

# Chapter 10: Strategic Management in the Global Environment

As globalization increases, firms must develop and implement strategies that enable them to compete effectively in international markets. This chapter explores how organizations adapt their strategic management practices in the global context.

## 1. Globalization and Strategic Management

Globalization refers to the increasing interconnectedness of markets, economies, and cultures.

Strategic management in a global environment involves:

- Identifying international opportunities
- Navigating cultural, legal, and economic differences
- Leveraging global resources and markets
- Managing global risks

## 2. Motivations for Global Expansion

- Market seeking: Accessing new customers and markets
- Resource seeking: Acquiring raw materials, labor, or technology
- Efficiency seeking: Lower production costs through outsourcing/offshoring
- Strategic asset seeking: Gaining brand recognition or technological capabilities

## 3. Entry Strategies into International Markets

- Exporting: Selling products to foreign markets from home country

- Licensing and Franchising: Allowing foreign firms to use intellectual property or business models
- Joint Ventures and Alliances: Partnering with local or international firms
- Wholly Owned Subsidiaries: Establishing or acquiring full control of foreign operations
- Greenfield Investments: Building new operations from scratch in a foreign country

#### 4. Global Strategy Types

- International Strategy: Centralized control with minimal local adaptation
- Multidomestic Strategy: High local responsiveness, low global integration
- Global Strategy: High global integration, standardized products/services
- Transnational Strategy: Combines global efficiency with local responsiveness

#### 5. Challenges in Global Strategic Management

- Cultural differences: Communication styles, management practices, values
- Legal and regulatory differences: Labor laws, tax codes, environmental standards
- Currency and economic volatility
- Political instability and trade barriers
- Intellectual property protection

#### 6. Managing Cross-Cultural Teams

Success in global strategies requires:

- Cultural intelligence
- Inclusive leadership
- Conflict resolution and adaptability

- Cross-cultural training and collaboration tools

## 7. Global Competitive Advantage

Firms achieve global competitive advantage through:

- Global brand equity
- Economies of scale
- Innovation networks
- Strategic location and supply chain efficiency

## 8. Ethical and Environmental Considerations

Global operations must address:

- Human rights and labor practices
- Environmental sustainability
- Anti-corruption and transparency
- Corporate accountability across borders

Multiple-Choice Questions:

1. Which strategy emphasizes both global efficiency and local responsiveness?

- a) Global strategy
- b) Multidomestic strategy
- c) International strategy
- d) Transnational strategy

2. A Greenfield investment involves:

- a) Buying foreign companies
- b) Licensing a foreign brand
- c) Exporting products
- d) Building operations from scratch

3. One key risk in global markets is:

- a) Local branding
- b) Cultural similarity
- c) Political instability
- d) High market share

4. An example of a market-seeking motivation is:

- a) Outsourcing labor
- b) Expanding into new countries to attract customers
- c) Acquiring raw materials
- d) Seeking new technologies

5. Managing cultural differences is essential because:

- a) It reduces marketing expenses
- b) It ensures pricing consistency
- c) It enhances team collaboration and communication
- d) It prevents licensing issues