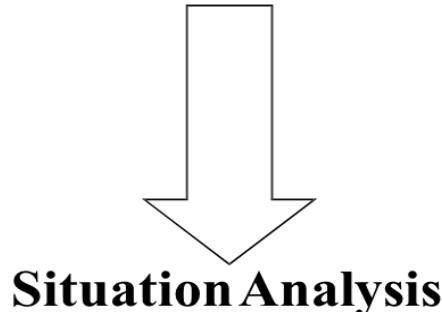


Strategy - Results from

Industry Analysis

Competitor Analysis

Development of resources and capabilities



External Analysis

Situation Analysis

Internal Analysis

List the strategies to be followed in an International business

- What macro environmental conditions will have a material effect on our ability to implement our strategy successfully?
- How stable are these characteristics?
- What is our firm's industry?
- What are the characteristics of the industry?
- What is our strategic group?
- Who are key competitors?
- And, many more

These questions must be asked at national and Global levels

- **Political**

- How stable is the political environment?
- Tax policies

- **Economic**

- Projected interest rates?
- Inflation?

- **Socio-cultural**

- Lifestyle trends?
- Demographic changes?

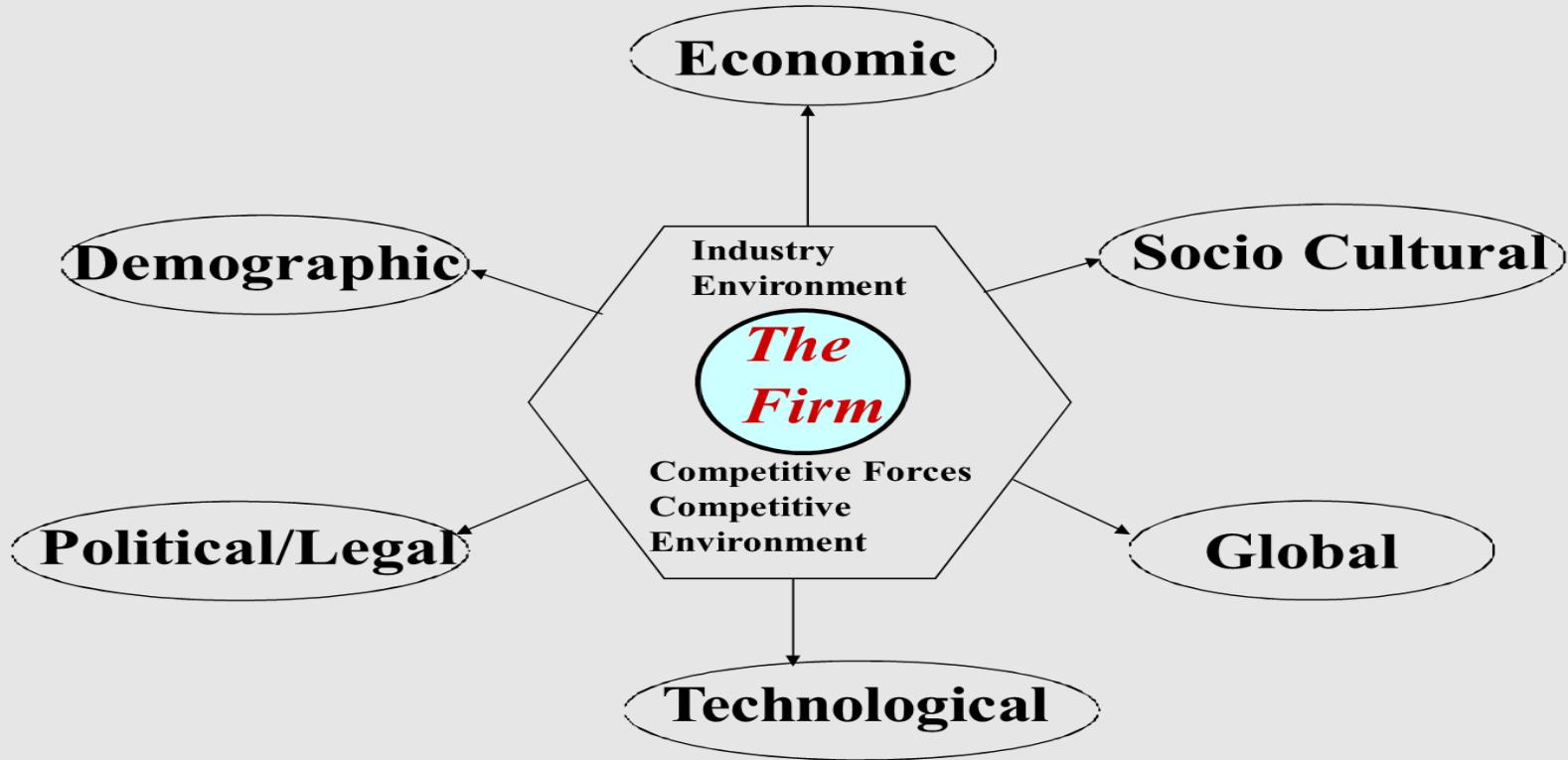
- **Technological**

- Level of government research funding?
- How mature is technology?

- **Legal**

- Is intellectual property protected?
- Relevant consumer laws?
- Etc.

The External Environment



PRESSURES FAVORING INDUSTRY GLOBALIZATION

•Markets	•Costs	•Governments	•Competition
– Homogeneous customer needs	– Large scale and scope economies	– Favorable trade policies	– Interdependent countries
– Global customer needs	– Learning and experience	– Common technological standards	– Global competitors
– Global channels	– Sourcing efficiencies	– Common manufacturing and marketing regulations	
– Transferable marketing approaches	– Favorable logistics – Arbitrage opportunities – High R&D costs		

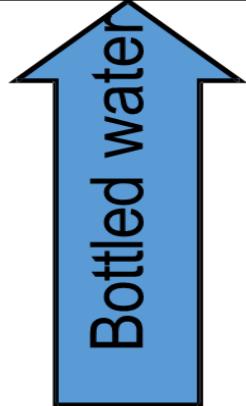
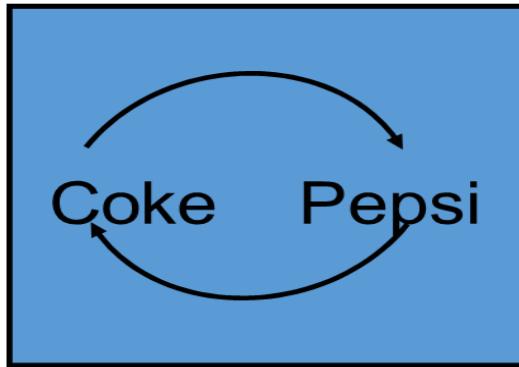
Porter's Model:

Assess the six forces --

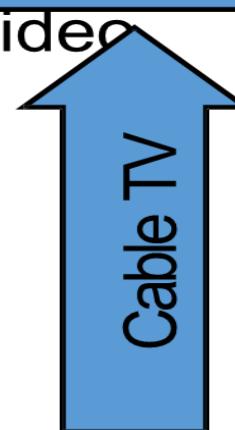
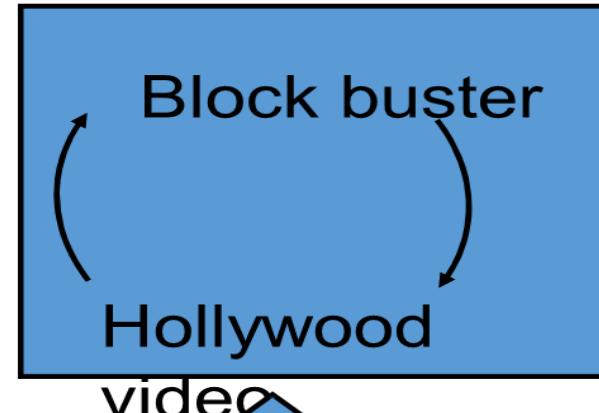
- Threat of new entrants
- Rivalry among existing firms
- Threat of substitute products
- Bargaining power of buyers
- Bargaining power of suppliers
- Relative power of other stakeholders

THREAT OF SUBSTITUTES

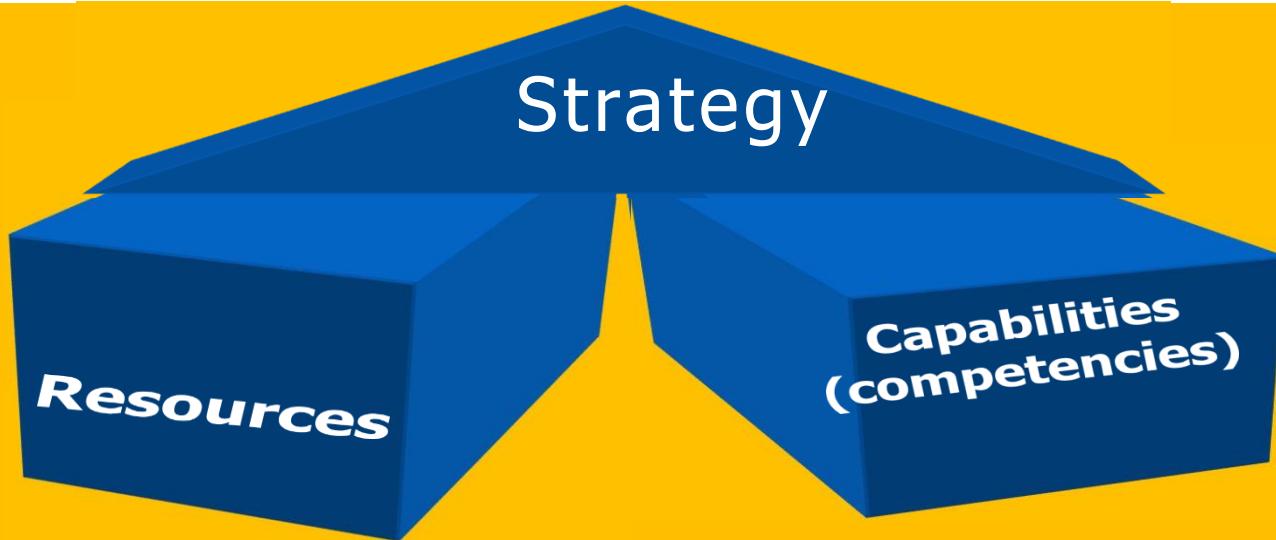
Soft drinks



Movie rentals



RESOURCES AND CAPABILITIES: BUILDING BLOCKS OF STRATEGY



- The inputs that firms use to create goods and services
 - Undifferentiated or firms-specific
 - Tangible or intangible
 - Easy to acquire or difficult

A firm's skill in using its resources to create goods and services. The combination of procedures and expertise that the firm relies on to engage in distinct activities in the process of producing goods and services

Strategy Should Pinpoint to Actions

- Formulate a strong international vision
- Allocate scarce resources on a worldwide basis
- Participate in major markets
- Implement global partnerships
- Engage in global competitive moves
- Configure value-adding activities on a global scale

Four Strategic Objectives

- *Efficiency* – minimize the cost of operations and activities
- *Effectiveness* – maximize revenues
- *Flexibility* – tap local resources and opportunities to maximize options for the firm
- *Learning* – add to proprietary technology, brand name and management capabilities by internalizing knowledge gained from international ventures.

Four Strategies Emerging from the Integration-Responsiveness Framework

1. Home replication strategy
2. Multidomestic strategy
3. Global strategy
4. Transnational strategy

Four Basic Strategies



Home Replication Strategy



- The firm views international business as separate from, and secondary to, its domestic business.
- International business typically pursued to generate additional sales for domestic products
- Products are designed with domestic customers in mind; i.e., not adapted for foreign markets.
- The firm expects little knowledge flows from foreign operations.
- Usually based on simple exporting

- Headquarters delegates much autonomy to each country manager, allowing him/her to operate independently and pursue local responsiveness.
- The managers substantially adapt products and practices to suit local conditions.
- The managers function independently, with little incentive to share knowledge with managers elsewhere.
- The firm ends up with a collection of disconnected markets, with no coordination or integration of national markets.

- Headquarters pursues global integration, seeking to control country operations in order to minimize duplication, and maximize efficiency, effectiveness, and learning worldwide.
- Emphasizes centralized coordination and control of R&D, production, marketing, and after-sales service
- Management views the world as one large marketplace.
- The firm offers standardized products, using standardized marketing
- Main advantages: lower costs; easier to manage

- A tug of war – the firm attempts to strike some ideal balance between global and multidomestic strategies.
- Combines the major advantages of multidomestic and global strategies, while minimizing their disadvantages.
- Applies the model '*standardize whenever possible; adapt when necessary.*

The Advantages and Disadvantages of the Four Strategies

Strategy	Advantages	Disadvantages
Global	Exploit experience curve effects	Lack of local responsiveness
International	Exploit location economies Transfer distinctive competencies to Foreign Markets	Lack of local responsiveness Inability to realize location economies Failure to exploit experience curve effects

The Advantages and Disadvantages of the Four Strategies

Strategy	Advantages	Disadvantages
Multi-domestic	Customize product offerings and marketing in accordance with local responsiveness	Inability to realize location economies Failure to exploit experience curve effects Failure to transfer distinctive competencies to foreign markets
Transnational	Exploit experience curve effects Exploit location economies Customize product offerings and marketing in accordance with local responsiveness Reap benefits of global learning	Difficult to implement due to organizational problems