**MASTER OF SCIENCE IN MANAGEMENT AND SYSTEMS**

**Managing in a Global Economy**

**December/2023**

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**STUDENT CLASS NUMBER: 1200 SECTION 104**

**FINAL TERM EXAM**

1) **In Chapter 1 we discussed “Expanding Abroad” and the four stages and mentalities as to international operations (International Mentality, Multinational Mentality, Global Mentality, and Transnational Mentality). Choose one of these mentalities and define it. Also provide a real case (MNE) example.**

The transnational Mentality according to me, is an increasingly necessary new outlook towards global expansion. Expanding to other countries is a complex task with more failure rates because of the old conventional approach towards expanding which focused on profits. The new approach centers on identifying local needs and responding/adapting to such needs which is an integral part that often gets overlooked.

An example of a case is how a company from Mexico – MABE has done well to expand transnationally.

2) **What is an MNE? Provide one example of a legitimate MNE and explain your choice.**

The Multinational enterprises or MNEs are firms that have a global presence and operate in multiple countries. The Coca Cola is an example of an MNE as they are well established in major part of globe.

3) **Name one “macro factor” that drive firms (MNEs) to compete globally.**

I think the potential of a massive growth in operational capacity of a firm and thus the revenue is a major factor that drives international expansion. Brand Image of being an MNE is another appealing factor.

4) **Provide your understanding of the following statement: “FLEXIBILITY is key into managing Macroeconomic risks, Political risks, and Resource risks”.**

The statement provides an increasingly necessary attribute a well-run business should have that is being adaptable to the dynamic risks that occur in the economy, policies governing businesses & other business risks.

5) **Choose one of the following international managerial models you think is best suited for today’s MNE and explain your reasoning WITH YOUR OWN WORDS. - Decentralized Federation - European Model - Coordinated Federation - American Model - Centralized - Japanese Model.**

I strongly believe the Decentralized Federation of the Europe is best suited for today’s MNE. Giving local subsidiaries more freedom & authority is vital since the local executives better know the customer needs of the market and are in direct contact with the target population.

6) **Why would a competitive MNE decide to embrace a “strategic partnership or alliance”? Provide two supporting reasons.**

RISK AVERSION – MNEs could proceed with a Strategic partnership or alliance to minimize risks in a new market by partnering with other organization in that local market. They could gauge the risk of doing a business in the said market through partnerships before deciding to go all committed in the new market.

TECHNOLOGY EXPERTISE – Partnerships provide a way of sharing technological expertise & resources the MNEs lack in the regional markets. This achieves synergy & can accelerate innovation.

7) **In Chapter 8 we discussed four different postures MNEs have embraced over the years. Name one you think has the best chance of success in the next decades and provide supporting argumentation.**

The Transformative MNEs with the commitment to drive positive changes in the community has the best chance to succeed in the next decades according to me. This is because of the change in mindsets of masses in this new age where people are increasingly aware of the potential positive changes that businesses could bring about on and recognize such firms.

8) **Who was Mrs. Foster? What was her role in the Levendary Café and main initial challenges?**

Mrs. Foster is the CEO of Levendary Café. She was responsible for finding solutions to the issues the company like growth in China, consistency with the US headquarters and tackle the doubts of Wall Street in her potential in running the business.

9) **Although Levendary’s financials seemed strong at the time, why were its shares trading at a discount?**

Stems from the investor’s doubts in Mrs. Foster and the company’s potential to grow in operational capacities especially in China. They were also worried whether Chinese reporting structure complied with American norms.

10) **Briefly (in bullet points) describe the basic cost structure of a restaurant (according to the case).**

\* Real estate rent, common area maintenance, energy and waste disposal, among other expenses – 10%

\* Employee compensation – 25-35%

\* Raw material costs – 28-32%

\* Other expenses include paper goods, cleaning for uniforms and linens, marketing fees, and overhead – 1-15%

11) **Which were the two elements that distinguished Levendary Café from its peers?**

- Personalized approach that would accommodate customer requests.

- Regional specialties to be added in the menu pleasing customers.

12) **Which of the business units you consider most important to Levendary Café, and why?**

As much as I recognize the importance of the Chinese market, I still consider the American division to be the most significant unit for Levendary Café. A lot of firms when they tend to expand, place more importance on the new market which could allow domestic competitors to snatch their market share. Levendary Café also needs to maintain the existing American market performance intact.

13) **Discuss the differences between the Parent Company/Headquarters views and Mr. Chen’s (China) views for Levendary Café in China. Do you think Mr. Chen did a great job running the business in China? Why? What would you have done in Mr. Chen’s situation?**

The corporate headquarters focuses on ensuring worldwide uniformity and aims for standardizing the brand. Nevertheless, to better serve the preferences of Chinese clientele, Mr. Chen advocated for a localization approach in the Chinese market. This involved adjusting menus and store layouts to align with regional preferences and cultural traditions.

The corporate headquarters expressed concern about the potential damage to Levendary's reputation in China due to Mr. Chen's adaptable approach, fearing it might create inconsistencies across different markets. Mr. Chen's performance in this area has been subpar, stemming from inadequate consultation with the head office to reconcile these divergent strategies.

To address this issue, I aim to consider and balance the viewpoints of both the China business and the head office. Organizing a collaborative meeting would enable us to find a common ground that caters to the needs of the Chinese market while upholding the global brand's uniformity. This strategic alignment not only aims to fulfill the demands of Chinese customers but also to safeguard and uphold the brand's reputation.

14) **Why was Mrs. Foster so concerned with the Chinese operations**?

Ms. Foster perceives Levendary Café's future expansion to hinge significantly on the Chinese market, thus directing her focus towards its development. Her primary concern rested upon preserving the brand's image within the Chinese market and ensuring consistent adherence to standardized procedures and reporting across all stores in China. Feeling a compelling need to understand and directly tackle these concerns, she sensed a discrepancy between the management and reporting of the company's Chinese business compared to its broader strategic vision.

15) **Describe and define the dilemma Mrs. Foster faced as a CEO in connection to the China operations/model? What would you have done in Mrs. Foster’s position?**

As the CEO of Levendary Café, Mrs. Foster encountered a challenge. The corporate headquarters prioritized preserving brand uniformity, while the leader of the China division advocated for customizing stores and menus to align with local preferences and the demands of the Chinese market.

To address this issue, Ms. Foster needs to conduct a strategic assessment to gain a deeper understanding of the specific needs of the Chinese market. She must devise methods to harmonize local adjustments while maintaining overall consistency and enhance communication between the teams operating in China and the headquarters.

16) **Explain to me in your own words how this recent paper by MIT-Sloan relates directly to your Final Group Exercise (ONE PAGE ONLY)?**

**As Former CEO of Al Hilal, Prof Alexandre Coelho said, ‘Big Data is a must’. ‘Either through artificial intelligence or smart automation you will win market share if you can work with proper data analytics’**, The article underscores the crucial role of effective leadership in maximizing the potential of data while providing valuable insights and best practices concerning data and analytics. These aspects are highly beneficial for our final project.

The article's discussion on optimizing analytics and selecting suitable analytical methods becomes particularly advantageous when dealing with extensive data sets. This guidance can significantly enhance our data analysis capabilities and aid in making well-informed decisions. Implementing these strategies and insights can empower businesses to utilize data and analytics more effectively, addressing real-world business challenges, amplifying productivity and profitability, and fostering innovation.