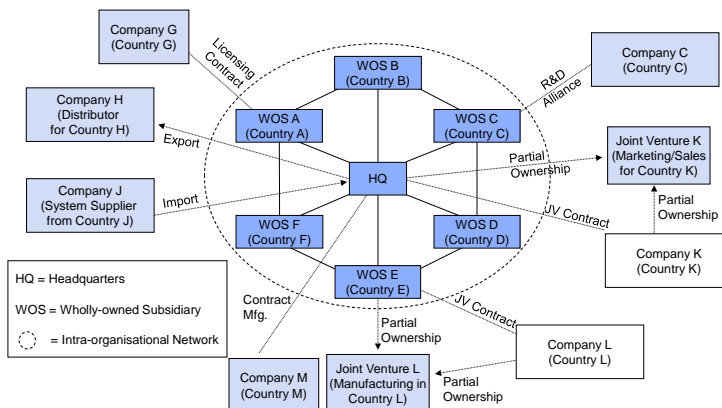


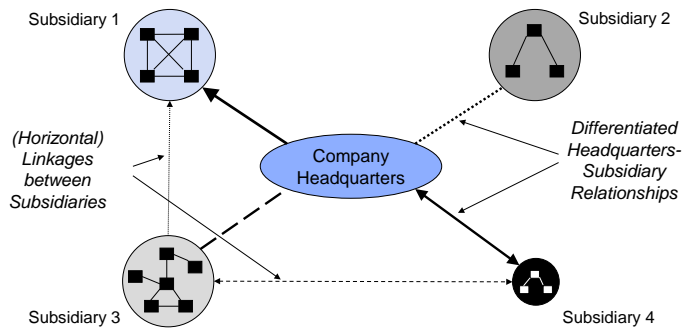
Source: Adapted from Bartlett/Beamish 2014, p. 281, p. 285.



Source: Adapted from Schmid/Kutschker 2003, p. 165.

The Structure of the MNC as a Differentiated Network

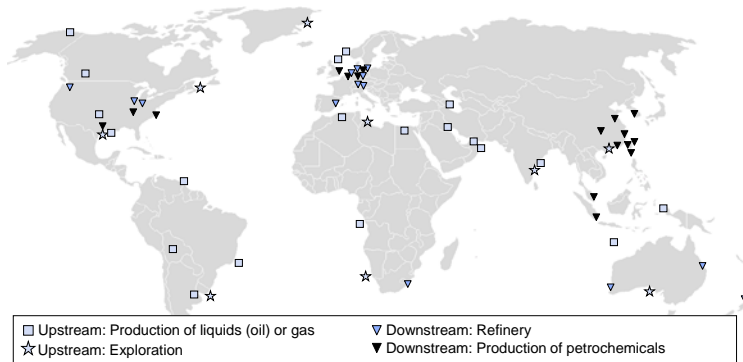
Figure 1.3



Source: Adapted from Nohria/Ghoshal 1997, p. 14.

Geographic Spread and Functional Diversity of BP's Worldwide Operations (as of Dec. 31, 2013; without Operations of Rosneft)

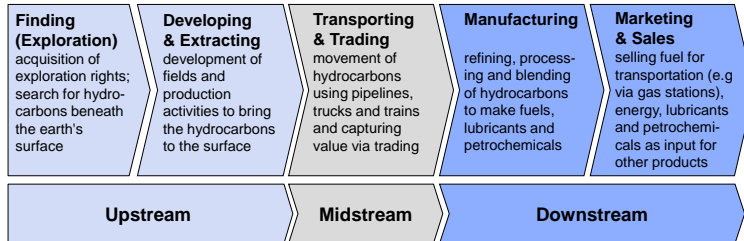
Figure 1.4



Source: BP 2014a, pp. 4-5.

Value Chain of BP

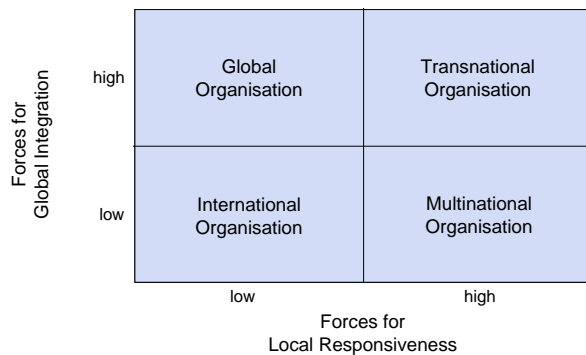
Figure 1.5



Source: Adapted from BP 2014a, pp. 2-3.

The Integration/Responsiveness-Framework

Figure 2.1



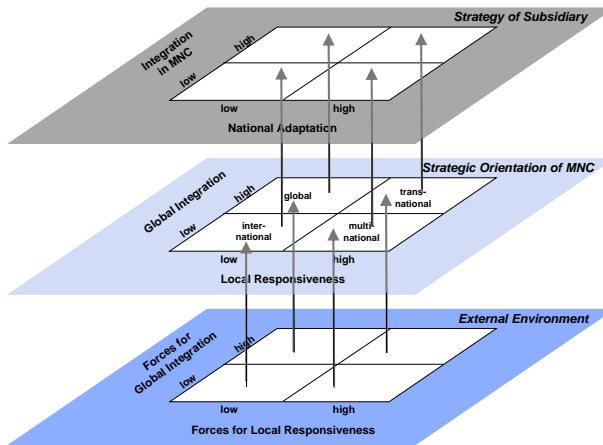
Source: Adapted from Bartlett/Ghoshal 1989, p. 438.

Selected Characteristics of the Four MNC Types

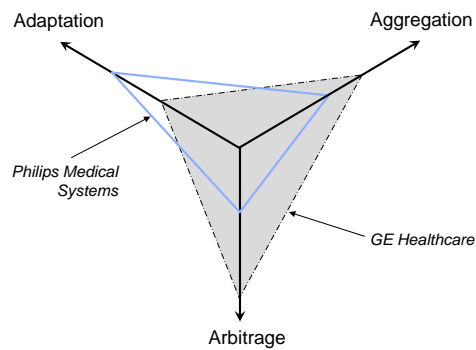
Table 2.1

	International	Global	Multinational	Transnational
Role of Subsidiary	sale of HQ products	implementation of HQ strategies	identification and exploitation of local opportunities	differentiated contribution to the worldwide competitive advantages of the MNC
Network Model	centralised hub	centralised hub	decentralised federation	integrated network
Vertical Product Flows	high, sequential	high, sequential	low	bidirectional
Inter-subsidiary Product Flows	low	low	low	high
Centralisation of Decisions	high	high	low	medium (decentralised centralisation)
Management Transfers, Visits, Joint Working Teams	low	high	low	high
Centres of Excellence	low	low	low	high
Product Modification	low	low	high	high
Local Production	low	low	high	medium
Dependency	strong dependence	strong dependence	in-dependence	inter-dependence

Source: Summarised and adapted from Macharzina 1993, p. 83, p. 102; Harzing 2000, p. 113; Bartlett/Beamish 2014, pp. 198-201.



Source: Morschett 2007, p. 396.



Source: Adapted from Ghemawat 2007, p. 66.

Selected Characteristics of the Three Dimensions of International Strategy

	Adaptation	Aggregation	Arbitrage
Competitive Advantage <i>Why should we globalize at all?</i>	to achieve local relevance through national focus while exploiting some economies of scale	to achieve scale and scope economies through international standardization	to achieve absolute economies through international specialization
Configuration <i>Where should we locate operations overseas?</i>	mainly in foreign countries that are similar to the home base, to limit the effects of cultural, administrative, geographic, and economic distance		in a more diverse set of countries, to exploit some elements of distance
Coordination <i>How should we connect international operations?</i>	by country, with emphasis on achieving local presence within borders	by business, region, or customers, with emphasis on horizontal relationships for cross-border economies of scale	by function, with emphasis on vertical relationships, even across organizational boundaries
Controls <i>What types of extremes should we watch for?</i>	excessive variety or complexity	excessive standardization, with emphasis on scale	narrowing spreads

Source: Ghemawat 2007, p. 61.

Table 2.2

Level of Globalisation by Retail Sector in 2012

	Retail Revenue from Foreign Operations	Average Countries	Single-Country Operators
Top 250	24.3%	10.0	36.8%
Fashion Goods	29.8%	22.2	23.8%
Hardlines & Leisure Goods	26.6%	13.1	26.9%
Fast-moving Consumer Goods	23.3%	5.1	44.5%
Diversified	22.6%	10.3	36.8%

Source: Deloitte 2014, p. 24.

Table 2.3

Forces for Global Integration and Local Responsiveness in Different Retail Sectors

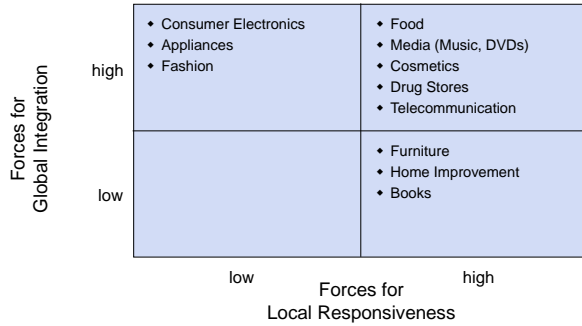
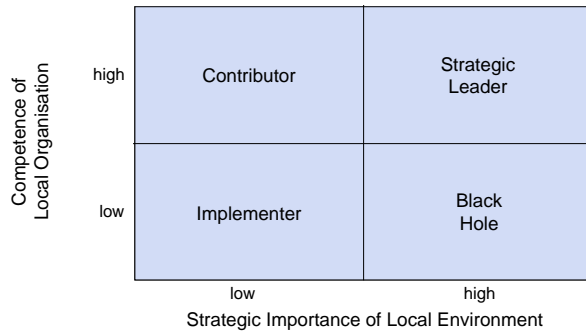


Figure 2.4

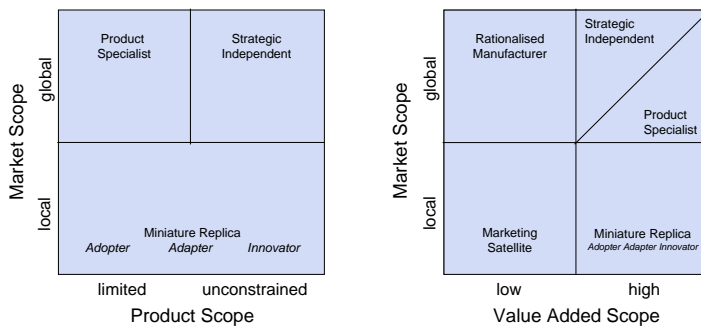
Retailers and Their Strategic Orientation

	Hollister	7-Eleven	REWE Group	Alnatura
Brand	globally standardised	globally standardised	locally integrated	locally integrated
Marketing Strategy	globally standardised	between global standardisation and local integration	locally integrated	-
Store Layout	globally standardised	between global standardisation and local integration	locally integrated	globally standardised
Assortment	globally standardised	between global standardisation and local integration	locally integrated	between global standardisation and local integration
Distribution	Globally standardised	locally integrated	globally standardised with local Integration	between global standardisation and local integration

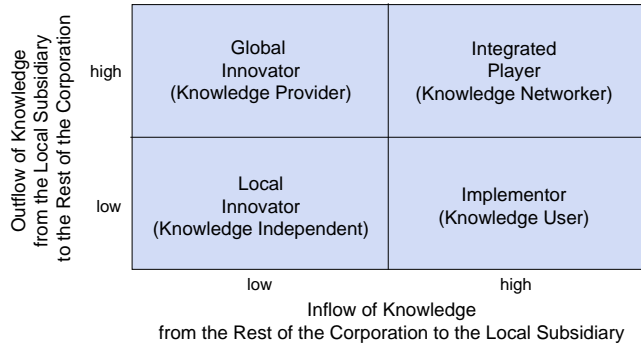
Table 2.4



Source: Adapted from Bartlett/Ghoshal 1986, p. 90.

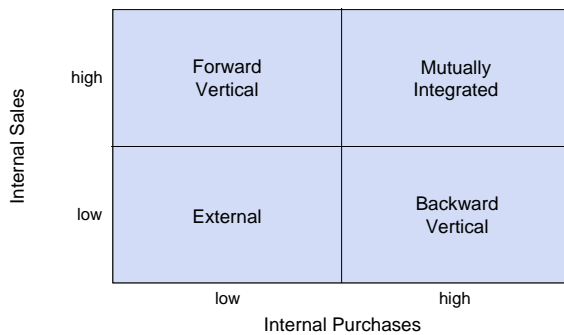


Source: Adapted from White/Poynter 1984, p. 60.



(The terminology of Randøy/Li (1998) is displayed in brackets.)

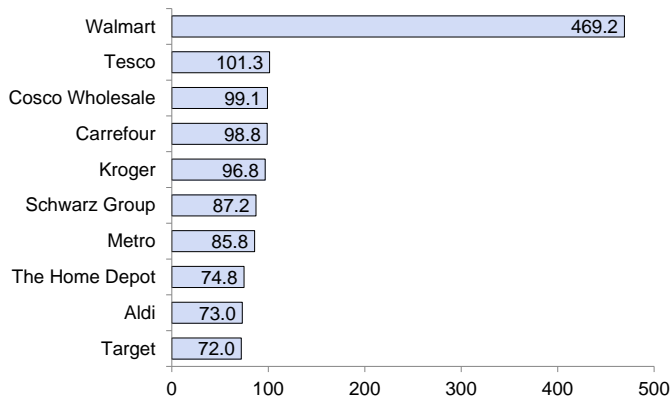
Source: Gupta/Govindarajan 1991.



Source: Andersson/Forsgren 1994, p. 15.

The Top-10 Retailers in the World by Retail Revenues 2012 (in billion USD)

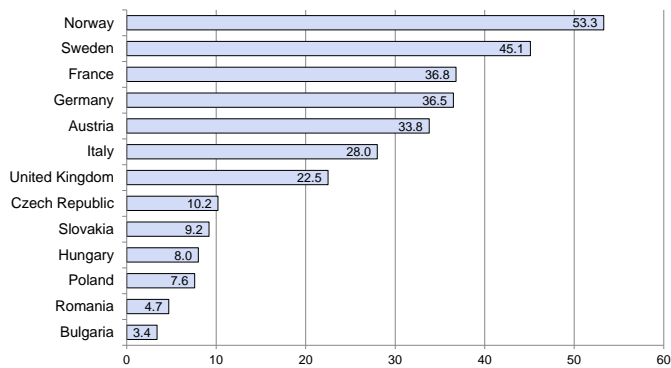
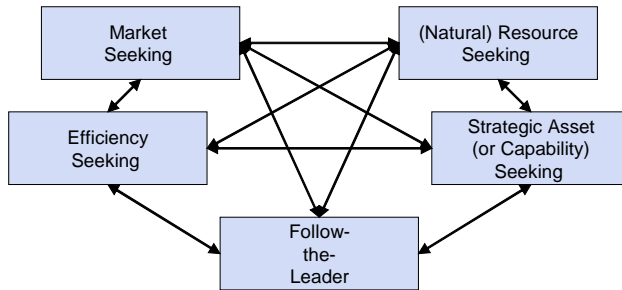
Figure 3.5



Source: Deloitte 2014.

Entry Year	Country	Retail Units (May 2014)	Form of Entry
1991	Mexico	2,207	50:50 joint venture with local retailer Cifra; acquisition of majority stake in 1997; extension to 60% in 2000
1994	Canada	390	acquisition of 122 stores of local retailer Woolco
1995	Brazil	556	acquisition of 118 stores of local retailer Bompreco
1995	Argentina	105	opening own stores
1996	China	402	joint venture; opening of own stores; 2006 major acquisition 108 stores from foreign retailer Trust-Mart (tripling Walmart's size); 2012 acquisition of a majority stake in online supermarket Yihoodian
1997	Germany	0	acquisition of 21 stores of local retailer Wertkauf; followed by acquisition of 74 stores of Intermarché in 1999; market exit in 2006 (by selling its then 85 stores to Metro) in 2006
1998	South Korea	0	acquisition of 4 stores (and 6 undeveloped sites); market exit in 2006 (by selling its then 16 stores to Shinsegae).
1999	UK	577	acquisition of local retail company ASDA with 229 stores
2002	Japan	439	acquisition of a 6.1% stake in local retail company Seiyu with 370 stores; acquisition of majority interest in 2005; turning Seiyu in a wholly-owned subsidiary in 2008
2005	Central America	668	acquisition of 33.3% of Central American Retail Holding Company with 363 stores in Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, increased to 51% in 2006
2009	Chile	386	acquisition of local retail company D&S with 224 stores
2009	India	20	joint venture with local company Bharti Enterprises, complete take-over in 2014
2011	Africa	578	acquisition of majority stake in Massmart Holdings with 288 stores in 14 African countries (focus on South Africa)

Source: Gathered from diverse sources; Walmart 2014a; Walmart 2014b, p. 61.



Source: Eurostat 2014.

Ranking of the Most Innovative Countries

Table 4.1

Country	Rank	Innovation and Sophistication Score	Country	Rank	Innovation and Sophistication Score
Switzerland	1	5.72	Denmark	11	5.14
Finland	2	5.65	Austria	12	5.14
Japan	3	5.62	Singapore	13	5.14
Germany	4	5.59	Qatar	14	5.08
Sweden	5	5.46	Belgium	15	5.07
United States	6	5.43	Norway	16	5.07
Netherlands	7	5.36	Luxembourg	17	4.84
Israel	8	5.23	France	18	4.84
Taiwan	9	5.22	Hong Kong	19	4.83
United Kingdom	10	5.15	Korea, Rep.	20	4.82

Source: World Economic Forum 2013, p. 16.

SAP Revenue Categories in 2013

Table 4.2

Revenue categories	%
+ Cloud subscriptions and support	4
+ Software	27
+ Support	52
Software and software-related services revenue	83
+ Consulting	13
+ Other services	4
Professional service and other services revenue	17
Total revenue	100
■ one-time revenue ■ recurring revenue	

Source: SAP 2014, p. 1.

Software Company Ranking in 2012

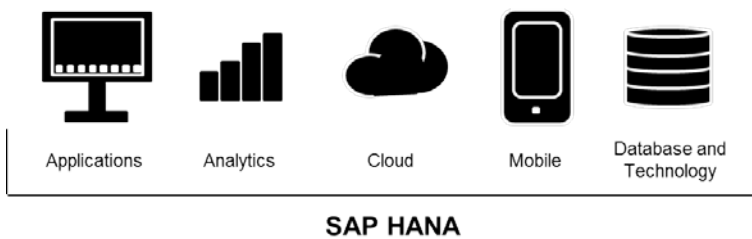
Table 4.3

Rank	Company	Country	Sales (in billion USD)	Profits (in billion USD)	Assets (in billion USD)	Market Value (in billion USD)
1	Microsoft	United States	83.3	22.8	153.5	343.8
2	Oracle	United States	37.9	11.1	86.6	185
3	SAP	Germany	22.3	4.4	37.3	97.1
4	Vmware	United States	5.2	1	12.3	48.2
5	Symantec	United States	6.8	0.9	13.3	14
6	CA	United States	4.6	1	11.8	14.1
7	Fiserv	United States	4.8	0.7	9.7	14.6
8	HCL Technologies	India	4.7	0.7	4.2	16.6
9	Intuit	United States	4.2	0.7	4.7	22.4
10	Amadeus IT Holdings	Spain	4.1	0.7	7.5	18.9

Source: PWC 2013.

SAP's Product Portfolio

Figure 4.3



Source: SAP 2012, p. 9.

SAP's Internationalisation Strategy

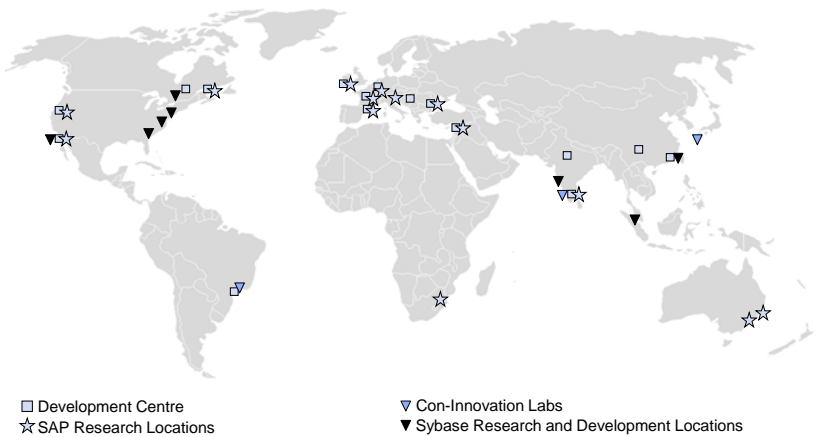
Table 4.4

Internationalisation	Localisation	Translation
technical enablement of a system to operate globally <ul style="list-style-type: none">• multilanguage support• code pages/unicodes• time zones• multiple currencies• calendars	business solutions are not viable without localisation of content <ul style="list-style-type: none">• local best business practices• legal requirements and statutory reporting	speak the language of the locals

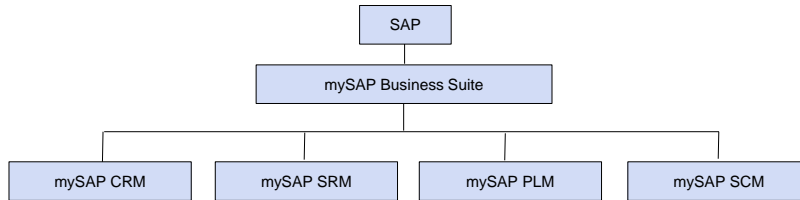
Source: SAP 2012, p. 10.

SAP's R&D Activities

Figure 4.4



Source: SAP 2012.



Global FDI Flows by Region (in billion USD)

Table 5.1

Region	FDI inflows			FDI outflows		
	2010	2011	2012	2010	2011	2012
World	1409	1652	1351	1505	1678	1391
Developed economies	696	820	561	1030	1183	909
Developing economies	637	735	703	413	422	426
Africa	44	48	50	9	5	14
Asia	401	436	407	284	311	308
East and South-East Asia	313	343	326	254	271	275
South Asia	29	44	34	16	13	9
West Asia	59	49	47	13	26	24
Latin America and the Caribbean	190	249	244	119	105	103
Oceania	3	2	2	1	1	1
Transition economies	75	96	87	62	73	55
Structurally weak, vulnerable and small economies	45	56	60	12	10	10
Least developed economies	19	21	26	3.0	3.0	5.0
Landlocked developing countries	27	34	35	9.3	5.5	3.1
Small island developing States	4.7	5.6	6.2	0.3	1.8	1.8
Memorandum: percentage share in world FDI flows						
Developed economies	49.4	49.7	41.5	68.4	70.5	65.4
Developing economies	45.2	44.5	52.0	27.5	25.2	30.6
Africa	3.1	2.9	3.7	0.6	0.3	1.0
Asia	28.4	26.4	30.1	18.9	18.5	22.2
East and South-East Asia	22.2	20.8	24.1	16.9	16.2	19.8
South Asia	2.0	2.7	2.5	1.1	0.8	0.7
West Asia	4.2	3.0	3.5	0.9	1.6	1.7
Latin America and the Caribbean	13.5	15.1	18.1	7.9	6.3	7.4
Oceania	0.2	0.1	0.2	0.0	0.1	0.0
Transition economies	5.3	5.8	6.5	4.1	4.3	4.0
Structurally weak, vulnerable and small economies	3.2	3.4	4.4	0.8	0.6	0.7
Least developed economies	1.3	1.3	1.9	0.2	0.2	0.4
Landlocked developing countries	1.9	2.1	2.6	0.6	0.3	0.2
Small island developing States	0.3	0.3	0.5	0.0	0.1	0.1

Source: UNCTAD 2013.

The Fortune Global 500 by Location

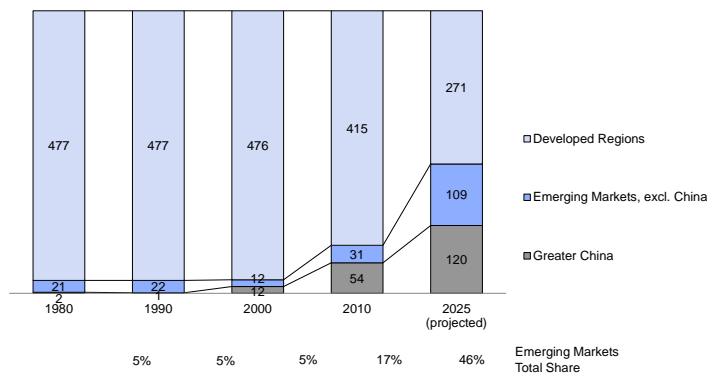


Figure 5.1

Source: McKinsey Global Institute 2013.

Characteristics of Emerging Country MNCs and Traditional MNCs

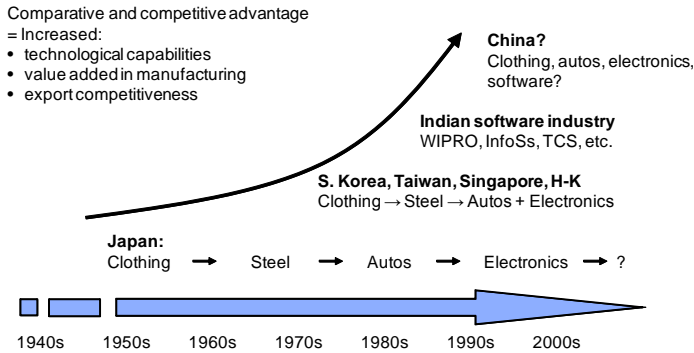
Table 5.2

Feature		Emerging Market MNCs	Traditional MNCs
Speed of Internationalization		accelerated	gradual
Competitive Advantages		weak: upgrading of resources required	strong: required resources available in-house
Political Capabilities		strong: firms are used to unstable political environments	weak: firms are used to stable political environments
Expansion Path	In Search of Markets	dual path: simultaneous entry into developed and developing countries	single path: from less to more distant countries
	In Search of Lower Costs	into less developed countries as home country development raises production costs	into less developed countries
	In Search of Strategic Assets	into more developed countries	into similar developed countries
Preferred Entry Mode		external growth: alliances, joint ventures, acquisitions	internal growth: wholly owned subsidiaries
Organizational Adaptability		high, because of their recent and relatively limited international presence, which enables them to adapt technologies to small-scale markets, excel at projects execution and adopt new technology quickly	low, because of their ingrained structure and cultures

Source: Guillén/García-Canal 2011, p. 17.

Development of Emerging Country Multinationals

Figure 5.2



Source: Rugman/Collinson 2012, p. 654.

Value Creation Strategies of Emerging Country Multinationals

Table 5.3

Transferability between Markets				
high			low	
Availability for the Firm	I (Exploiters)		II (Defenders)	
	Resource	Firm Example	Resource	Firm Example
	• know-how (marketing, brand & distribution)	Astrid y Gastón, Concha y Toro, Bimbo, Pollo Campero	• market share	
	• market knowledge	América Móvil, Cemex	• customer-driven	Tenaris
	• innovative capability	Tenaris	• competitor-driven	América Móvil, Cemex, Politec
	• know-how (production)	Petrobras	• market-driven	Petrobras
	IV (Others)		III (Resource Developers)	
	EMNCs use another form of access to resources lacked (e.g., imports)		Resource	Firm example
			• leading technology/knowledge	Bimbo, Politec, Natura
			• financial resources	Cemex
			• know-how (marketing: brand & distribution)	Bimbo
			• natural resources	Vale, Petrobras

Source: Losada Otalora/Casanova 2012, p. 9.

Firm-Specific Advantages of Emerging Country Multinationals

Table 5.4

Globalising...	Assets	Capabilities	Connections	Reputation
Innovation and Technology	patents, licenses, IPR, specialised tools, hardware, software, etc.	low-end (maintenance) to high-end (blue-sky R&D) expertise	strategic alliances, buyer and supplier links, R&D networks/global capability inputs	credibility, trust, track record, recognition
Marketing and Brands	own valued brands, logos, trademarks, awards, etc.	brand management protection, development of expertise	formal co-branding, supplier or buyer, distribution, and retailing affiliations	reputation for quality, price, innovation, etc., market positioning, brand recognition, market presence

Source: Rugman/Collinson 2012, p. 656.

Characteristics of the LLL-Framework

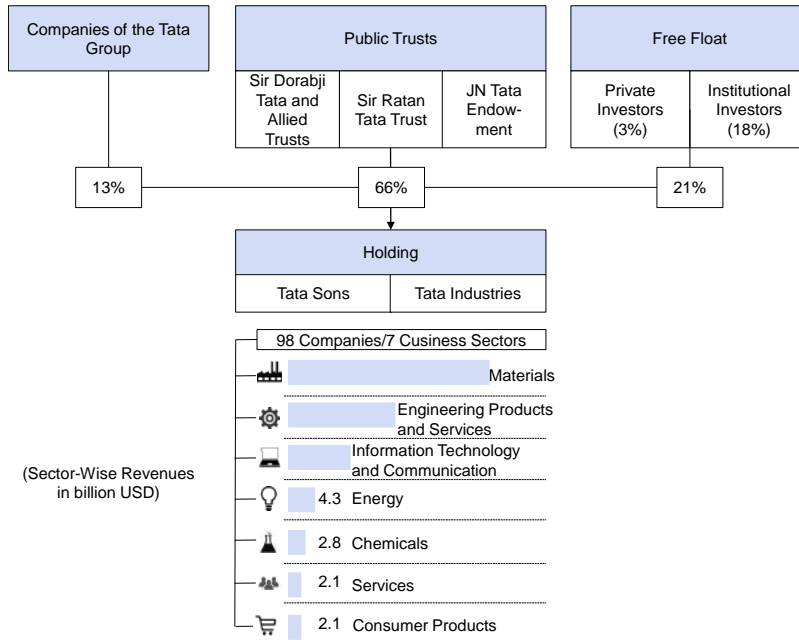
Table 5.5

Criterion	LLL-Framework
Resource Utilisation	resources accessed through linkage with external firms
Geographic Scope	locations tapped as part of international network
Make or Buy?	bias towards operations created through external linkage
Learning	learning achieved through repetition of linkage and leverage
Process of Internationalisation	proceeds incrementally through linkage
Organisation	global integration sought as latecomer advantage
Driving Paradigm	capturing of latecomer advantage
Time Frame	cumulative development process

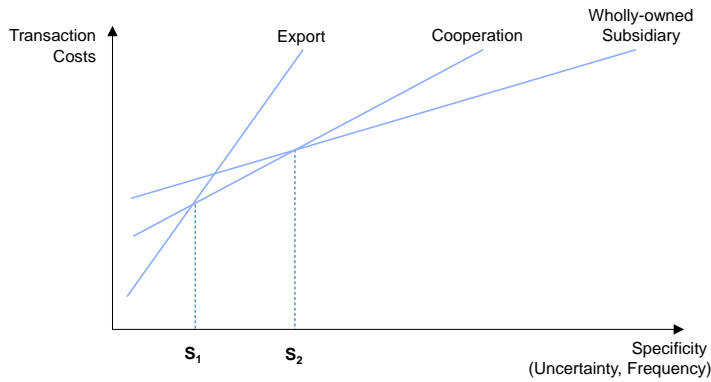
Source: Adapted from Mathews 2006, p. 21.

Ownership Structure and Business Sectors within the Tata Group

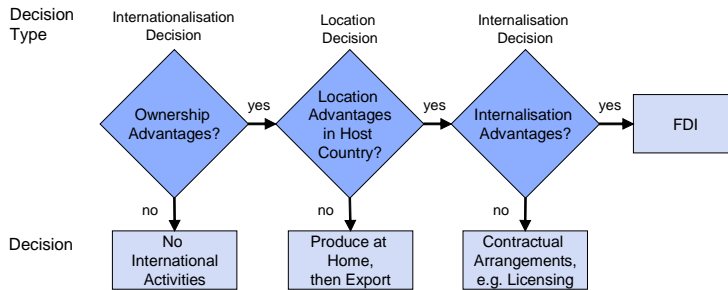
Figure 5.3



Source: Schuster/Holtbrügge 2011.



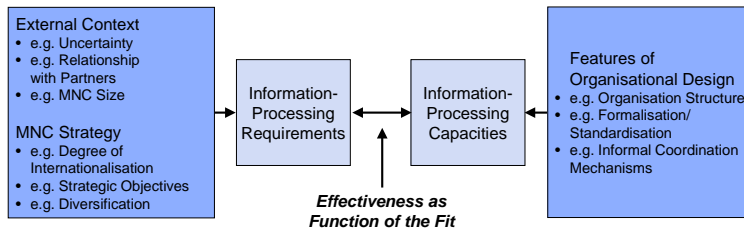
Source: Adapted from Welch/Benito/Petersen 2007, p. 26.



Source: Adapted from Sudarsanam 2003, p. 201; Welch/Benito/Petersen 2007, p. 31.

The Information Processing Approach

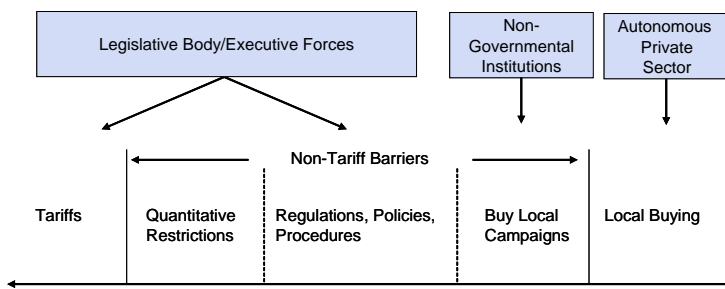
Figure 7.1



Source: Adapted from Egelhoff 1991, p. 345; Wolf/Egelhoff 2001, p. 122.

Categories of Market Barriers

Figure 6.3



Increase in World Trade between 1980 and 2013 (in billion USD)

Table 7.1

Year	World	Europe	Asia
1980	2,034	897	324
2013	18,784	6,636	6,285

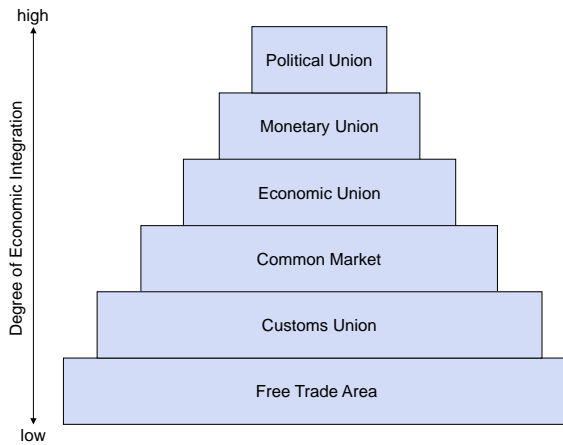
Source: WTO World Trade Report 2014.

Year	Event
January 1997	India allows foreign direct investments (FDI) in cash & carry (wholesale) with 100% ownership.
2001	India liberalises the insurance sector. Investment through FDI can be a maximum of 26%.
May 2001	The Indian Government opens the defence industry to the private sector. It permits 100% equity with a maximum of 26% FDI component.
March 2002	The Cabinet of India allows 100% FDI in the advertising and film industry, up from the present limit of 74%.
June 2002	The Indian Government first allows 26% FDI in news and current affairs in print media.
February 2006	The Indian Government opens up the retail sector by permitting FDI up to 51% in single-brand retail trading companies.
March 2011	Up to 100% FDI are permitted in certain agricultural activities (inter alia floriculture, horticulture, apiculture, cultivation of vegetables and mushrooms under controlled conditions, animal husbandry, pisciculture, aquaculture, tea production).
November 2011	India allows up to 51% FDI in multi-brand retail trading and 100% FDI in single-brand retail trading subject to 33% purchases from domestic sources.
September 2012	The Indian Government permits foreign airlines to make up to 49% FDI in scheduled and non-scheduled air transport services.
July 2013	The Indian Government rescinds the limit of 74% on foreign ownership in mobile services operations and allows these companies to be wholly owned by foreign investors.
August 2013	The Indian Government approved 100% FDI in the telecom sector.
January 2014	The Reserve Bank of India relaxes FDI regulations to facilitate great FDI inflows into the country.

Source: Financial Express 2002; People's World 2002; The Hindu 2011; Cedar Consulting 2012; The Economic Times 2012; The Metropolitan Corporate Counsel 2012; CIO 2013; Indian Defence Review 2013; The Economic Times 2013; India TV News 2014; The Economic Times 2014.

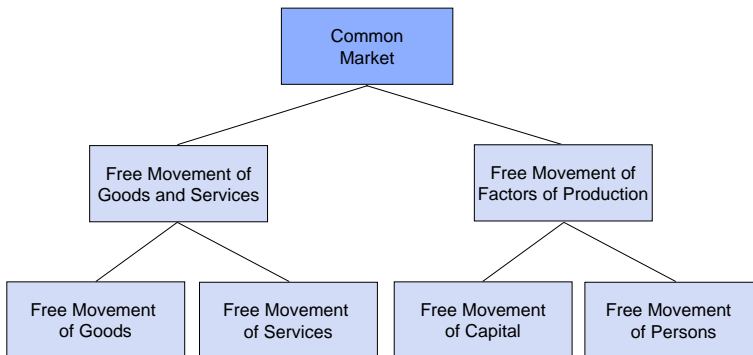
Different Levels of Economic Integration

Figure 7.2



Characteristics of a Common Market

Figure 7.3



Shares of Intra-EU Trade for the EU Member States (EU-27) 2013 (in %)

Table 7.3

State	Quote	State	Quote
Austria	69	Latvia	66
Belgium	70	Lithuania	57
Bulgaria	60	Luxembourg	81
Cyprus	58	Malta	42
Czech Republic	81	Netherlands	76
Denmark	63	Poland	75
Estonia	71	Portugal	70
Finland	55	Romania	69
France	59	Slovakia	83
Germany	57	Slovenia	69
Greece	46	Spain	63
Hungary	76	Sweden	58
Ireland	59	United Kingdom	44
Italy	53		

Source: EUROSTAT 2014.

Consolidated Financial Statements of Mazda Motor Corporation and Consolidated Subsidiaries

Table 7.4

	2009	2010	2011	2012	2013
Net Sales (in billion Yen)	2,535.9	2,163.9	2,325.6	2,033.0	2,205.2
Net Sales - Domestic (in billion Yen)	620.3	575.0	541.5	560.2	588.0
Net Sales – North America (in billion Yen)	697.6	574.6	631.3	575.6	651.2
Net Sales - Europe (in billion Yen)	653.4	477.3	427.4	347.3	347.9
Net Sales – Other areas (in billion Yen)	564.6	537.0	725.5	549.9	618.1
Global Sales Volume (thousand of units)	1,261	1,193	1,273	1,247	1,235
Number of Employees	39,852	38,987	38,117	37,617	37,745

Source: Mazda 2014.

Top 10 World Motor Vehicle Producing Countries 2008-2013 (in thousand of units)

Top 10 (2013)	2008	2009	2010	2011	2012	2013
China	9,299	13,791	18,265	18,419	19,272	22,117
United States	8,694	5,731	7,763	8,662	10,329	11,046
Japan	11,576	7,934	9,629	8,399	9,943	9,630
Germany	6,046	5,210	5,906	6,311	5,649	5,718
South Korea	3,827	3,513	4,272	4,657	4,562	4,521
India	2,332	2,642	3,557	3,927	4,145	3,881
Brazil	3,216	3,182	3,382	3,408	3,343	3,740
Mexico	2,168	1,561	2,342	2,681	3,002	3,052
Thailand	1,394	999	1,645	1,458	2,429	2,533
Canada	2,082	1,490	2,068	2,135	2,464	2,380

Source: OICA 2014.

Table 7.5

Top 10 Manufacturers in Mexico Based on Units Sold in 2013

Rank	Manufacturer	Sold Units
1.	Nissan	263,477
2.	General Motors	201,604
3.	Volkswagen	156,313
4.	Ford	85,721
5.	Chrysler	78,974
6.	Toyota	60,740
7.	Honda	58,381
8.	Mazda	33,348
9.	Seat	21,189
10.	Renault	21,187

Source: Autoblog 2014.

Table 7.6

Selection of Projects of Automobile Manufacturers in Mexico in 2014

Table 7.7

Manufacturer	Project
Audi	1.3 billion USD: new production plant for Q5 model
Chrysler	164 million USD: expansion for Tigershark engines
Daimler	19 million USD: bus-assembly plant expansion
General Motors	349 million USD: new transmission plant
Honda	7 million USD: CR-V vehicles plant expansion
Mazda	770 million USD: new production plant
Mercedes-Benz	20 million USD: new assembly line expansion
Nissan	14 million USD: diesel engines
Volkswagen	118 million USD: new engine configuration

Source: Mexiconow 2014.

Selected Free Trade Agreements of Mexico

Table 7.8

Agreement	Member States	Duty-free Trade in the Automotive Sector	Local Content Requirement
North American Free Trade Agreement (NAFTA)	Mexico, USA, Canada	since 01.01.2004	62.5%
Middle East Free Trade Area (MEFTA)	Mexico, European Union	since 01.01.2007	50%
Mercosur/ACE-55	Mexico, Argentina, Brazil	since 01.01.2007/ 19.03.2012	60% Argentina and Brazil, 35% Mexico
Economic Partnership Agreement (AAE, by its initials in Spanish)	Mexico, Japan	since 01.04.2011	65%

Source: AHK Mexiko 2012, p. 25.

Global Competitiveness Index Ranking 2013-2014

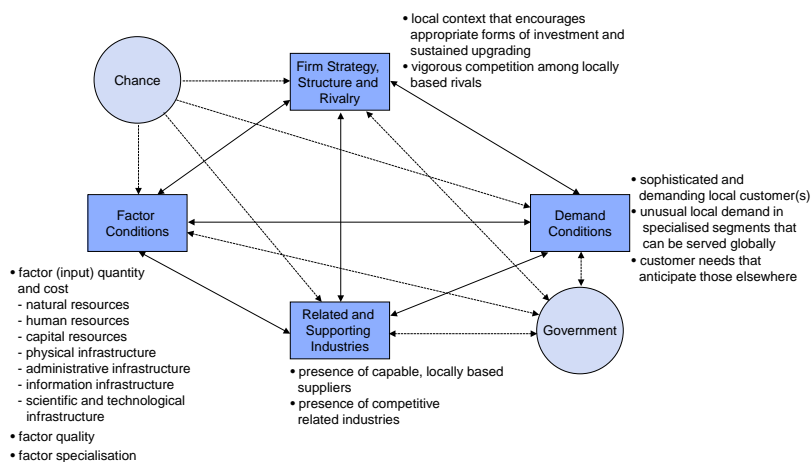
Table 8.1

Country/ Economy	Rank	Score	Country/ Economy	Rank	Score
Switzerland	1	5.67	Austria	16	5.15
Singapore	2	5.61	Belgium	17	5.13
Finland	3	5.54	New Zealand	18	5.11
Germany	4	5.51	U. Arab Emirates	19	5.11
United States	5	5.48	Saudi Arabia	20	5.10
Sweden	6	5.48	Australia	21	5.09
Hong Kong SAR	7	5.47	Luxembourg	22	5.09
Netherlands	8	5.42	France	23	5.05
Japan	9	5.40	Malaysia	24	5.03
United Kingdom	10	5.37	Korea, Rep.	25	5.01
Norway	11	5.33	Brunei	26	4.95
Taiwan	12	5.29	Israel	27	4.94
Qatar	13	5.24	Ireland	28	4.92
Canada	14	5.20	China	29	4.84
Denmark	15	5.18	Puerto Rico	30	4.67

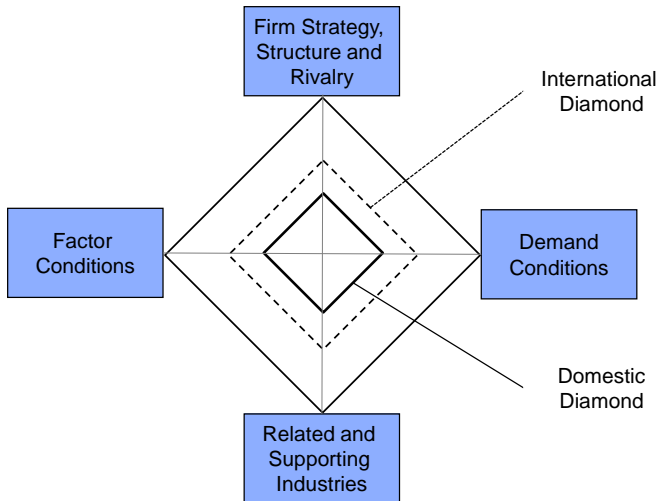
Source: World Economic Forum 2013, p. 15.

Determinants of National Competitive Advantage: Porter's Diamond Model

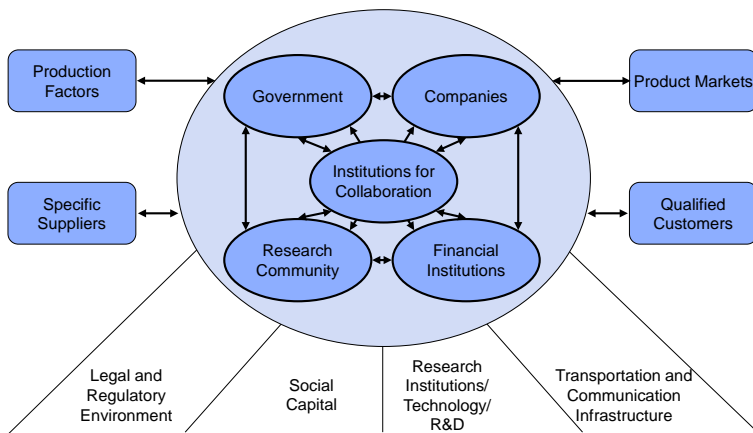
Figure 8.1



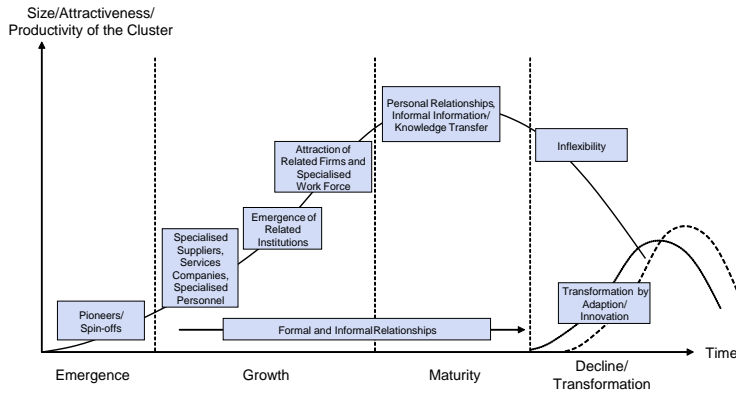
Source: Porter 1990a, p. 127.



Source: Adapted from Moon/Rugman/Verbeke 1998, p. 138.



Source: Adapted from Sölvell/Lindqvist/Ketels 2003, p. 18; Andersson et al. 2004, p. 31.



Source: Adapted from Schramm-Klein 2005, p. 542; Menzel/Fornahl 2010, p. 218.

Rank	Investment Management	Banking	Government & Regulatory	Insurance	Professional Services
1	New York (-)	New York (-)	London (-)	New York (+2)	London (-)
2	London (-)	Hong Kong (-)	New York (-)	London (-1)	New York (-)
3	Hong Kong (+1)	London (-)	Hong Kong (-)	Singapore (-)	Hong Kong (-)
4	Singapore (-1)	Singapore (-)	Zurich (-)	Hong Kong (-2)	Singapore (-)
5	Tokyo (-)	Seoul (-)	Singapore (+1)	Seoul (+23)	Zurich (-)
6	Boston (-)	Zurich (+2)	Geneva (-1)	Zurich (-1)	Tokyo (+3)
7	Zurich (-)	Tokyo (-1)	Tokyo (-)	Chicago (+4)	Geneva (-1)
8	Toronto (-)	Shanghai (+5)	Seoul (+6)	Boston (-2)	Chicago (+6)
9	Geneva (+1)	San Francisco (+1)	Frankfurt (-1)	Geneva (-1)	Toronto (+1)
10	Chicago (+1)	Geneva (-1)	Toronto (-)	Tokyo (+5)	Washington DC (+20)

(The range from previous years is displayed in brackets.)

Source: Z/YEN LTD. 2014, p. 31.

Financial and Related Professional Services: Employment in London at End 2013

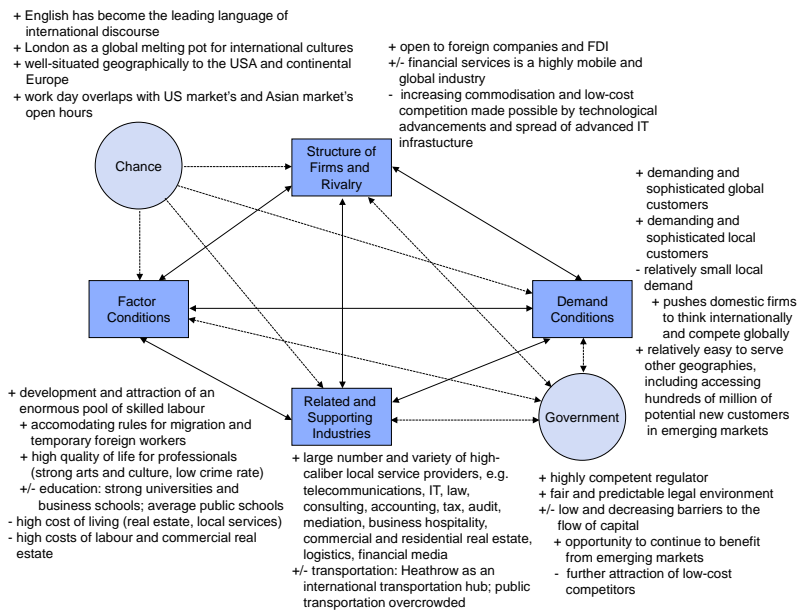
Table 8.3

Rank	Sector	Employment	Change from previous year
1	Accounting & Management Consultancy	215,500	1.4%
2	Banking	147,100	2.4%
3	Auxiliary & Other	126,400	2.1%
4	Legal Services	106,000	2.8%
5	Insurance	70,700	0.5%
6	Fund Management	23,100	3.6%

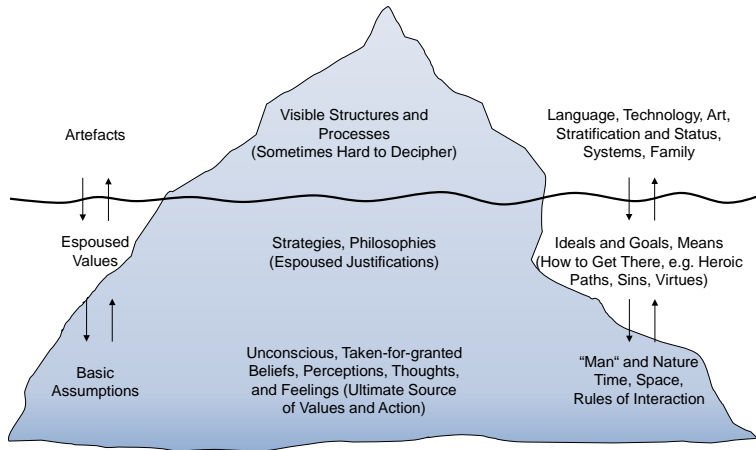
Source: TheCityUK 2014.

London Financial Cluster in Porter's Diamond Model

Figure 8.5



Source: Adapted from Porter 1990a, p. 127.



Source: Adapted from Schein 1992, pp. 15-20.

Layers of Culture

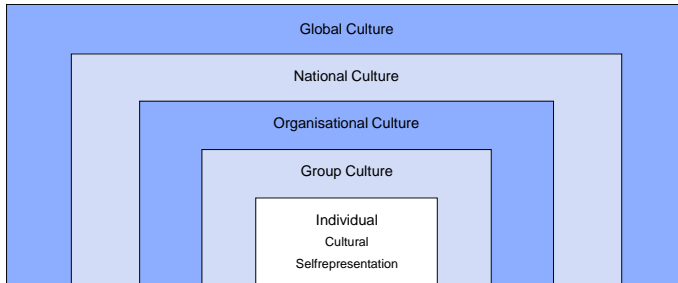


Figure 9.2

Source: Adapted from Erez/Gati 2004, p. 288.

Environmental Influences on International Management Functions

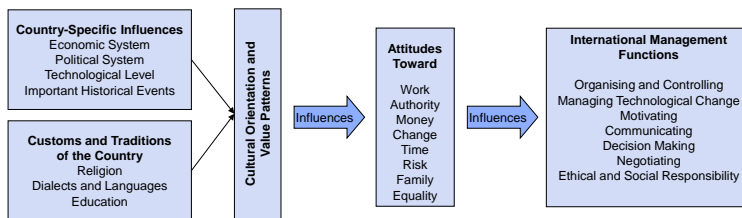
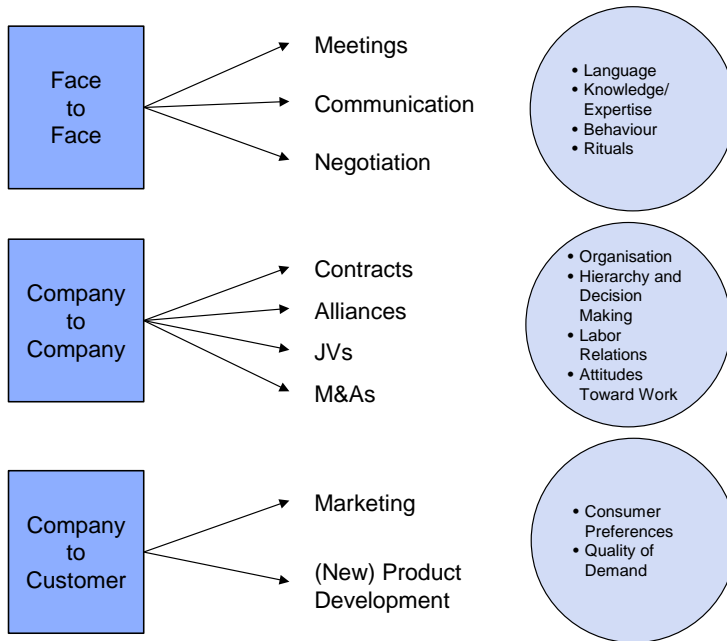


Figure 9.3

Source: Adapted from Phatak/Bhagat/Kashlak 2009, p. 115.



Source: Rugman/Collinson 2012, p. 136.

Comparative Characteristics of High Context and Low Context Cultures

Table 9.1

Characteristic	Low Context/Individualistic (e.g. Western Europe, US)	High Context/Collectivistic (e.g. Japan, China, Saudi Arabia)
Communication and Language	• explicit, direct	• implicit, indirect
Sense of Self and Space	• informal handshakes	• formal hugs, bows and handshakes
Dress and Appearance	• dress for individual success, wide variety	• indication of position in society, religious rule
Food and Eating Habits	• eating is a necessity, fast food	• eating is social event
Time Consciousness	• linear, exact, promptness is valued, time = money	• elastic, relative, time spent on enjoyment, time=relationships
Family and Friends	• nuclear family, self-oriented, value youth	• extended family, other oriented, loyalty and responsibility, respect for old age
Values and Norms	• independence, confrontation of conflict	• group conformity, harmony
Beliefs and Attitudes	• egalitarian, challenge authority, individuals control destiny, gender equity	• hierarchical, respect for authority, individuals accept destiny, gender roles
Mental Process and Learning	• linear, logical sequential, problem solving	• lateral, holistic, simultaneous, accepting life's difficulties
Business/Work Habits	• deal oriented ("quickly getting down to business"), rewards based in achievement, work has value	• relationship oriented ("first you make a friend, then you make a deal"), rewards based on seniority, work is a necessity

Source: Hollensen 2014, p. 248.

Hofstede's Culture Dimensions in Selected Countries

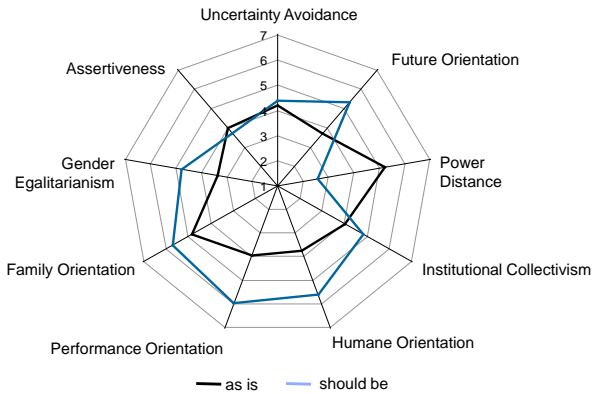
Table 9.2

Country	Power Distance	Individualism	Masculinity	Uncertainty Avoidance	Long-Term Orientation
France	68	71	43	86	-
Germany	35	67	66	65	31
Hong Kong	68	25	57	29	96
India	77	48	56	40	61
Japan	54	46	95	92	80
Malaysia	104	26	50	36	-
Netherlands	38	80	14	53	44
Singapore	74	20	48	8	48
South Korea	60	18	39	85	75
Sweden	31	71	5	29	33
Switzerland	34	68	70	58	-
United Kingdom	35	89	66	35	25
United States	40	91	62	46	29

Source: Hofstede 1991, pp. 312-313.

Latin Europe Cluster's Societal Culture Scores

Figure 9.4



Source: Jesuino 2002, p. 85.

Organisation Types Reflecting Cultural Predispositions

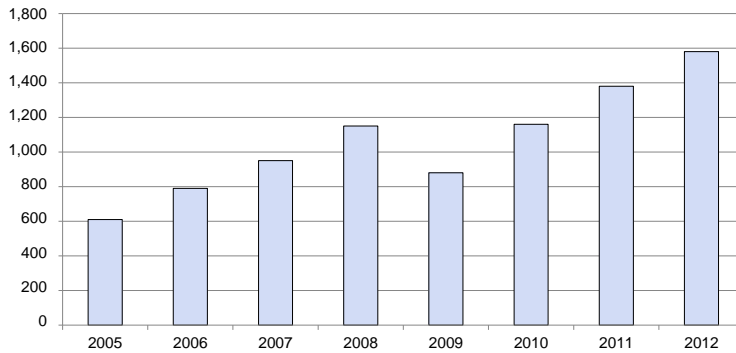
Table 9.3

	Imperialist	Interventionist	Interactive	Independent
Organisation	ethnocentric	ethnocentric	geocentric	polycentric
Structure	steep hierarchy	flat hierarchy	network	federation
Strategy	dictated	centrally decided	jointly specified	locally specified
Decision Making	centralised	distributed	shared	devolved

Source: Rugman/Collinson 2012, p. 151.

Development of GDP from 2005 to 2012 (in billion USD)

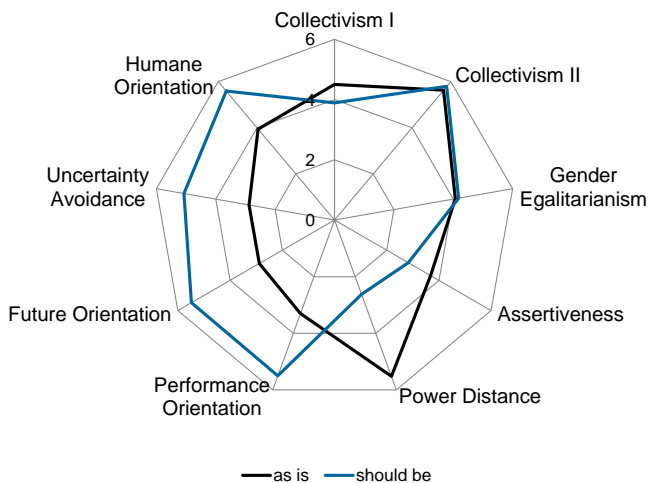
Figure 9.5



Source: The World Bank 2014, p. 4.

Parameter-Values for the Culture-Dimensions of Russia

Figure 9.6



Source: House/Javidan 2004.

The Most Relevant Sets of Coordination Mechanisms

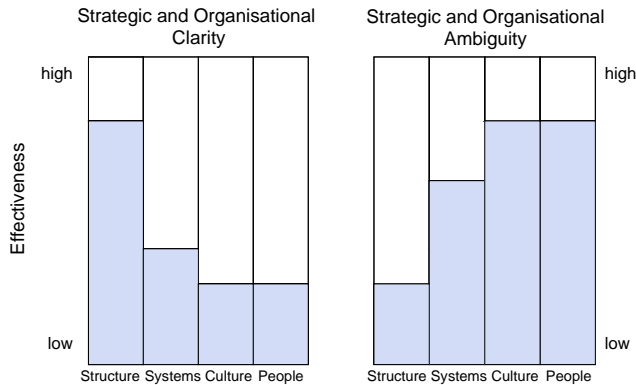
Table 10.1

Formal Mechanisms	Informal Mechanisms
organisational structure: departmentalisation or grouping of organisational units	lateral or cross-departmental relations: direct managerial contact, temporary or permanent teams, task forces, committees, integrators, and integrative departments
centralisation: centralisation or decentralisation of decision making through the hierarchy of formal authority	informal communication: personal contacts among managers, management trips, meetings, conferences, transfer of managers, etc.
formalisation and standardisation: written policies, rules, job descriptions, and standard procedures, through instruments such as manuals, charts, etc.	normative integration: building an organisational culture of known and shares strategic objectives and values by training, transfer of managers, career path management, reward systems, etc.
planning: strategic planning, budgeting, functional plans, scheduling, etc.	

Source: Adapted from Martinez/Jarillo 1989, p. 491.

Effectiveness of Different Coordination Mechanisms

Figure 10.1



Source: Hamel/Prahalad 1983, p. 349.

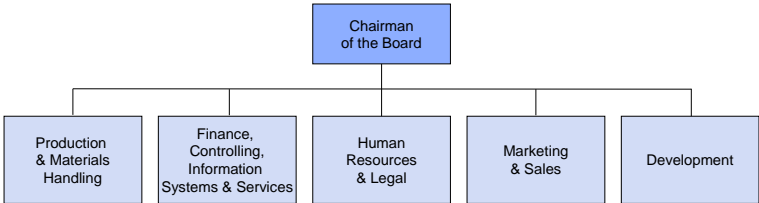
Put the client's interest ahead of our own This means we deliver more value than expected. It doesn't mean doing whatever the client asks.
Behave as professionals Uphold absolute integrity. Show respect to local custom and culture, as long as we don't compromise our integrity.
Keep our client information confidential We don't reveal sensitive information. We don't promote our own good work. We focus on making our clients successful.
Tell the truth as we see it We stay independent and able to disagree, regardless of the popularity of our views or their effect on our fees. We have the courage to invent and champion unconventional solutions to problems. We do this to help build internal support, get to real issues, and reach practical recommendations.
Deliver the best of our firm to every client as cost effectively as we can We expect our people to spend clients' and our firm's resources as if their own resources were at stake

Source: McKinsey 2014.

We operate as one firm. We maintain consistently high standards for service and people so that we can always bring the best team of minds from around the world—with the broadest range of industry and functional experience—to bear on every engagement.
We come to better answers in teams than as individuals. So we do not compete against each other. Instead, we share a structured problem-solving approach, where all opinions and options are considered, researched, and analysed carefully before recommendations are made.
We give each other tireless support. We are fiercely dedicated to developing and coaching one another and our clients. Ours is a firm of leaders who want the freedom to do what they think is right.

Source: McKinsey 2014.

Global Functional Structure at STIHL AG



Source: STIHL 2014.

Figure 11.1

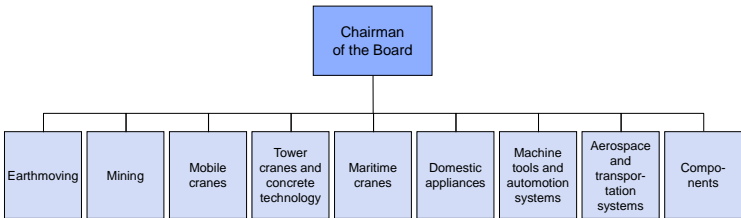
Strengths and Weaknesses of a Global Functional Structure

Strengths	Weaknesses
<ul style="list-style-type: none">• intensive knowledge transfer concerning the function• focus on key functions• functional expertise• centralisation/standardisation• helps to "unify" the corporation• one line of responsibility• avoidance of double work	<ul style="list-style-type: none">• knowledge transfer concerning other fields rather low (specific requirements of certain product groups, regions, customer groups often neglected)• potentially low motivation due to centralisation• slow reaction to changes in certain countries due to standardisation and formalisation• high requirements for information processing by top management• potentially lack of market orientation• difficult for subsidiaries with whole value-added chains

Source: Adapted from Zentes/Swoboda/Morschett 2004, p. 765.

Table 11.1

Global Product Structure at Liebherr



Source: Liebherr 2014.

Figure 11.2

Strengths and Weaknesses of a Global Product Structure

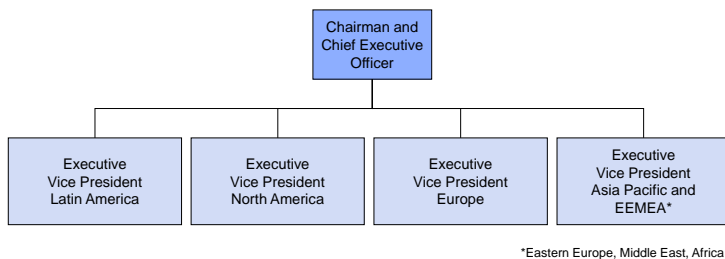
Table 11.2

Strengths	Weaknesses
<ul style="list-style-type: none">• intensive knowledge transfer concerning the product/product groups• focus on differences between products• expertise for specific products• usually high market orientation of product divisions• coordination in companies with heterogeneous products facilitated• holistic view of the value chain• promotion of entrepreneurial behaviour• economies of scale easily exploited• flexible response to changes in product requirements	<ul style="list-style-type: none">• duplication of functions• knowledge transfer concerning other fields (e.g. functions, regions) rather low• coordination and cooperation between different product divisions more complicated• risk of divisional egoism• difficult for foreign subsidiaries with more than one product line• lack of economies of scope

Source: Adapted from Zentes/Swoboda/Morschett 2004, p. 767.

Global Area Structure at Mondelez International

Figure 11.3



Source: Mondelez International 2014.

Strengths and Weaknesses of a Global Area Structure

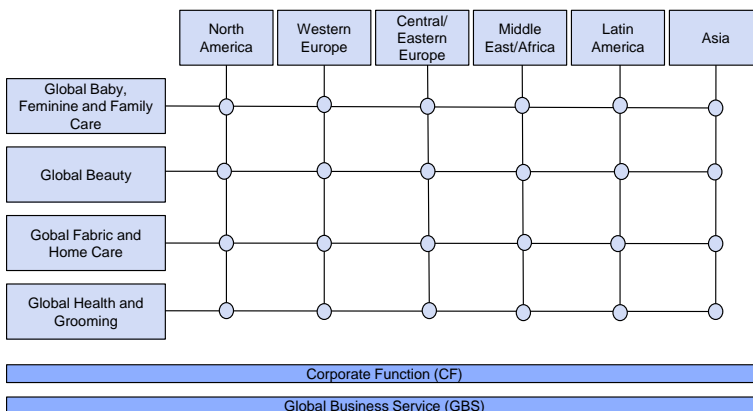
Table 11.3

Strengths	Weaknesses
<ul style="list-style-type: none"> • intensive knowledge transfer concerning the region • focus on differences between regions • regional expertise • communication and coordination advantages: personal communication as coordination instrument easy to use, due to geographic proximity • holistic view on business in the region • uniform company image in the region • flexible response to changes in local environment (local responsiveness easy) 	<ul style="list-style-type: none"> • duplication of functions • duplication of resources • coordination and knowledge transfer across regions might be difficult and slow • risk of regional egoism • risk of overemphasis on regional differences • risk of low cost efficiency and low economies of scale due to local adaptation • diffusion of technology might be slowed down • "not invented here" syndrome • problems in technologically dynamic environments

Source: Adapted from Zentes/Swoboda/Morschett 2004, p. 770.

Global Matrix Structure at Procter & Gamble

Figure 11.4



Source: Procter & Gamble 2014.

Strengths and Weaknesses of a Global Matrix Structure

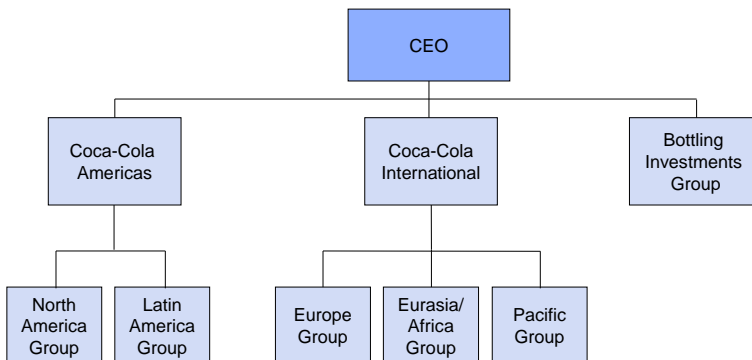
Table 11.4

Strengths	Weaknesses
<ul style="list-style-type: none"> • provides access to advantages of the other organisational structures • combination of two or more areas of expertise • good knowledge transfer throughout the organisation • simultaneous consideration of product, region and/or function • better allocation of resources due to forced consideration of multiple aspects simultaneously • good opportunity to decentralise the decision process 	<ul style="list-style-type: none"> • complex and costly • high requirements for information and communication • high requirements for cooperative behaviour • potential ambiguity of orders • decisions may take longer, often extensive meeting culture • risk of power struggles • appropriate for firms with many products and unstable environments

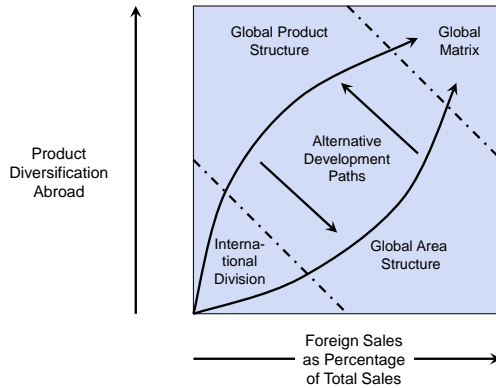
Source: Adapted from Zentes/Swoboda/Morschett 2004, p. 783; Griffin/Pustay 2013, pp. 401-402.

Hybrid Global Structure at Coca-Cola

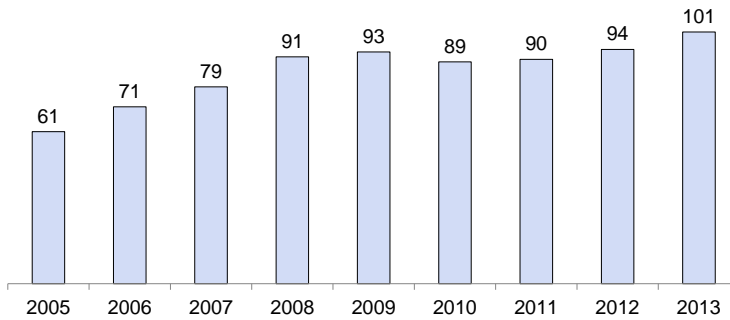
Figure 11.5



Source: Coca-Cola 2014.

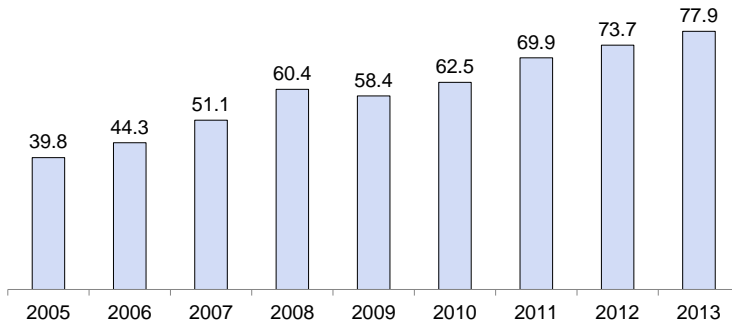


Source: Adapted from Stopford/Wells 1972, p. 65.



Source: Microsoft 2013a.

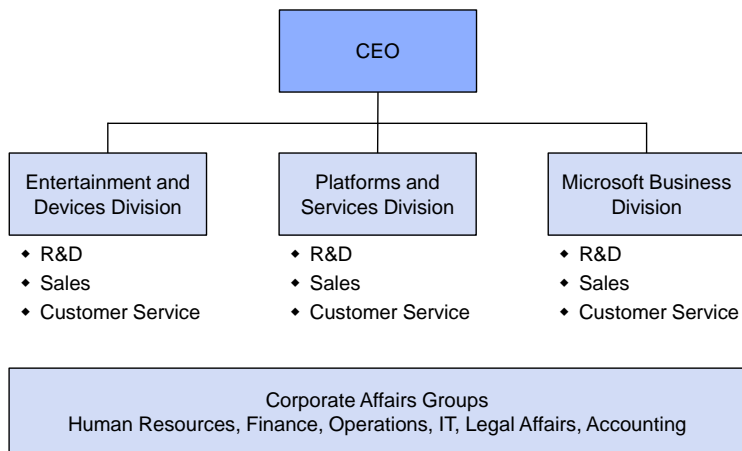
Development of Revenue (in billion USD)



Source: Microsoft 2013a.

Figure 11.8

Microsoft's Organisational Structure as of 2006



Source: Adapted from Microsoft 2006.

Figure 11.9

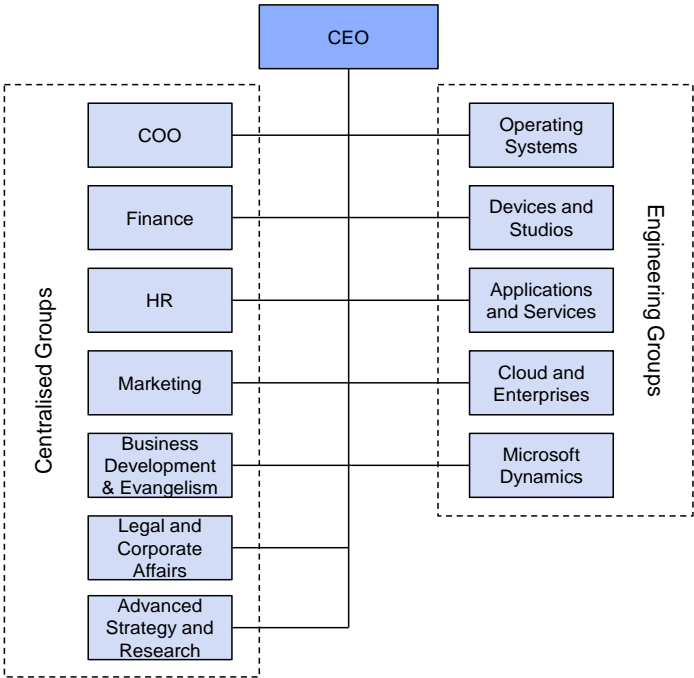
List of Major Microsoft Corporation Acquisitions

Year	Company
1987	Forethought (computer software)
1997	Hotmail (web-based email service)
2000	Visio (drawing software)
2002	Navision (software programming)
2007	aQuantitave (digital marketing)
2008	Fast Search & Transfer (data search technologies)
2011	Skype (telecommunications)
2012	Yammer (social networking)
2013	Nokia mobile phones unit
2014	Parature (customer service software)

Source: Microsoft 2014.

Table 11.5

Microsoft's Organisational Structure as of 2013

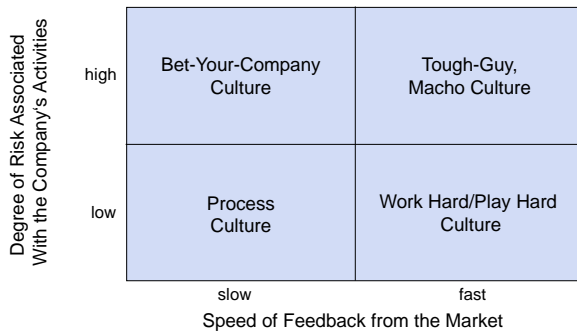


Source: Adapted from Microsoft 2013b.

Figure 11.10

Generic Corporate Cultures

Figure 12.1



Source: Adapted from Deal/Kennedy 1982, pp. 107-108.

Apple's Brand Values

Table 12.1

Brand Values	Characteristics
Innovative	frequent hardware and software updates
Customer Support	highly trained and skilled retail staff; on-site ability for the customer to get their hands on the product
High Quality Products	high build quality; low error count in both hardware and software, therefore a low amount of customer complaints
Great Design	high attention to detail; an overall consistent brand image, reflected by design, form and function
Easy to Use	no previous background knowledge required

Source: Adapted from Apple 2014.

Apple's Departments

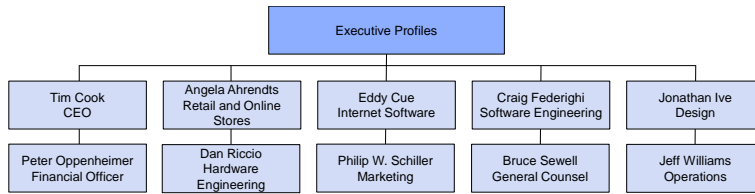


Figure 12.2

Source: Adapted from Apple 2014.

Events in the Evolution and Development of CSR

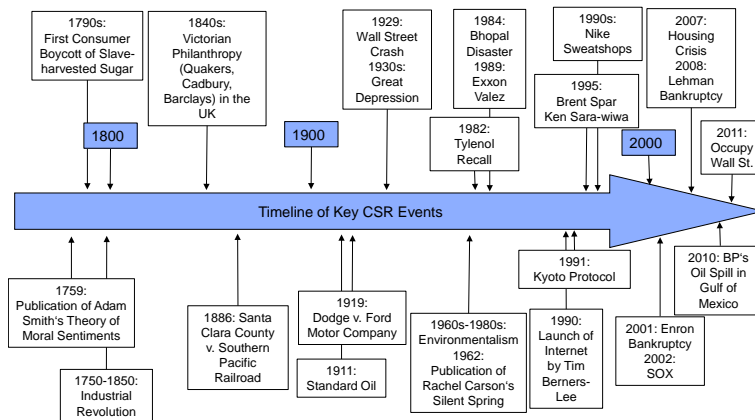


Figure 13.1

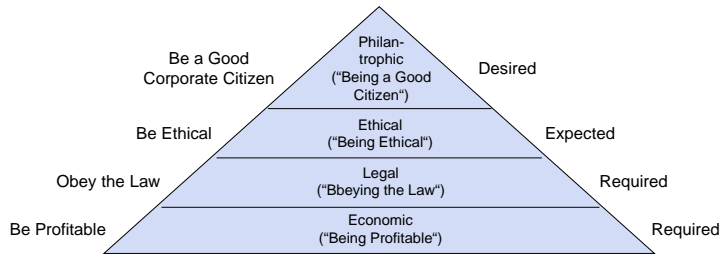
Source: Adapted from Chandler/Werther 2014, p. 15.

Economic	Environmental	Social
sales, profits, ROI	pollutants emitted	health and safety record
taxes paid	carbon footprint	community impacts
monetary flows	recycling and reuse	human rights, privacy
jobs created	water and energy use	product responsibility
supplier relations	product impacts	employee relations

Source: Adapted from Savitz/Weber 2014, p. 5.

Corporate Social Responsibility Pyramid

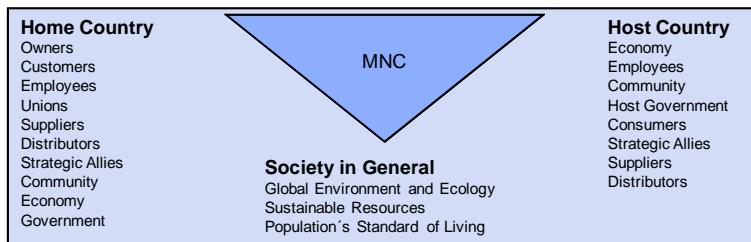
Figure 13.2



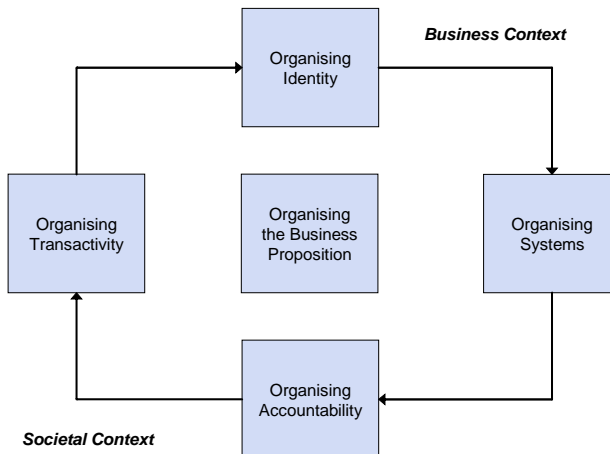
Source: Carroll 1991.

MNC Stakeholders

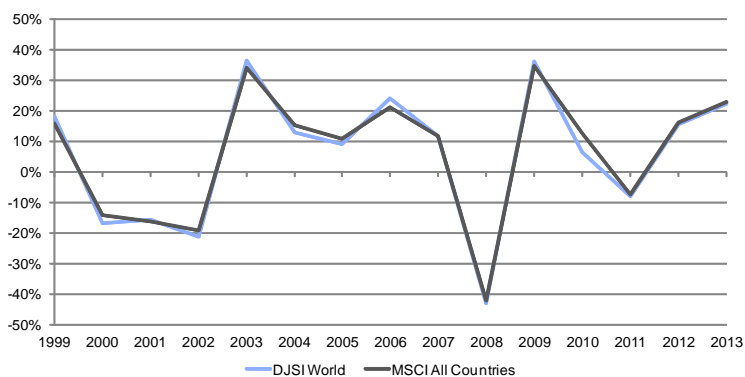
Figure 13.3



Source: Adapted from Deresky 2014, p. 62.



Source: Jonker/De Witte 2006, p. 5.









Source: Robecosam 2014.

Rank	Company Name	Industry Group	Energy Productivity	Carbon Productivity	Water productivity	Waste Productivity	Reputation	Newsweek Green Score
1	Vivendi	Telecommunication Services	73.3%	67.8%	97.6%	82.9%	87.7%	85.3%
2	Allergan	Pharmaceuticals, Biotechnology	72.2%	85.2%	61.1%	82.0%	100.0%	85.1%
3	Adobe Systems	Software & Services	82.7%	87.1%	99.2%	91.9%	51.4%	84.4%
4	Kering	Consumer Durables & Apparel	67.7%	70.2%	81.5%	82.2%	90.1%	83.6%
5	NTT DOCOMO	Telecommunication Services	81.7%	57.7%	90.5%	90.6%	100.0%	83.1%
6	Ecolab	Materials	73.2%	80.1%	84.3%	59.6%	90.1%	82.6%
7	Atlas Copco	Capital Goods	78.0%	89.4%	81.9%	87.4%	58.7%	77.2%
8	Biogen Idec	Pharmaceuticals, Biotechnology	69.2%	82.7%	84.5%	97.0%	53.4%	75.7%
9	Compass Group	Consumer Service	74.3%	69.3%	91.3%	83.9%	87.4%	75.3%
10	Schneider Electric	Capital Goods	73.0%	71.9%	79.5%	68.0%	57.0%	75.3%
11	Centrica	Utilities	57.4%	82.2%	58.5%	82.6%	65.6%	75.2%
12	Kone	Capital Goods	73.6%	63.9%	69.5%	59.4%	72.2%	74.4%
13	Hyundai Mobis	Automobiles & Components	85.7%	94.9%	72.2%	53.6%	81.7%	72.3%
14	Skandinaviska Enskilda Banken	Banks	66.6%	92.3%	66.6%	53.3%	51.7%	72.1%
15	Christian Dior	Consumer Durables & Apparel	58.5%	67.6%	36.3%	50.5%	100.0%	71.9%
16	Bayerische Motoren Werke	Automobiles & Components	75.0%	87.5%	83.6%	82.2%	11.0%	71.4%
17	Adidas	Consumer Durables & Apparel	81.8%	90.0%	84.3%	81.7%	3.6%	71.4%
18	Cardinal Health	Health Care Equipment & Services	75.5%	70.1%	81.9%	64.6%	61.0%	71.0%
19	Itau Unibanco Holding	Banks	59.6%	90.6%	49.4%	56.9%	62.1%	70.9%
20	Baker Hughes	Energy	75.4%	74.9%	60.8%	14.1%	85.3%	70.8%

Source: Newsweek 2014.

Selected Coop Store Brands

Figure 13.6

	Coop Naturaplan Organically produced food bearing the Bio Suisse bud label, including regional organic specialties. Uncompromisingly organic, uncompromisingly tasty.
	Coop Naturafarm Swiss meat and eggs from animals and poultry reared subject to very rigorous animal husbandry standards, with stalls designed to meet animals' needs and feed that is free of genetically modified plants.
	Coop Oecoplan Environmentally friendly products for home and garden, flowers and plants with Bio Suisse bud logo, timber products with the FSC label, products made from recycled materials, energy-efficient appliances and ecological services.
	Coop Naturaline Textiles made from organically grown cotton and produced according to socially and environmentally responsible methods, and plant-based cosmetic products.
	Pro Montagna Products produced and processed in the Swiss mountain areas – with a donation to the Coop Aid for Mountain Regions scheme.
	Slow Food Traditional, sustainably manufactured specialties for rediscovering the pleasure of real food.

Source: Coop 2013a.

Milestones in the Cooperation between Coop and Remei

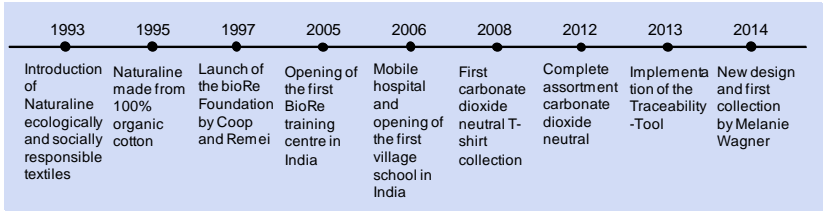


Figure 13.7

Net Sales of Naturaline Textiles (in billion CHF)

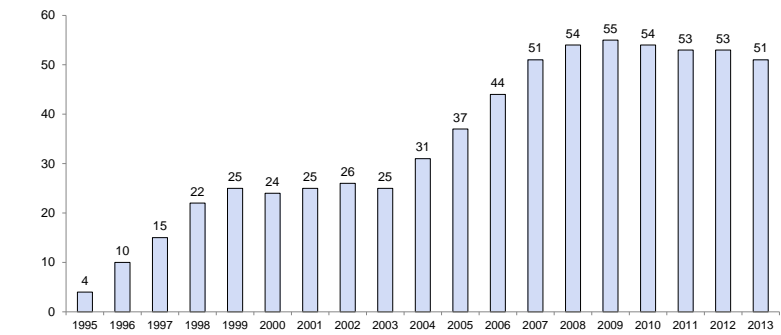
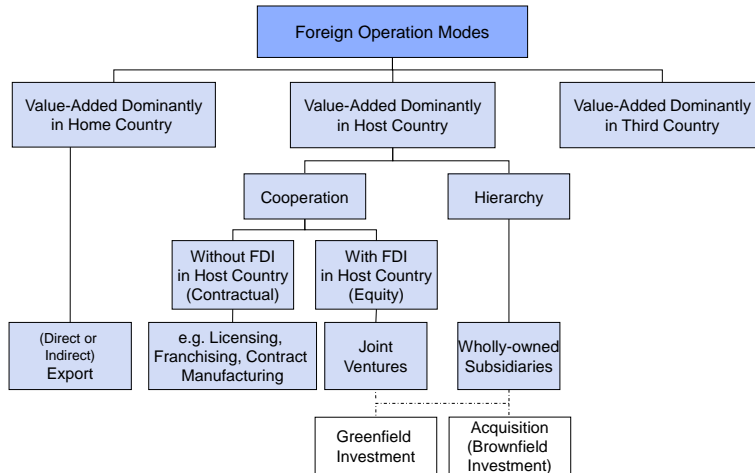


Figure 13.8

Source: Coop 2013b.



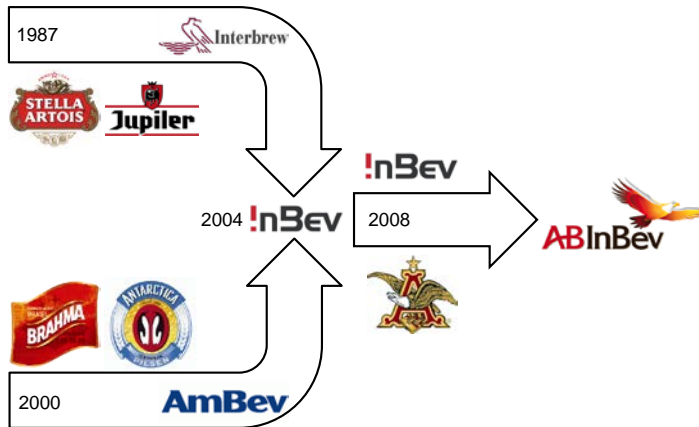
Source: Adapted and expanded from Zentes 1993, p. 67.

	Export	Contractual Cooperation	Equity Cooperation	Wholly-owned Subsidiary
Control	low/medium/high	low	medium	high
Resource Commitment	low	low	medium	high
Flexibility	high	medium	medium-low	low
Knowledge Dissemination Risk	low	high	medium	low

Source: Adapted from Driscoll/Paliwoda 1997, p. 60.

The Creation of AB InBev

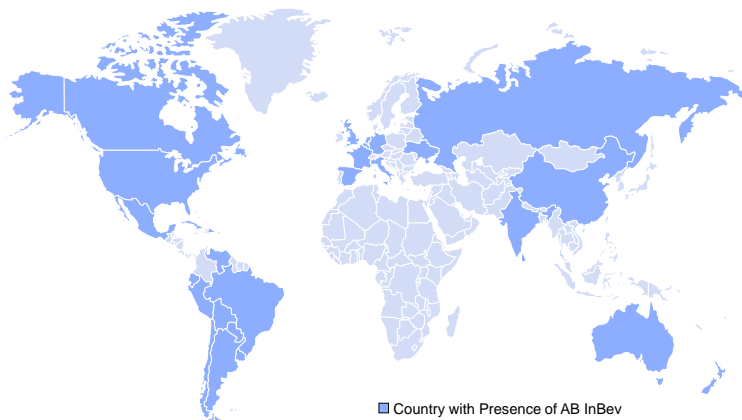
Figure 14.2



Source: AB InBev 2014.

AB InBev's Global Presence

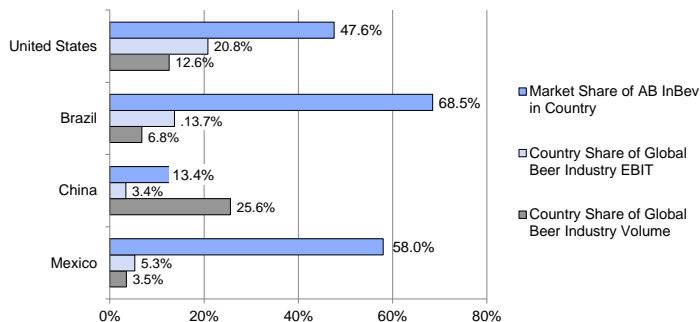
Figure 14.3



Source: AB InBev 2014.

Characteristics of AB InBev's Focus Markets

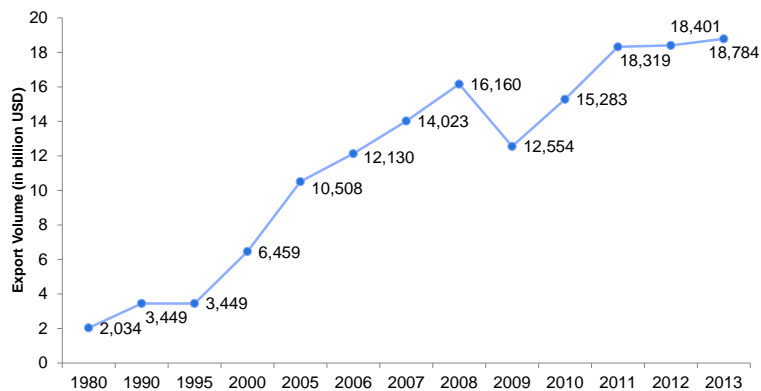
Figure 14.4



Source: AB InBev 2014.

Global Merchandise Exports from 1980 to 2013 (in billion USD)

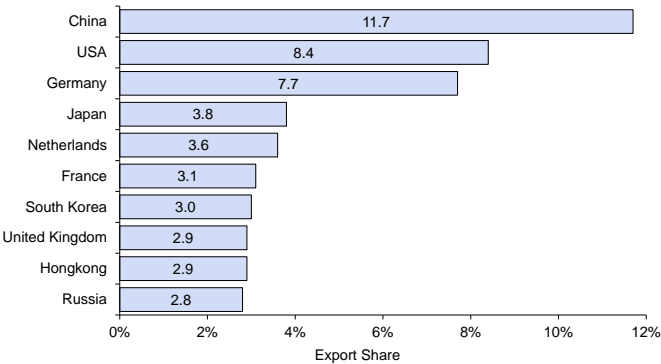
Figure 15.1



Source: WTO World Trade Report 2014.

Leading Export Countries (Merchandise Trade): Share of World Trade 2013 (in %)

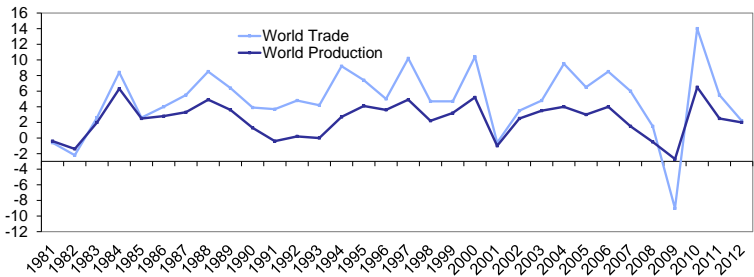
Figure 15.2



Source: WTO World Trade Report 2014.

Growth of World Trade and World Production (in %)

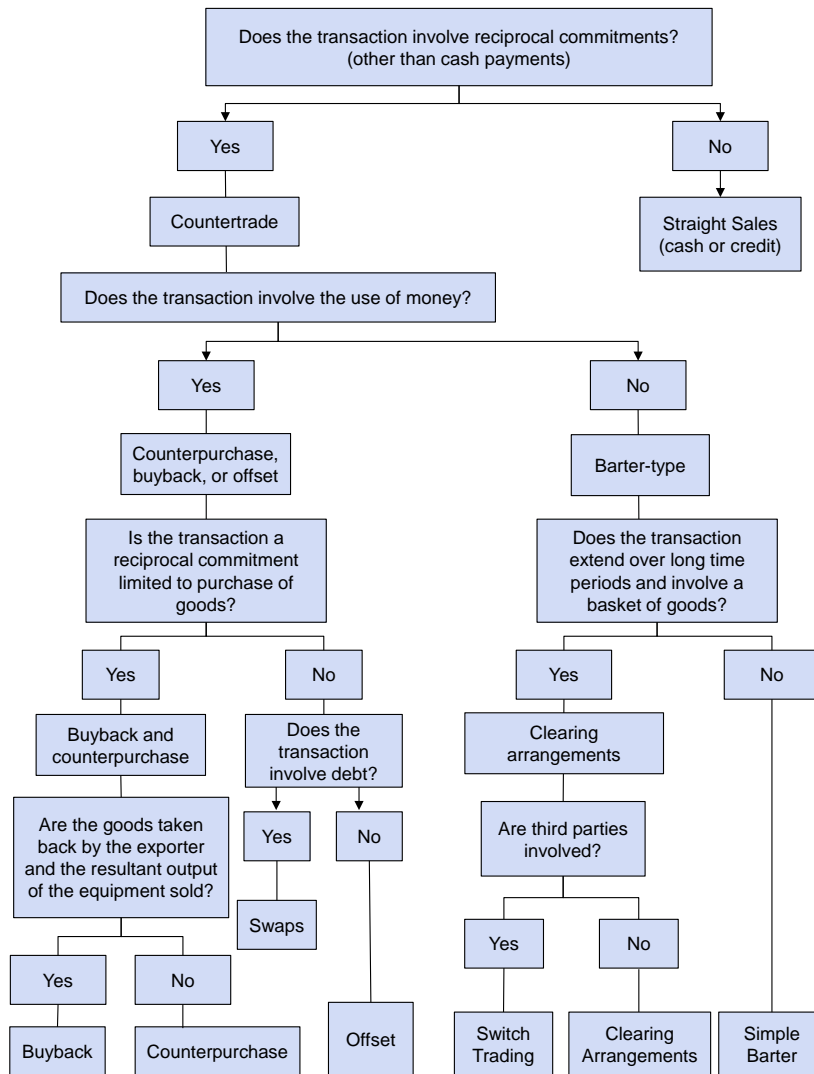
Figure 15.3



Source: WTO World Trade Report 2013.

Export Mode	Advantages	Disadvantages
Indirect Exporting	<ul style="list-style-type: none">♦ limited commitment and investment required♦ minimal risk (market, political)♦ little or no involvement or export experience needed♦ suitable for firms with limited resources♦ good way to test-market products, develop goodwill, and allow clients to become familiar with firm's tradename	<ul style="list-style-type: none">♦ no control over marketing mix elements other than the product♦ an additional domestic member in the distribution chain may add costs♦ lack of contact with the market♦ lower profit margin due to commissions and other payment to intermediaries♦ limited contact/feedback from end users♦ limited/no opportunity to learn international business know-how and develop marketing contacts♦ difficulties in taking over the business after the relationship has ended.
Direct exporting		
- Domestic-Based Sales Representatives	<ul style="list-style-type: none">♦ better control of sales activities compared to independent intermediaries	<ul style="list-style-type: none">♦ high travel expenses
- Agents/Distributors	<ul style="list-style-type: none">♦ access to market experience♦ shorter distribution chain (compared to indirect exporting)♦ acquisition of market knowledge♦ more control over marketing mix (especially with agents)♦ local service support available	<ul style="list-style-type: none">♦ little control over market price and lack of distribution control (especially with distributors)♦ some investment in sales organisation required (contact with distributors or agents)♦ cultural differences, providing communication problems
- Resident Sales Representatives/Foreign Sales Branches/Foreign Sales Subsidiaries	<ul style="list-style-type: none">♦ full control of operation♦ direct acquisition of market knowledge	<ul style="list-style-type: none">♦ initial capital investment required (subsidiary)♦ less flexibility (subsidiary)♦ high risk (market, political)♦ taxation problems

Source: Adapted from Hollensen 2014, p. 362, p. 398; Seyoum 2014, p. 94.



Source: Seyoum 2014, p. 263.

Term	Transport	Transport Insurance	Clearance	Taxes	Export license	Import license	Transfer of risk
EXW (Ex-Works)	buyer	buyer (although not obligated to insure)	buyer	buyer	buyer	buyer	when goods are placed at the disposal of the buyer
FCA (Free Carrier)	buyer	buyer (although not obligated to insure)	buyer	buyer	seller	buyer	upon seller's delivery to the carrier at the named place
FAS (Free Alongside Ship)	buyer	buyer (although not obligated to insure)	buyer	buyer	seller	buyer	when goods are placed alongside the ship
FOB (Free on Board)	buyer	buyer	buyer	buyer	seller	buyer	when goods are placed on board the vessel at the port of departure
CFR (Cost and Freight)	seller	buyer (although not obligated to insure)	buyer	buyer	seller	buyer	when goods are placed on board the vessel at the port of departure
CIF (Cost, Insurance and Freight)	seller	seller	buyer	buyer	seller	buyer	when goods are placed on board the vessel at the port of departure
CPT (Carriage Paid To)	seller	buyer	buyer	buyer	seller	buyer	upon seller's delivery to the main carrier at the place of departure
CIP (Carriage and Insurance Paid To)	seller	seller	buyer	buyer	seller	buyer	upon seller's delivery to the main carrier at the place of departure
DAT (Delivered At Terminal)	seller	seller	buyer	buyer	seller	buyer	when the goods are unloaded from the arriving vehicle (not cleared) and are at the buyer's disposal at the agreed place of destination
DAP (Delivered At Place)	seller	seller (although not obligated to insure)	buyer	buyer	seller	buyer	when the goods are placed at the buyer's disposal at the agreed destination (not unloaded and not cleared)
DDP (Delivered Duty Paid)	seller	seller (although not obligated to insure)	seller	seller	seller	seller	when goods cleared and duty paid (not unloaded) are placed at the buyer's disposal at the agreed destination

Source: ICC Germany 2013.

	2008	2009	2010	2011	2012	2013
Sales (in million EUR)	926	866	935	1,017	1,147	1,051
Order inflow (in million EUR)	939	908	916	1,143	1,051	1,082
Number of staff*	3,831	3,960	4,154	5,635	5,079	4,777

*Including trainees and temporary workers

Source: Herrenknecht 2014.

Milestones in Herrenknecht's History (1975 to 2013)

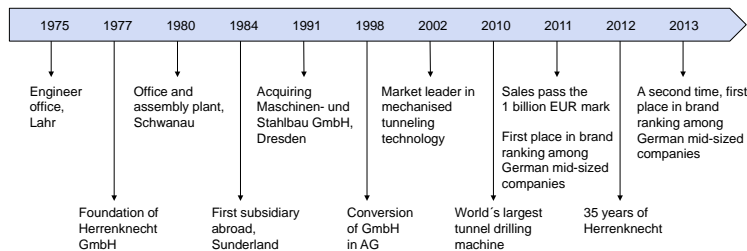


Figure 15.5

Source: Herrenknecht 2014.

Core Markets and Brands

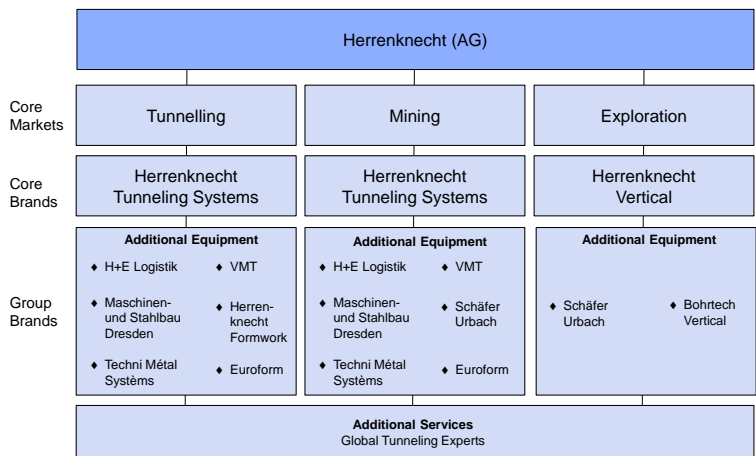


Figure 15.6

Source: Herrenknecht 2014.

Worldwide Operations (2014)

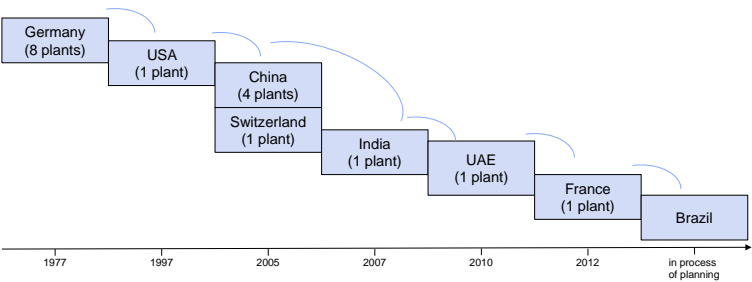
Table 15.4

Region	Country	Number of distribution locations	Number of service locations	Number of production locations	Region	Country	Number of distribution locations	Number of service locations	Number of production locations
Africa & Middle East	Egypt	1			Europe	Italy	3	2	1
	Qatar	1	1			Netherlands	2	2	
	Saudi Arabia	1	1			Portugal	1		
	South Africa	1				Romania	1		
	United Arab Emirates	2	2	1		Russia	2	2	
Asia	China	2	7	4		Spain	1	1	
	India	1	1	1		Sweden	1		
	Indonesia	2				Switzerland	3	2	1
	Malaysia	1				Turkey	1		
	Singapore	1	1			Ukraine	1	1	
	South Korea	1				United Kingdom	1	1	
	Thailand	1	1		Northern America	Canada	1		
Australia & Oceania	Australia	2	1			United States	1	1	1
Central America	Mexico	2	1		South America	Argentina	2	1	
	Panama	1	1			Brazil	1	1	
Europe	Azerbaijan	1				Chile	1	1	
	Bulgaria	1				Colombia	1	1	
	France	2	1	1		Peru	1		
	Germany	9	8	8		Venezuela	1	1	

Source: Herrenknecht 2014.

Selective Production Expansion

Figure 15.7



Source: Adapted from Herrenknecht 2014.

Transaction Modes

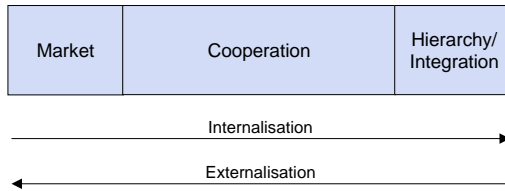


Figure 16.1

Most Important Reasons for Outsourcing

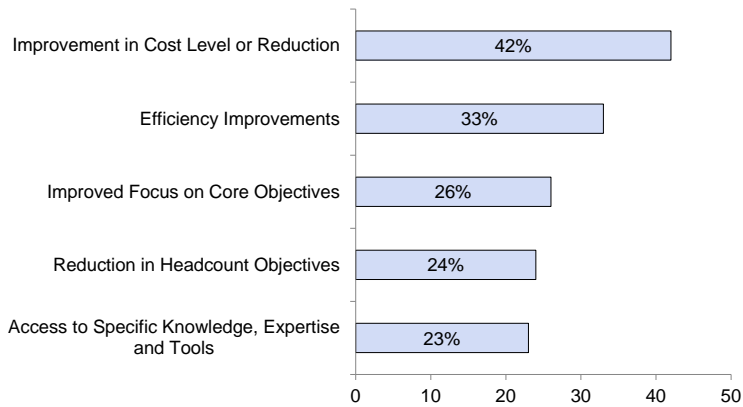
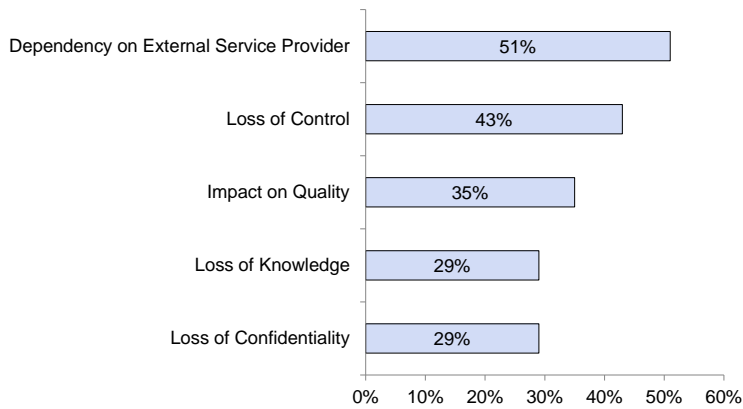


Figure 16.2

Source: Ernst & Young 2013, p.15.

Most Important Risks for Outsourcing

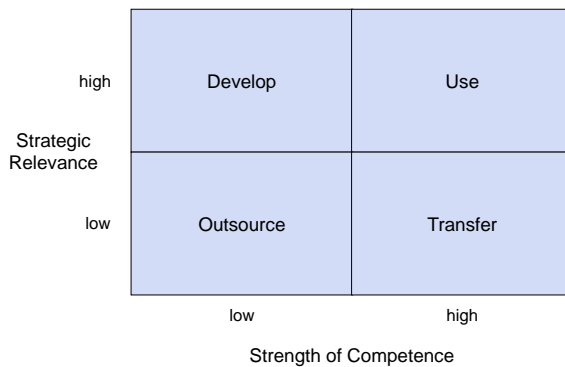
Figure 16.3



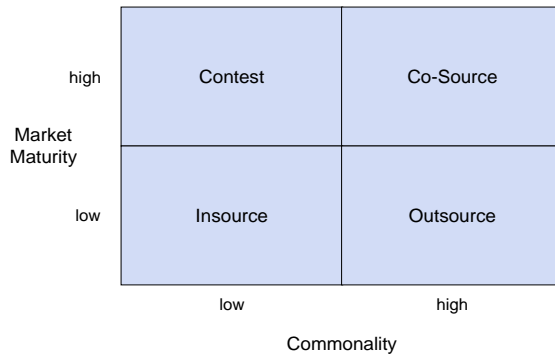
Source: Ernst & Young 2013, p. 15.

Strategic Relevance/Competence-Matrix

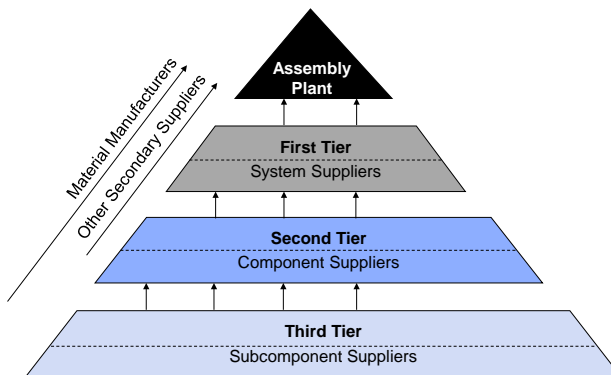
Figure 16.4

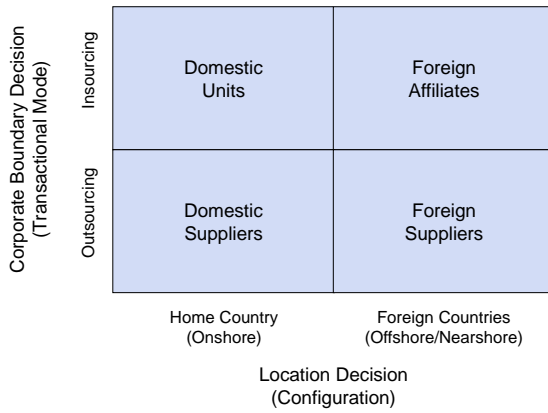


Source: Adapted from Krüger/Homp 1997, p. 105.

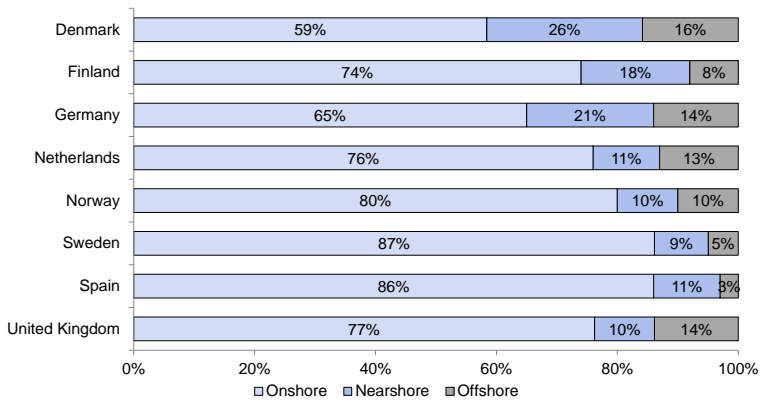


Source: Martin 2010, p. 165.



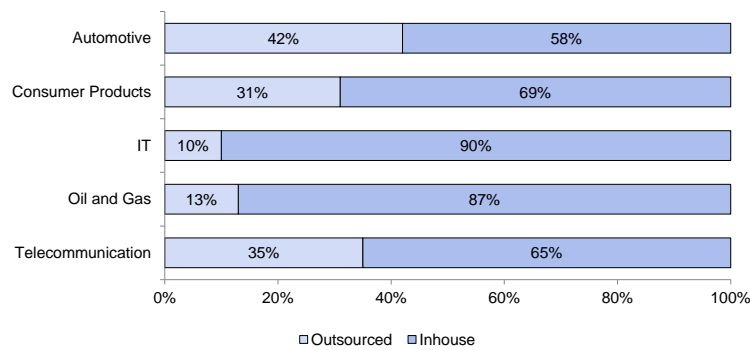


Source: Adapted from Abramovsky/Griffith 2006, p. 595.



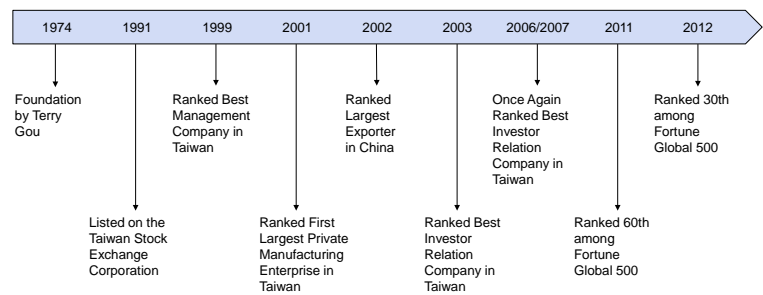
Source: Ernst & Young 2013, p. 13.

Outsourcing of IT Services per Industry

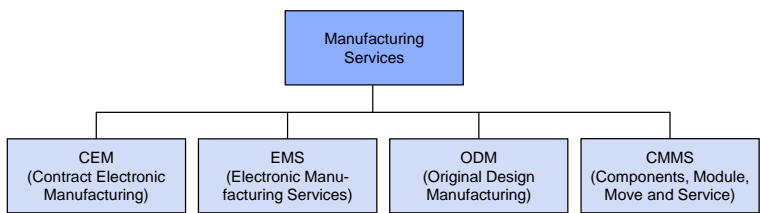


Source: Ernst & Young 2013, p. 12.

Milestones in Company History (from 1974 to 2012)



The Company's Manufacturing Services



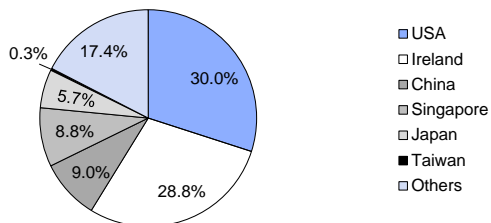
Major Customers and Devices Produced by Foxconn

Table 16.1

Customer	Manufacturing Product
Amazon	Kindle
Apple	iPad, iPod, iPhone, Mac mini, Macbook pro
Cisco	Video and Telecommunication Equipment
Dell	Laptops
Hewlett-Packard	Personal Computer, Laptops, Printer
Intel	Mainboards
Microsoft	X-Box, X-Box 360
Nintendo	DS, Wii
Nokia	Components of Mobile Phones
Blackberry	Smartphones
Sony	Playstation
Huawei	Smartphones
Acer	Smartphones

Revenue by Geographic Area Based on the Location of Customers (in 2012)

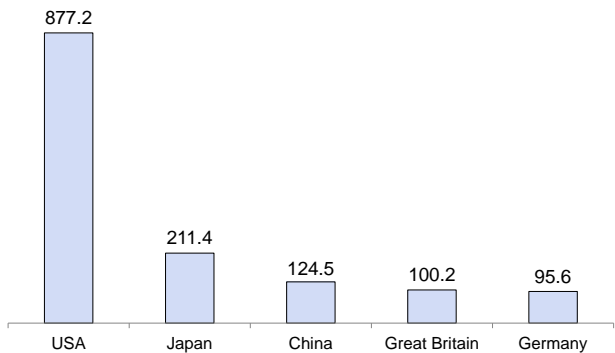
Figure 16.12



Source: Foxconn 2014.

Markets for IT Goods and Services 2014 (in billion USD)

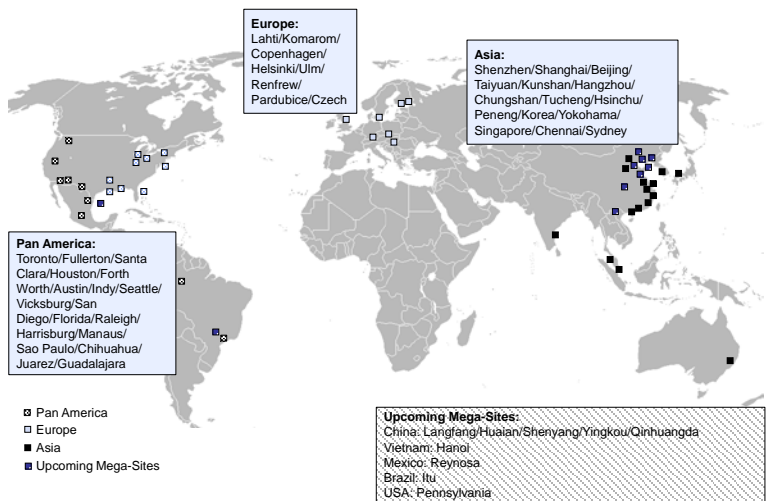
Figure 16.13



Source: SCMP 2014.

Operating Units (in 2013)

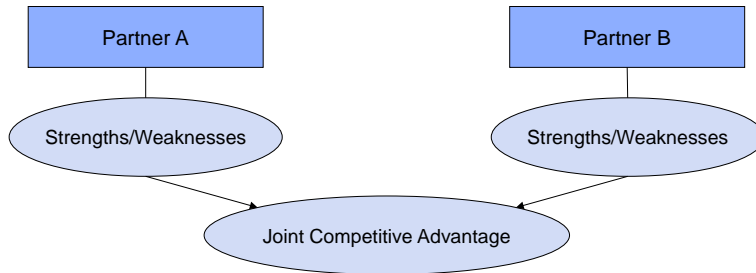
Figure 16.14



Source: Foxconn 2014.

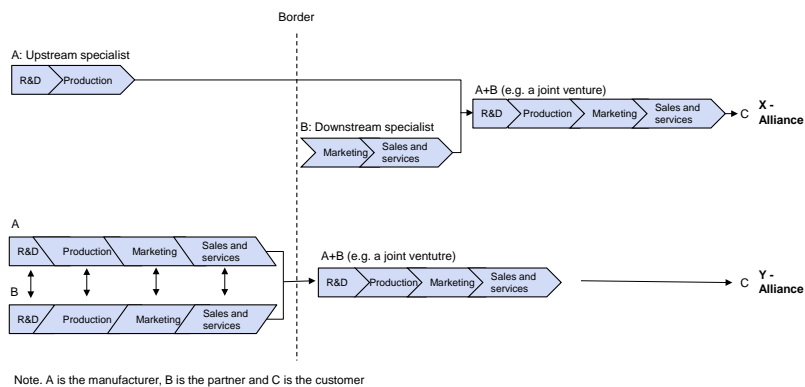
Strategic Advantages of Alliances

Figure 17.1



International Y-Alliances and X-Alliance: Examples

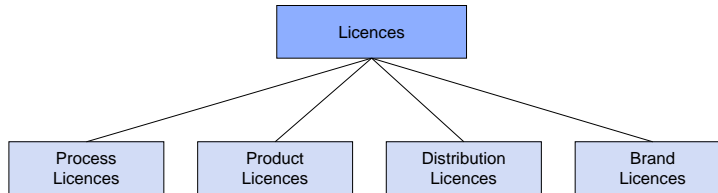
Figure 17.2



Source: Adapted from Hollensen 2014, p. 370.

Types of Licence Agreements

Figure 17.3

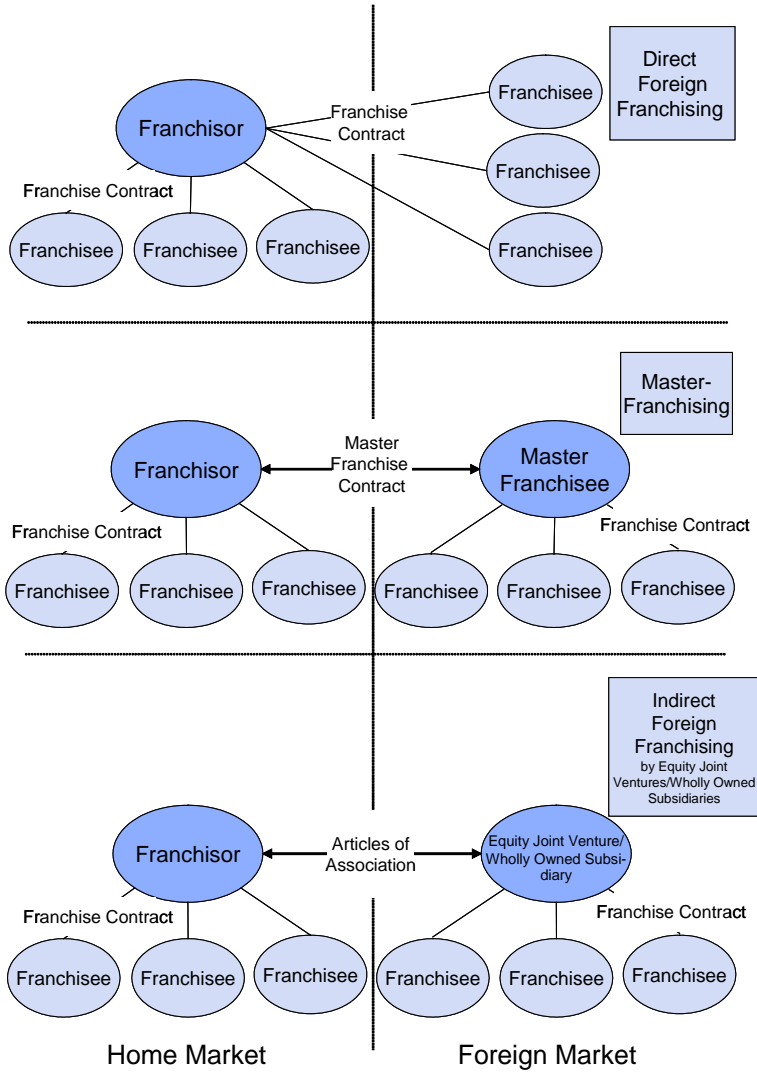


Advantages and Disadvantages of Licensing

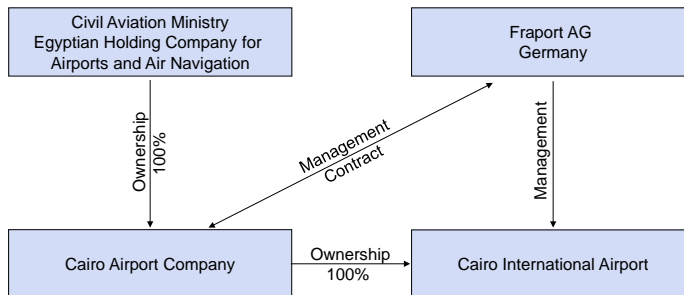
Table 17.1

Advantages	Disadvantages
<ul style="list-style-type: none">• Increases income on products already developed as a result of expensive research.• Permits entry into markets that are otherwise closed on account of high rates of duty, import quotas and so on.• A viable option where manufacture is near the customer's base.• Requires little capital investment and should provide a higher rate of return on capital employed.• There may be valuable spin-offs if the licensor can sell other products or components to the licensee. If these parts are for products being manufactured locally or machinery, there may also be some tariff concessions on their import.• The licensor is not exposed to the danger of nationalization or expropriation of assets.• Because of the limited capital requirements, new products can be exploited rapidly, on a worldwide basis, before competition develops.• The licensor can take immediate advantage of the licensee's local marketing and distribution organization and of existing customer contacts.• Protects patents, especially in countries that give weak protection for products not produced locally.• Local manufacture may also be an advantage in securing government contracts.	<ul style="list-style-type: none">• The licensee may prove less competent than expected at marketing or other management activities. Costs may even grow faster than income.• The licensee, even if it reaches an agreed minimum turnover, may not fully exploit the market, leaving it open to the entry of competitors, so that the licensor loses control of the marketing operation.• Danger of the licensee running short of funds, especially if considerable plant expansion is involved or an injection of capital is required to sustain the project. This danger can be turned to advantage if the licensor has funds available by a general expansion of the business through a partnership.• Licence fees are normally a small percentage of turnover, about 5 per cent, and will often compare unfavourably with what might be obtained from a company's own manufacturing operation.• Lack of control over licensee operations.• Quality control of the product is difficult - and the product will often be sold under the licensor's brand name.• Negotiations with the licensee, and sometimes with local government, are costly.• Governments often impose conditions on transferral of royalties or on component supply.

Source: Hollensen 2014, p. 390.



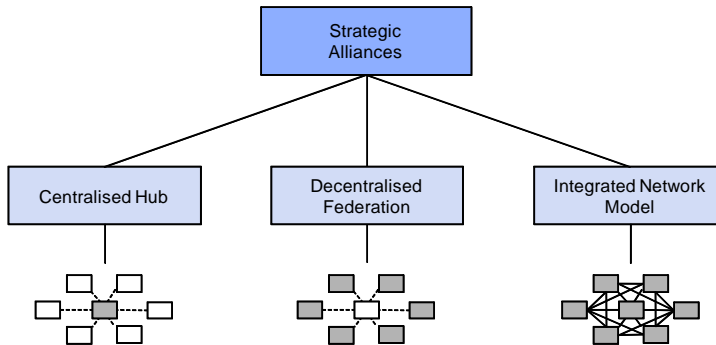
Source: Adapted from Zentes/Swoboda/Schramm-Klein 2013, p. 250.



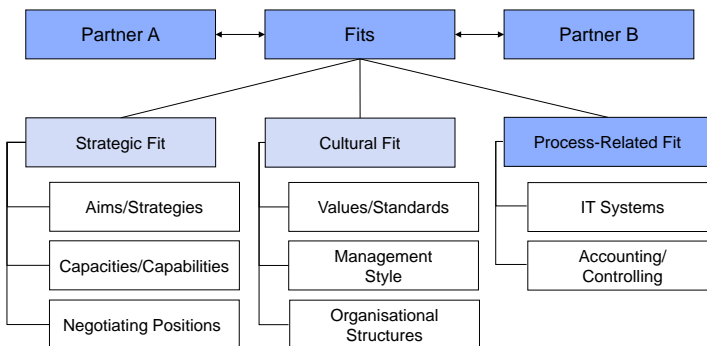
Source: Fraport AG 2014.

Advantages	Disadvantages
<ul style="list-style-type: none"> • access to expertise and contacts in local markets • typically, international partner contributes financial resources, technological know-how or products, the local partner provides local skills and knowledge • reduced market and political risk • shared knowledge and resources, shared risk of failures • overcomes host government restrictions • may avoid local tariffs or non-tariff barriers • possibly better relations with local governments through having a local partner (meets host country pressure for local participation) 	<ul style="list-style-type: none"> • objectives of respective partners may be incompatible, resulting in conflicts • contribution to joint venture can become disproportionate • loss of control over foreign operations • partners may become locked into long-term investments from which it is difficult to withdraw • transfer pricing problems as goods pass between partners • importance of venture to each partner may change over time • loss of flexibility and confidentiality • problems of management structures and dual parent staffing of equity joint ventures

Source: Adapted from Hollensen 2014, p. 391.

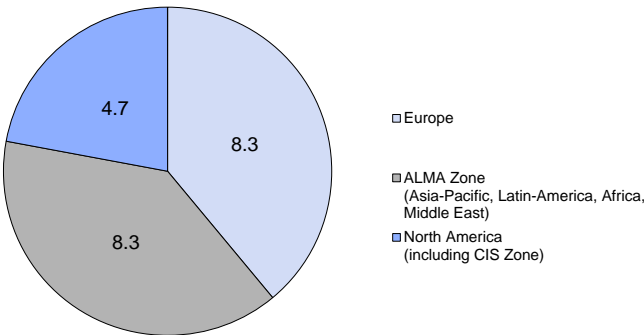


Source: Adapted from Bartlett/Ghoshal/Beamish 2008, pp. 338, 342.



Group Sales by Geographic Region (in billion EUR)

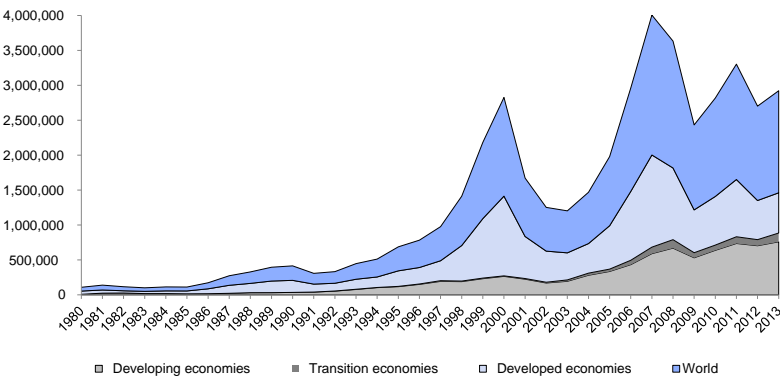
Figure 17.8



Source: Adapted from Danone 2014.

Global FDI Inflows (in billion USD)

Figure 18.1



Source: UNCTAD 2014.

Advantages and Disadvantages of Wholly-owned Subsidiaries

Table 18.1

Advantages	Disadvantages
<ul style="list-style-type: none">• direct and independent presence• independent marketing activities• pushing of own strategies, easy alignment of own structures• uniformity of market appearance• influence- and supervision options• bundling and deployment of company know-how (supervision of inflow and outflow)• increasing market power towards buyers, suppliers and competitors• frequent settlement sponsorships by host countries	<ul style="list-style-type: none">• investment requirements and barriers• high risks especially in insecure countries• build up of considerably resources• cost intensive acquisitions and time consuming start up• decision for investment much less reversible than other transaction forms<ul style="list-style-type: none">▪ disadvantages in terms of flexibility because of capital commitment but advantages through decision superiority

Source: Adapted from Kutschker/Schmid 2011, pp. 908-909.

Types of M&A Strategies

Table 18.2

Strategy	Method
Merger of Equals	Companies of equal size come together. Often, one of the merging companies is considered the "primus inter pares" once the merger has taken place.
Friendly Takeover	The management of the takeover target has a positive attitude towards the takeover.
Tender Offer	Public, open offer by an acquirer to all shareholders. The bidder contacts the shareholders directly, inviting them to sell their shares to the offer price.
Unfriendly/Hostile Takeover	The takeover target is unwilling to be acquired or the target's management has no prior knowledge of the offer.
Proxy Contest	Specific type of a hostile takeover in which the acquiring company attempts to convince the existing shareholders to use their proxy votes to install a new management that is open for the takeover.
Builder Acquisition	The objective of the acquisition is to integrate the takeover target into the network of the MNC, e.g. to realise synergies, economies of scale, etc.
Raider Acquisition	Acquisitions that are conducted with the purpose of post-acquisition asset stripping.
Leveraged Buyout (LBO)	Acquisition of a company with cash that is raised with a preponderance of debt raised by the acquirer. Several different types of LBO exist, depending on the acquiring party, for example investor buyout, management buyout, or employee buyout can be distinguished.

Cross-border M&As by Region of Purchaser and Seller in 2012

Value of cross-border M&As by region/economy of seller, 2012 (in million of USD)		Value of cross-border M&As by region/economy of purchaser, 2012 (in million of USD)	
United States	66,113	United States	79,885
United Kingdom	35,852	Canada	39,474
Canada	29,325	China	37,111
Australia	23,087	Japan	35,666
Netherlands	17,051	Switzerland	16,254
Brazil	16,359	Germany	15,453
Ireland	12,096	Chile	9,764
France	11,985	Malaysia	9,292
China	9,995	Hong Kong/China	8,016
Switzerland	8,635	Russian Federation	7,807

Source: UNCTAD 2013.

Table 18.3

Barriers to Cross-border M&As

Structural Barriers	
Statutory	<ul style="list-style-type: none"> • strong powers for supervisory boards to block mergers; unions and workers' councils have say on takeovers and strong redundancy rights • issue of bearer shares, double voting or non-voting shares; absence of one share, one vote (OSOV) principle • discriminatory tax laws against foreign acquirers, e.g. withholding taxes on dividends
Regulatory	<ul style="list-style-type: none"> • antitrust regulation, foreign investment review, rules of stock exchange and professional self-regulatory bodies • absence of statutory or voluntary bodies to regulate takeovers
Infrastructure	<ul style="list-style-type: none"> • absence of M&A services, e.g. legal, accounting, investment banking services
Technical Barriers	
Management	<ul style="list-style-type: none"> • two-tier boards which cannot be removed or changed quickly • families dominate shareholding • powers to issue shares with differential voting rights or to friendly persons • powers to limit maximum voting rights; powers to override shareholders in company's interest
Information Barriers	
Accounting	<ul style="list-style-type: none"> • accounting statements not available, quality of information poor • low compliance with international generally accepted accounting principles; accounting practice biased to avoid tax liability, or conservative, hence accounting statements opaque
Shareholders	<ul style="list-style-type: none"> • due to issue of bearer shares, shareholding structure not known
Regulation	<ul style="list-style-type: none"> • regulatory procedures not known or unpredictable
Culture and Tradition	
Attitude	<ul style="list-style-type: none"> • "to sell is to admit failure" syndrome; dislike of hostile bids; dislike of institutional constraints on dividends or short-term profits • unwillingness to disclose information
Value system	<ul style="list-style-type: none"> • high premium on trust and confidence in negotiations rather than formal contracts

Source: Adapted from Sudarsanam 2010, p. 231.

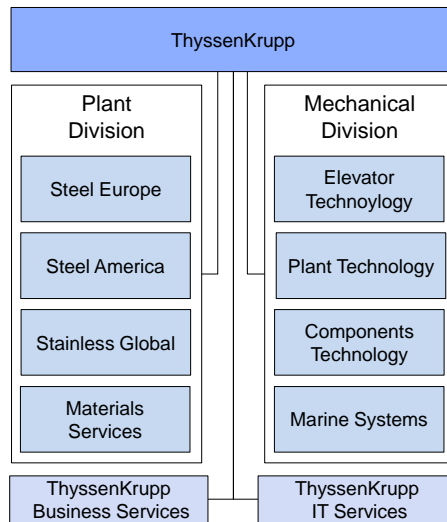
Table 18.4

Advantages	Disadvantages
<ul style="list-style-type: none">♦ access to customers, distribution channels, materials, HR♦ rapid market development<ul style="list-style-type: none">▪ time savings/synergy effects▪ if applicable fast market entry in numerous geographic regions▪ positive cash-flow♦ scale effects♦ gain of know-how<ul style="list-style-type: none">▪ complementary effects♦ gain of market position/image♦ fastest mode of diversification♦ no increasing competition intensity in host♦ country<ul style="list-style-type: none">▪ little danger of overcapacity	<ul style="list-style-type: none">♦ massive risk♦ huge capital availability as requirement<ul style="list-style-type: none">▪ best case scenario: financial markets as balancing instrument▪ in reality: limited range of alternatives for SME♦ high information and search costs<ul style="list-style-type: none">▪ adequate target company as basic requirement▪ negotiation problem (Information asymmetries)♦ necessity of coordination and integration of heterogeneous structures, systems, cultures♦ adaptation of market appearance required♦ provisos/resistances of local management<ul style="list-style-type: none">▪ possibly brain drain♦ provisos/resistances of host country government (foreign infiltration)♦ growing management complexity

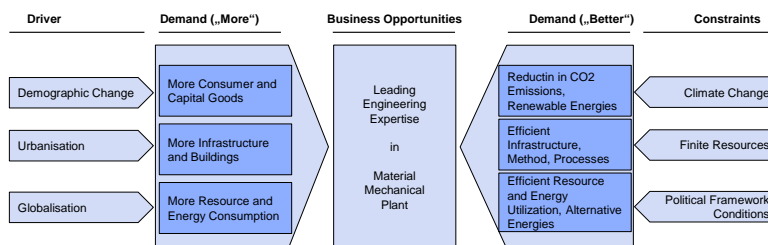
Source: Adapted from Zentes/Swoboda/Morschett 2004, p. 658.

Cause of Failure	Cause of Success
<ul style="list-style-type: none">♦ target management attitudes♦ cultural differences♦ no post-acquisition integration planning♦ lack of knowledge of industry or target♦ poor management of target♦ no prior acquisition experience	<ul style="list-style-type: none">♦ detailed post-acquisition integration plans♦ speed of implementation♦ clarity of acquisition purpose♦ good cultural fit♦ high degree of target management cooperation♦ knowledge of target and its industry

Source: Adapted from Sudarsanam 2010, p. 726.



Source: ThyssenKrupp AG 2010.



Source: ThyssenKrupp AG 2013, p. 31.

Example of a Scoring Model for the Selection of a Production Location

Location Characteristic	Importance of Criterion in Percent (w_i)	Evaluation of Country (e_i) (from 1 - very bad to 10 - excellent)	Combined Score ($w_i \times e_i$)
Attractiveness of Local Market	20%	8	1.6
Logistics Costs	5%	4	0.2
Wage Level	15%	2	0.3
Availability of Skilled Labour	15%	9	1.35
Innovativeness of Country	10%	8	0.8
Availability of Suppliers	20%	8	1.6
Stability of Local Currency	5%	9	0.45
Political Risk	10%	4	0.4
SUM (Overall Score)	100%	-	6.7

Table 19.1

Basic Types of Production Configurations

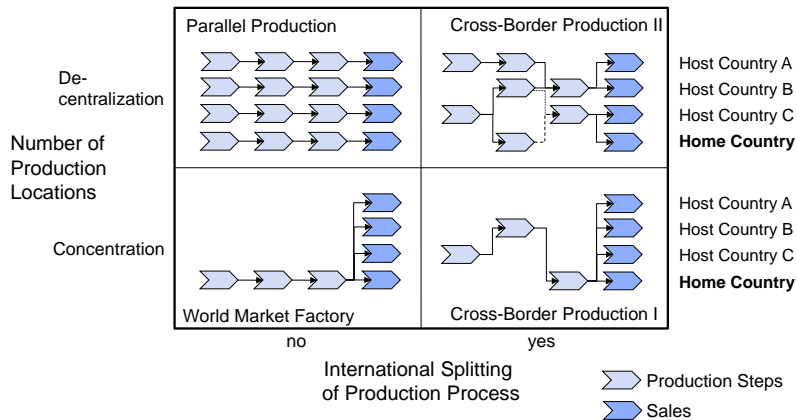
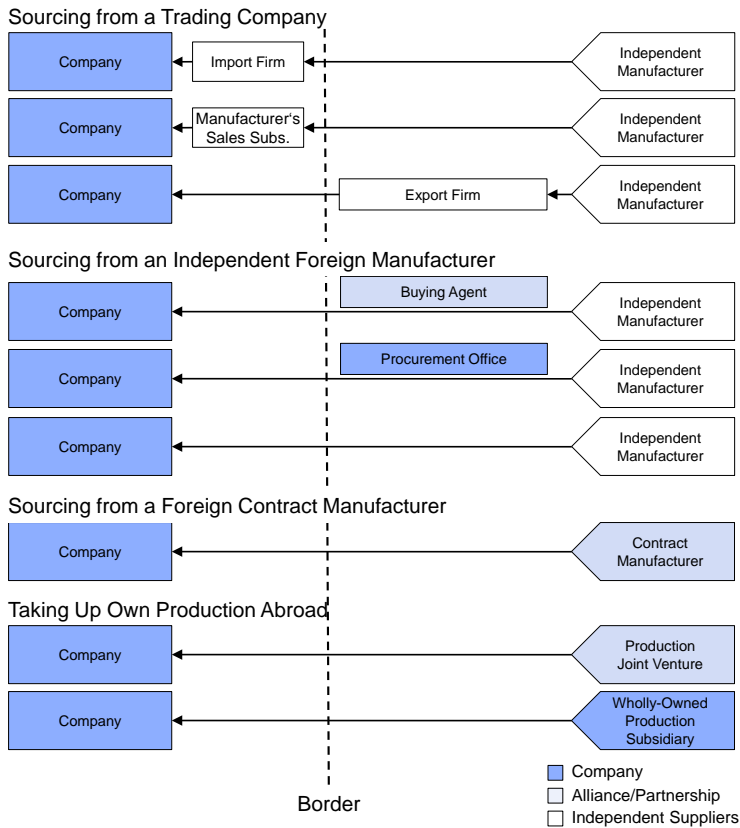


Figure 19.1

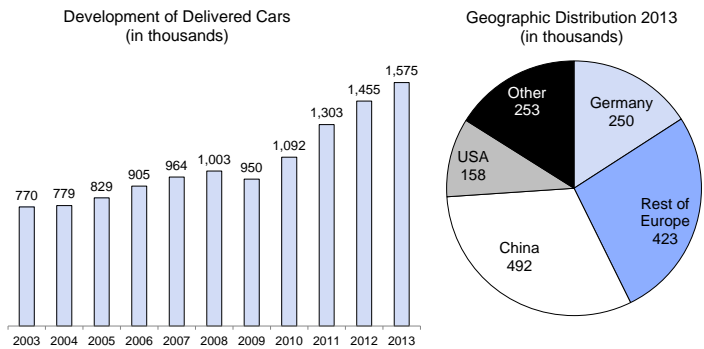
Source: Grünig/Morschett 2012, p. 301.

Extent of Technical Activities at the Site	high	Source	Lead	Contributor
	low	Offshore	Outpost	Server
		access to low cost production input factors	use of local technological resources	proximity to market
Strategic Reason for Establishing the Plant				

Source: Ferdows 1989, p. 8; 1997, p. 77.



Source: Grünig/Morschett 2012, p. 188.



Source: Audi 2014a and several annual reports.



Source: Adapted from Audi 2014b, p. 145.

Grouping of Industrial Sectors According to R&D Intensity

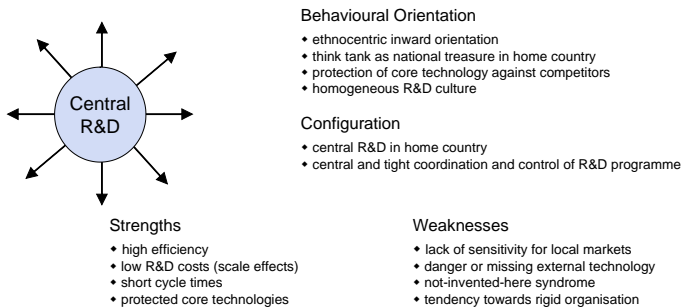
Table 20.1

Industry Category	R&D Intensity	Examples of Industries
High R&D Intensity	>5%	pharmaceuticals and biotechnology; health care equipment and services; technology hardware and equipment; software and computer services; aerospace and defence
Medium-high R&D Intensity	2-5%	electronics and electrical equipment; automobiles and parts; industrial engineering and machinery; chemicals; personal goods; household goods; general industrials; support services
Medium-low R&D Intensity	1-2%	food products; beverages; travel and leisure; media; oil equipment; electricity; fixed line telecommunications
Low R&D Intensity	<1%	oil and gas; industrial metals; construction and materials; food and drug retailers; transportation; mining; tobacco; multi-utilities

Source: European Commission 2013a, p. 27.

Ethnocentric Centralised R&D

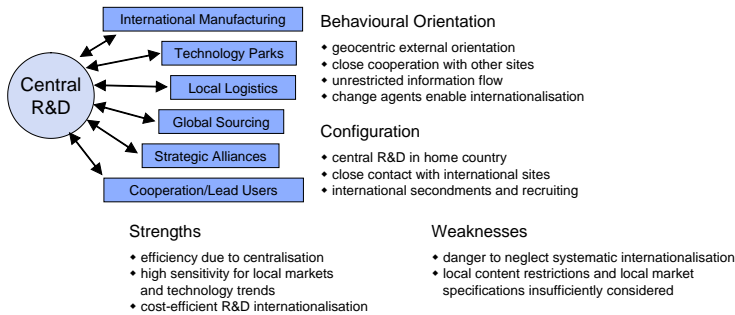
Figure 20.1



Source: Boutellier/Gassmann/Zedtwitz 2008, p. 80.

Geocentric Centralised R&D

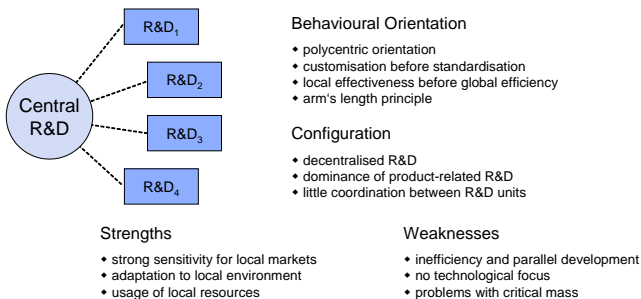
Figure 20.2



Source: Boutellier/Gassmann/Zedtwitz 2008, p. 82.

Polycentric Decentralised R&D

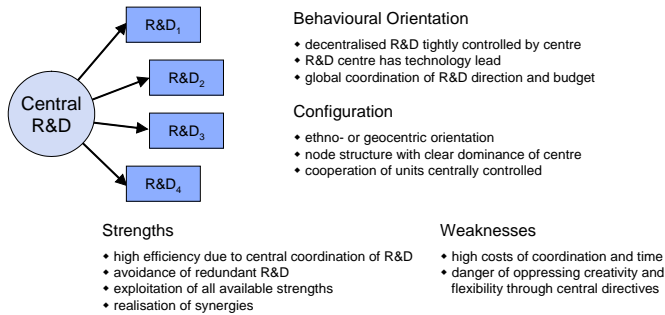
Figure 20.3



Source: Boutellier/Gassmann/Zedtwitz 2008, p. 84

R&D Hub Model

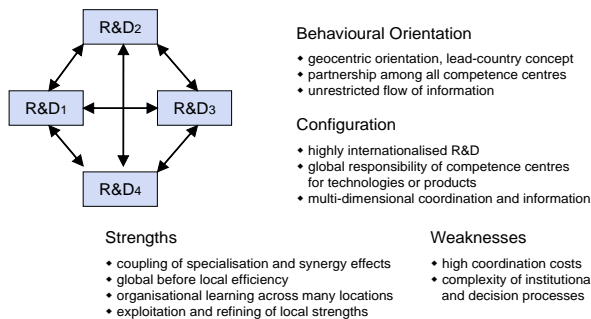
Figure 20.4



Source: Boutellier/Gassmann/Zedtwitz 2008, p. 86.

Integrated R&D Network

Figure 20.5



Source: Boutellier/Gassmann/Zedtwitz 2008, p. 88.

Growth Platforms and Economic Importance

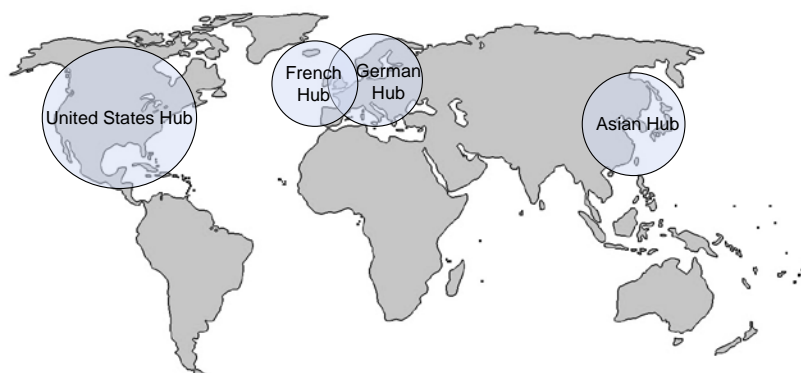
Table 20.2

Growth Platform	Function	Sales in billion EUR (in 2013)
Emerging Markets	Offers a broad product portfolio adapted to local needs of emerging markets.	10.96
Diabetes	Offers patients integrated and personalised solutions (treatments, services and technologies) to simplify the management of diabetes.	6.57
Vaccines	Deals with the task of human immunization and prevention of epidemics around the world.	3.7
Consumer Healthcare	Includes for example pain killers and treatments for coughs and colds.	3.0
New Genzyme	Therapeutic solutions for rare diseases provided and developed by Genzyme, a subsidiary of Sanofi.	2.1
Animal Health	Launches innovative products for pets and production animals and is executed by Merial, the animal health subsidiary of Sanofi.	2.0
Innovative Products	Includes products launched since 2009, and do not belong to other growth platforms with a focus on the development of biologic medicines.	0.7

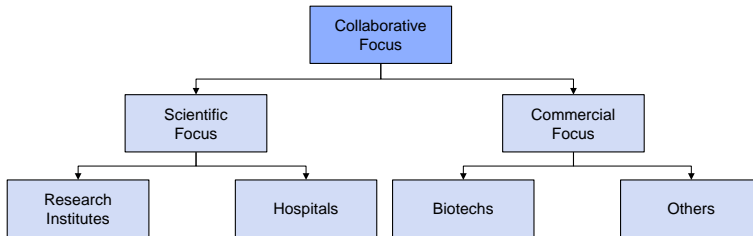
Source: Sanofi 2014.

Sanofi's Geographically Focused Research Hubs

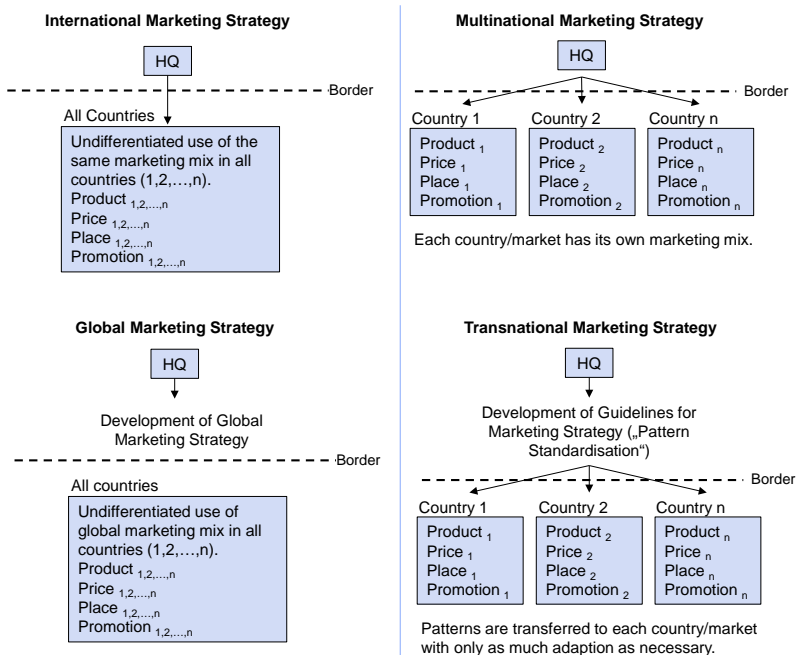
Figure 20.6



Source: Sanofi 2014.



Source: Adapted from Sanofi 2014.



Source: Adapted from Hollensen 2014, p. 474.

Selected Factors Favouring Standardisation vs. Differentiation

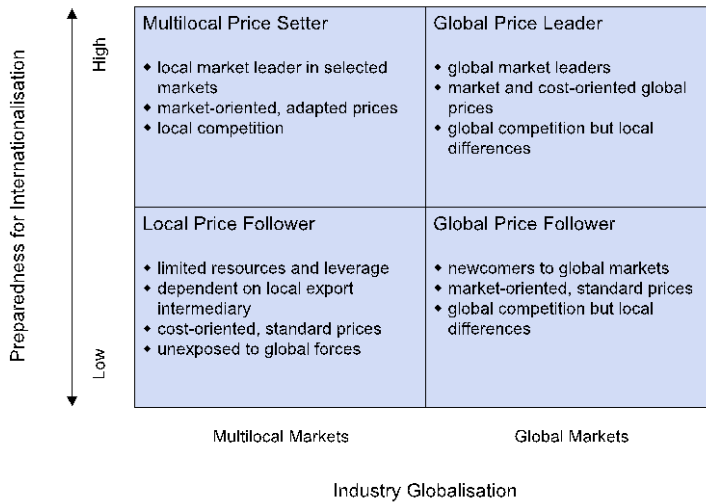
Table 21.1

Factors Favouring Standardisation	Factors Favouring Differentiation
<ul style="list-style-type: none">• economies of scale, e.g. in R&D, production and marketing (experience curve effects)• global competition• convergence of tastes and consumer needs (consumer preferences are homogeneous)• centralised management of international operations (possible to transfer experience across borders)• a standardised concept is used by competitors• high degree of transferability of competitive advantages from market to market• easier communication, planning and control (e.g. through Internet and mobile technology)• stock cost reduction	<ul style="list-style-type: none">• local environment-induced adaptation, e.g. government and regulatory influences, legal issues, differences in technical standards (no experience curve effects)• local competition• variation in consumer needs (consumer needs are heterogeneous, e.g. because of cultural differences)• fragmented and decentralised management with independent country subsidiaries• an adapted concept is used by competitors• low degree of transferability of competitive advantages from market to market

Source: Adapted from Hollensen 2014, p. 477.

Company and Product-specific Factors	Market Factors	Environmental Factors
<ul style="list-style-type: none">♦ corporate and marketing objectives♦ firm and product positioning♦ degree of international product standardisation or adaptation♦ product range, cross subsidisation, life cycle, substitutes, product differentiation and unique selling proposition♦ cost structures, manufacturing, experience effects, economies of scale♦ marketing, product development♦ available resources♦ inventory♦ shipping cost	<ul style="list-style-type: none">♦ consumers' perceptions, expectations and ability to pay♦ need for product and promotional adaptation, market servicing, extra packaging requirements♦ market structure, distribution channels, discounting pressures♦ market growth, demand elasticities♦ need for credit♦ competition objectives, strategies and strength	<ul style="list-style-type: none">♦ government influences and constraints♦ tax, tariffs♦ currency fluctuations♦ business cycle stage, level of inflation♦ use of non-money payment and leasing

Source: Adapted from Doole/Lowe 2012, pp. 358-359.



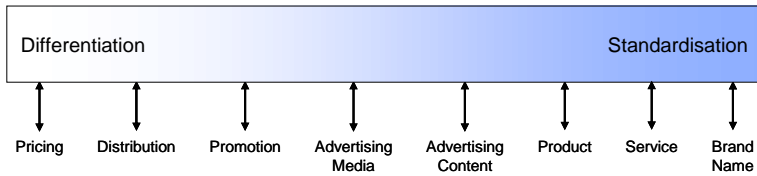
Source: Adapted from Solberg/Stöttinger/Yaprak 2006, p. 31.

Advertising	Public Relations	Sales Promotion	Direct Marketing	Personal Selling
<ul style="list-style-type: none">• newspapers• magazines• journals• directories• television• radio• cinema• outdoor• Internet	<ul style="list-style-type: none">• annual reports• house magazines• press relations• events• lobbying• sponsorships	<ul style="list-style-type: none">• rebates and price discounts• catalogues and brochures• samples, coupons, gifts• competitions	<ul style="list-style-type: none">• direct mail• database marketing• Internet marketing• mobile marketing (SMS, MMS)• social media marketing• viral marketing• location-based marketing• advertising games	<ul style="list-style-type: none">• sales presentations• sales force management• trade fairs• exhibitions

Source: Adapted from Zentes/Swoboda/Schramm-Klein 2013, p. 389.

General Standardisation Level for Different Elements of the Marketing Mix

Figure 21.3



Source: Adapted from Zentes/Swoboda/Schramm-Klein 2013, p. 449.

The Vision of Nestlé

Figure 21.4

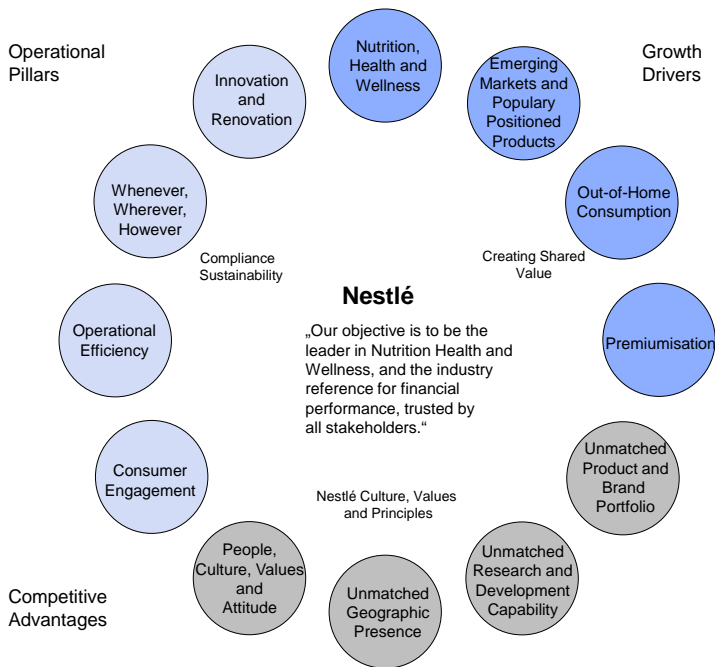


Figure 21.5

Around 8,300 Local Brands Responsibility of local markets	Examples:		
	<ul style="list-style-type: none">• Savory• Sahne-Nuss• McKay• Buxton	<ul style="list-style-type: none">• Haoji• Totole• La Vie• Erikli	<ul style="list-style-type: none">• Levissima• Minéré• Theodora
140 Regional Strategic Brands Responsibility of strategic business unit and regional management			
	<ul style="list-style-type: none">• Herta• Findus• Alpo• Vittel	<ul style="list-style-type: none">• Stouffer's• Arrowhead• Calistoga• Deer Park	<ul style="list-style-type: none">• Ice Mountain• Ozarka• Zephyrhills
Around 55 Worldwide Strategic Brands Responsibility of general management at strategic business unit level			
	<ul style="list-style-type: none">• Kit Kat• Polo• Cerelac• Baci	<ul style="list-style-type: none">• Mighty Dog• Smarties• After Eight• Coffee-Mate	
10 Worldwide Corporate Brands			
	<ul style="list-style-type: none">• Nestle• Maggi• Perrier	<ul style="list-style-type: none">• L'Oreal• Buitoni• Carnatio	

Source: Adapted from Zentes/Swoboda/Schramm-Klein 2013, p. 450.

Examples of Various KitKat Flavours

Figure 21.6



Source: Alimenta 2014.

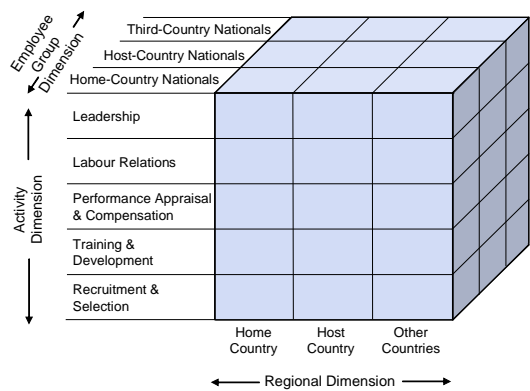
Figure 21.7



Source: Nespresso 2014.

Dimensions of International Human Resource Management

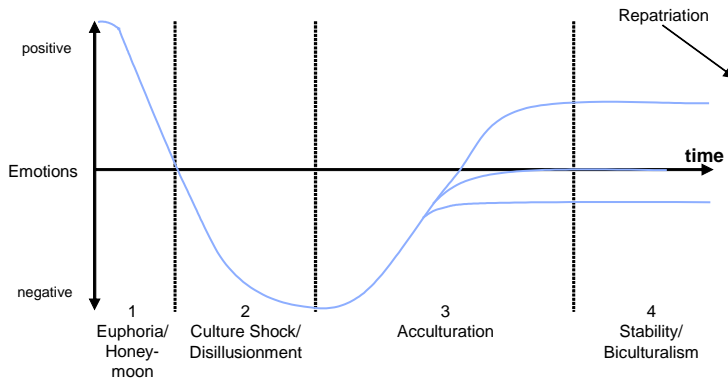
Figure 22.1



Source: Adapted from Morgan 1986, p. 44.

Phases in Cultural Adjustment

Figure 22.2



Source: Adapted from Hofstede 2001, p. 259; Griffin/Pustay 2013, p. 547.

Selected Products and Services of Google

Table 22.1

Google Search	YouTube	Google Maps
Gmail	Google News	Google Places
Google Chrome	Google Scholar	Google AdWords
Google Calendar	Google Translate	Google Code
Google+	Google Wallet	Google Insights for Search
Google Groups	Google Glass	Google Docs
Google Play (Store)	Google Nexus	Google Chromecast

Source: Google 2014.

Europe's Most Attractive Employers in 2014

Rank	Business Ranking	Engineering Ranking
1	Google	Siemens
2	L'Oréal Group	IBM
3	PwC (PriceWaterhouseCoopers)	BMW Group
4	EY (Ernst & Young)	Google
5	Microsoft	Microsoft
6	McKinsey & Company	Nestlé
7	Unilever	General Electric
8	KPMG	Bosch
9	Procter & Gamble	Daimler Mercedes-Benz
10	The Boston Consulting Group	EADS (Airbus)

Source: Universum 2014.

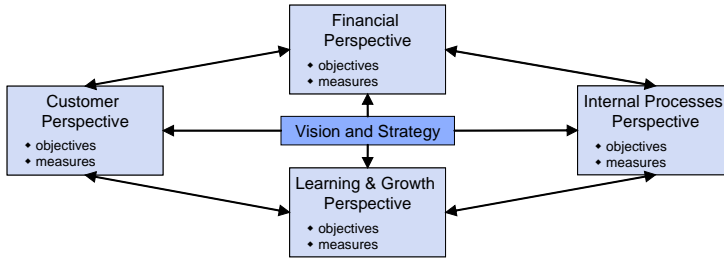
Table 22.2

Decision and Information Requirements at Different Levels in an MNC

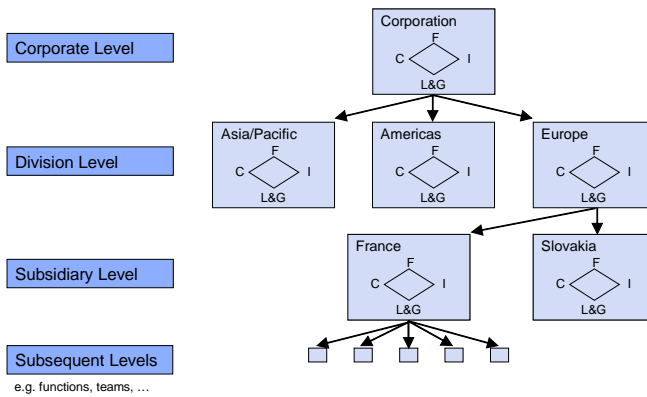
Decision Type	Decisions	Information Requirements	Information
Strategic	Corporate Management		External
	<ul style="list-style-type: none">• basic long-term strategic decisions for company• resource allocation to divisions• coordination of divisions (incl. selecting and appraising division management)	<ul style="list-style-type: none">• opportunities/threats and strengths/weaknesses info on corporate level• info across divisions (and performance)• long-term developments (highly aggregated)	
	Division Management		
	<ul style="list-style-type: none">• basic targets for subsidiaries• mid-term planning• resource allocation to subsidiaries• coordination of subsidiaries (incl. selecting and appraising subsidiary management)	<ul style="list-style-type: none">• targets from HQ• long-term, mid-term, rather speculative data• specific product and/or region related coordination and evaluation data• quantitative monetary info on division results	
	Subsidiary Management		
Operational	<ul style="list-style-type: none">• development of country-specific strategies• coordination of operational issues in subsidiary	<ul style="list-style-type: none">• targets from division management• operative data from internal accounting• only immediate info on external environment• supportive data from division or HQ	Internal

Source: Adapted from Zentes/Swoboda/Morschett 2004, p. 806.

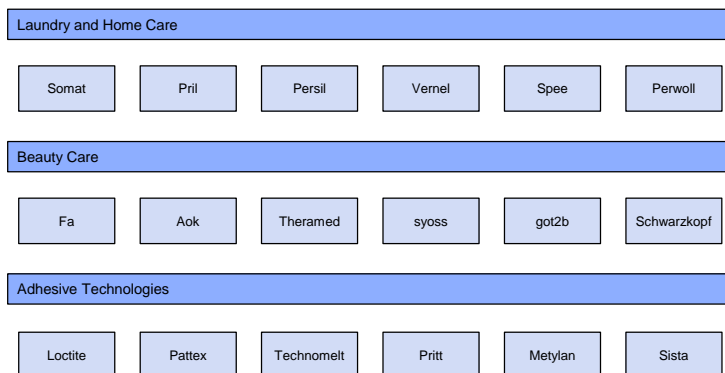
Table 23.1



Source: Kaplan/Norton 1996, p. 9; Gowthorpe 2011, p. 425.



Source: Adapted from Rieg/Gleich 2002, p. 697; Zentes/Swoboda/Morschett 2004, p. 830.



Source: Henkel 2014.

Selected Performance and Financial Key Figures for the Henkel Business Units (2013)

Table 23.2

	Laundry & Home Care	Beauty Care	Adhesive Technologies
Sales (in million EUR)	4,580	3,510	8,117
EBIT (in million EUR)	682	474	1,271
Adjusted Return on Sales (EBIT)	15.6%	15.0%	16.9%
Capital Employed (in million EUR)	2,321	2,007	6,752
Weighted Average Cost of Capital (WACC)	7.5%	7.5%	10.5%
Return on Capital Employed (ROCE)	29.4%	23.6%	18.8%
Economic Value Added (EVA; in million EUR)	507	323	562

Source: Henkel 2014.

Economic Value Added of the Business Unit Adhesive Technologies in 2013 (in million EUR)

Figure 23.4

$$\begin{array}{|c|} \hline \text{Economic Value Added} \\ \hline 562 \\ \hline \end{array} = \begin{array}{|c|} \hline \text{EBIT} \\ \hline 1,271 \\ \hline \end{array} - \begin{array}{|c|} \hline \text{Capital Employed} \\ \hline 6,752 \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{WACC} \\ \hline 10.5\% \\ \hline \end{array}$$

Source: Adapted from Henkel 2014, p. 109.

Calculation of Return on Capital Employed of the Laundry and Home Care Business Unit

Figure 23.5

$$\begin{array}{|c|} \hline \text{Return on Capital Employed} \\ \hline 29.4\% \\ \hline \end{array} = \frac{\begin{array}{|c|} \hline \text{EBIT} \\ \hline 682 \text{ million EUR} \\ \hline \end{array}}{\begin{array}{|c|} \hline \text{Capital Employed} \\ \hline 2,321 \text{ million EUR} \\ \hline \end{array}}$$

Source: Adapted from Henkel 2014, p. 109.

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