
Business Strategies Part II – Chapter 4

Managing an International Subsidiary

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2nd Semester 2021 (online)
- Global Governance -
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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?

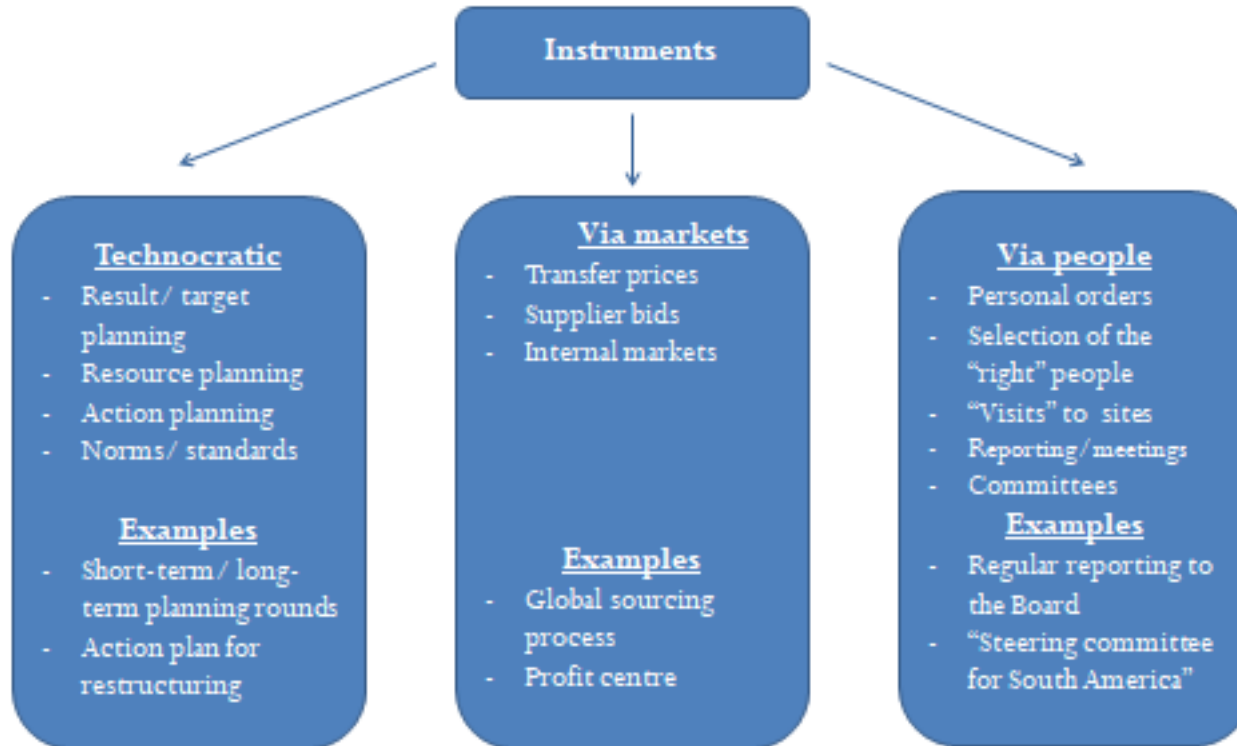
b) What kind of actions?

Bkup: Managing Argentina

c) What happened in single days?

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



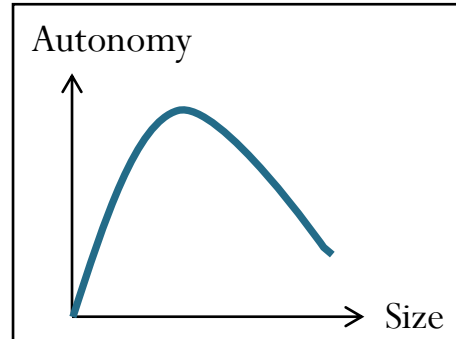
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4.2. What means „Design of Decisions“? II – Centralization vs. Decentralization

Secure optimum for
complete company



Able to react to local
conditions; motivation of
local management



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

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 lines.

4.3. Conclusions II

- Decisions about people/ team members and 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.
- FSEs are in danger to become “global nomads”. Keep your health in order.