

---

# **Business Strategies Part II – Chapter 4**

## **Managing an International Subsidiary**

---

Tor Vergata University of Rome  
2nd Semester 2022 (online)  
- Global Governance -  
Dr. Josef Fidelis Senn



# Business Strategies – Managing an International Subsidiary

---

## 4. Managing an international subsidiary – the example Argentina



# Business Strategies – Managing an International Subsidiary

---

## 4.1. Managing an international subsidiary – the example Argentina

**a) What kind of problems?**

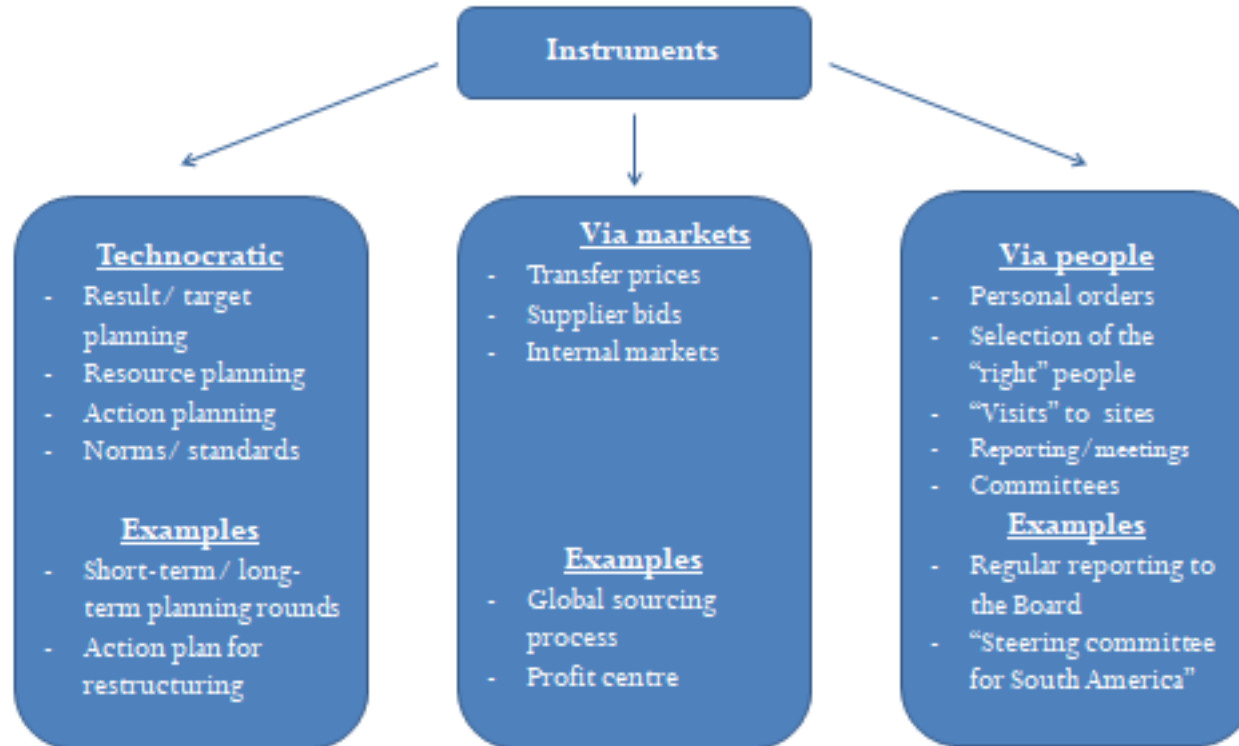
**b) What kind of actions?**

Bkup: Managing  
Argentina

**c) What happened in single days?**

# Business Strategies – Managing an International Subsidiary

## 4.2. What means „Design of Decisions“? I – Instruments of Coordination



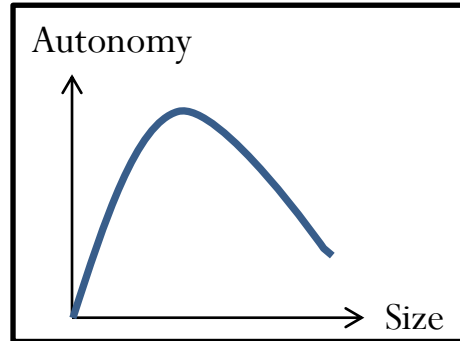
# Business Strategies – Managing an International Subsidiary

## 4.2. What means „Design of Decisions“? II – Centralization vs. Decentralization

Secure optimum for  
complete company



conditions;  
motivation of local



Autonomy of subsidiaries is growing according to the size. From a certain level onwards the subsidiary is getting so important, that the degree of autonomy is reduced (Holtbrügge, p. 251).  
All upcoming conflicts need to be solved daily.

Concepts:

- \* Empowered subsidiaries
- \* Network structure
- \* Interpretation via people
- \* Regional structure

# Business Strategies – Managing an International Subsidiary

---

## Classical Decision Conflicts

- (1) Local product vs. “world” product
- (2) Market share vs. price positioning
- (3) Economies of scale vs. completing of niches
- (4) Speed of decision taking vs. security
- (5) *Discuss further conflicts!*

## 4.3.Conclusions I

A big company has a lot of important players.

Develop your strategy together with the relevant partners from the headquarter.

- The role as top-manager is to fight for the subsidiary inside the headquarter and to promote the central perspective inside the subsidiary.
- There are special – culture-based – problems in each country (e. g. Argentina: Trade unions, productivity, political influence, suppliers). Management has to identify and attack them.
- In South America for example a strict follow-up and controlling approach is needed.
- Too much energy is absorbed by unclear organizational structure. Try to get simple reporting

## 4.3. Conclusions II

- positions are of outstanding relevance – people are the source of trust for the headquarter.
- Inside the foreign country networking with the German community (chambers, ambassador, etc.) is important.
- It is recommended to balance political contacts between actual government and opposition.
- As boss you should be still able to listen and not only to “send”. It is crucial to show consistent behaviour and to set a good example.
- Restructuring programs need to cover all business areas and to appear just. The ride between defined rules and necessary flexibility is dangerous but feasible.

ESFs are in danger to become “global nomads”