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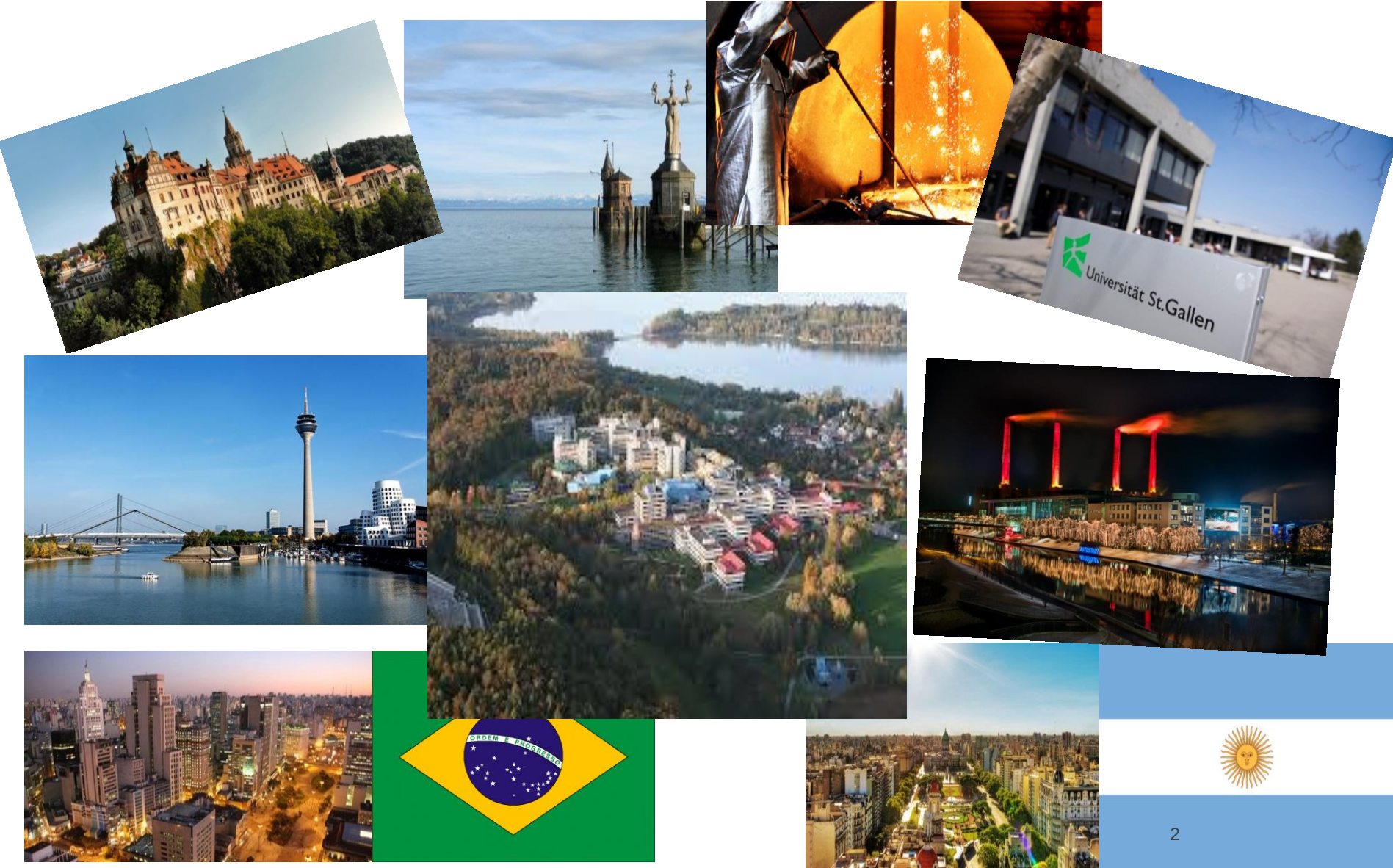
# **“Business Strategies Part II – How and why Management Decisions are taken?”**

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Tor Vergata University of Rome  
2nd Semester 2019  
- Global Governance -  
Dr. Josef Fidelis Senn



# Curriculum vitae



## Business Strategies - Content Part II

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1. Introduction: Two Examples about Business and Strategy
2. Globalization
3. Economics and Mathematics of Strategy
4. Managing an International Subsidiary
5. (Company) Culture
6. The Process to Develop, Formulate and Execute a Strategy
7. Area Strategies and their Integration
8. Building a Strategy Map and a Balanced Scorecard
9. Exam: .....

# Business Strategies – Two Examples about Business and Strategy

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## Case: Volkswagen Group entering in China 1984

Backup VW and UBS



## Case: Restructuring of UBS Bank





# Business Strategies – Globalization

## 2.1. What is Globalization?

a) **“If the world of the humble hamburger is so complicated, imagine the world of global business”** (Steers et al., p. 18)



Ingredients (in U.S.): Canadian yeast; Chinese vitamin enrichment; polish wheat gluten; tomatoes from Mexico; lettuce from Canada, Mexico or Peru; beef meat from up to 50 cattle shipped from different countries; Italian vinegar; Australian garlic powder

b)



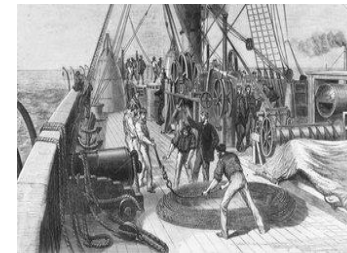
Silk road



Hanse



Colonies



Transatlantic cable  
telegraph



Fall of the Berlin  
Wall

# Business Strategies – Globalization

## 2.1. What is Globalization?

a) Globalization

world

b) History



Silk road

Hanse

Colonies

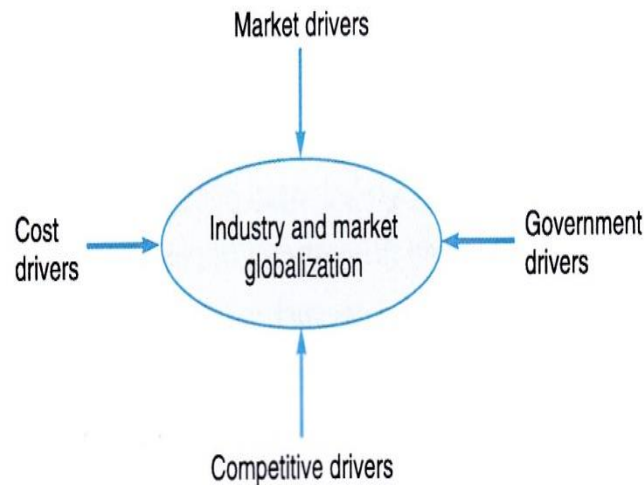
Transatlantic cable  
telegraph

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# Business Strategies – Globalization

## 2.2. Drivers for Globalization?

### Drivers for globalization



Give one example for each category

<i>Market globalization drivers</i> <ul style="list-style-type: none"><li>■ common customer needs</li><li>■ global customers</li><li>■ global distribution channels</li><li>■ transferable marketing techniques</li><li>■ presence in lead countries</li></ul>	<i>Cost globalization drivers</i> <ul style="list-style-type: none"><li>■ global scale economies</li><li>■ steep experience curve effect</li><li>■ sourcing efficiencies</li><li>■ favourable logistics</li><li>■ differences in country costs (including exchange rates)</li><li>■ high product development costs</li><li>■ rapidly changing technology</li></ul>
<i>Government globalization drivers</i> <ul style="list-style-type: none"><li>■ favourable trade policies</li><li>■ compatible technical standards</li><li>■ common marketing regulations</li><li>■ government-owned competitors and customers</li><li>■ host government concerns</li></ul>	<i>Competitive globalization drivers</i> <ul style="list-style-type: none"><li>■ high exports and imports</li><li>■ competitors from different continents</li><li>■ interdependence of countries</li><li>■ competitors globalized</li></ul>



# Business Strategies – Globalization

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**international**  
**multinational**  
**global**  
**transnational**



GUCCI

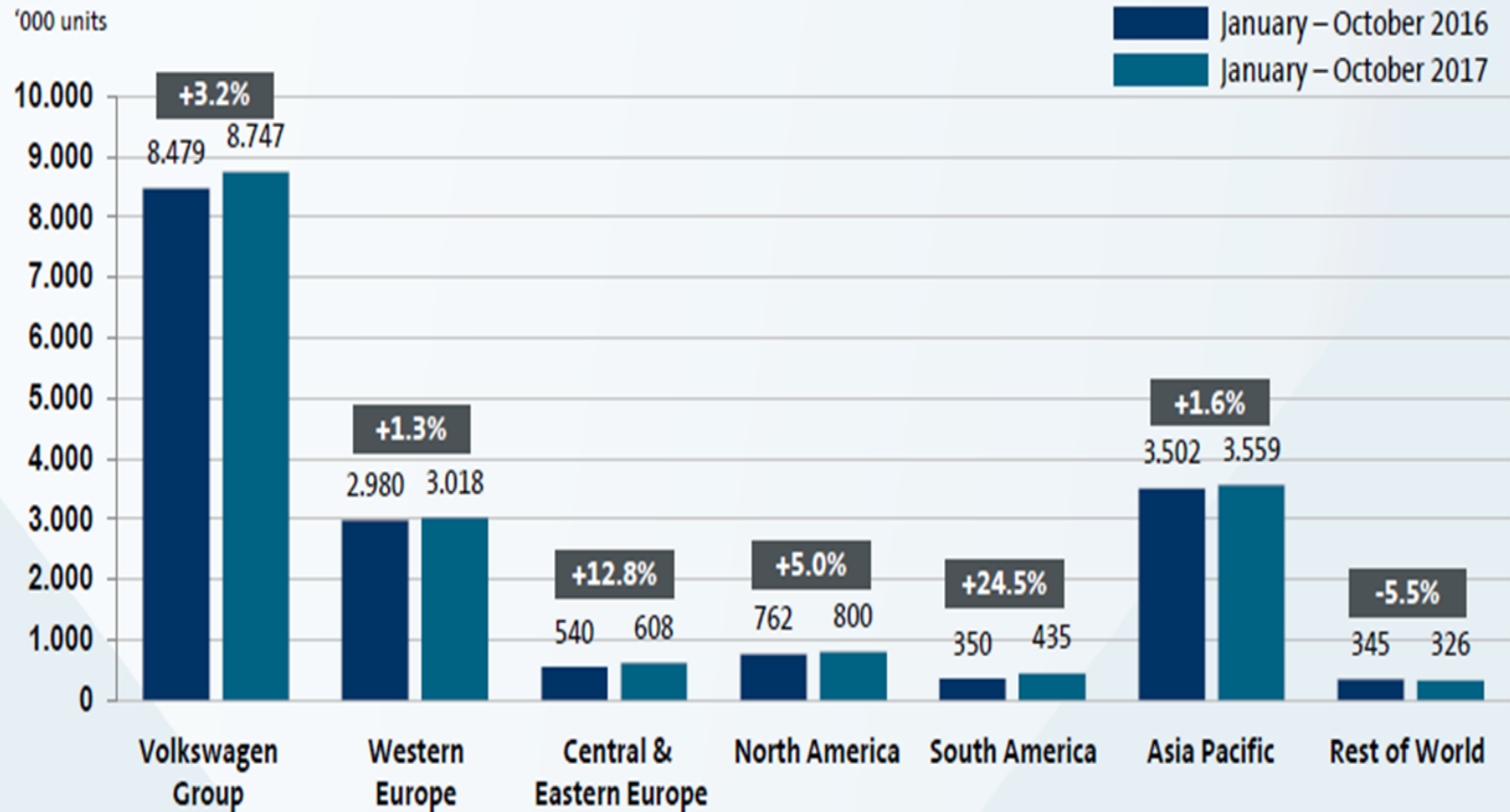




## Business Strategies – Globalization

### Volkswagen Group – Deliveries to Customers by Markets <sup>1)</sup>

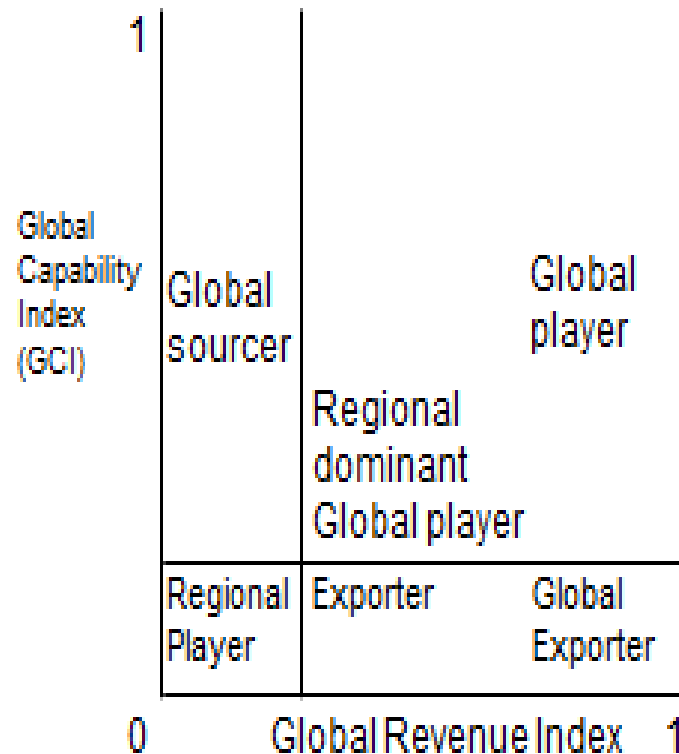
(January to October 2017 vs. 2016)



<sup>1)</sup>Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +2.9% excl. Volkswagen Commercial Vehicles, Scania and MAN.

# Business Strategies – Globalization

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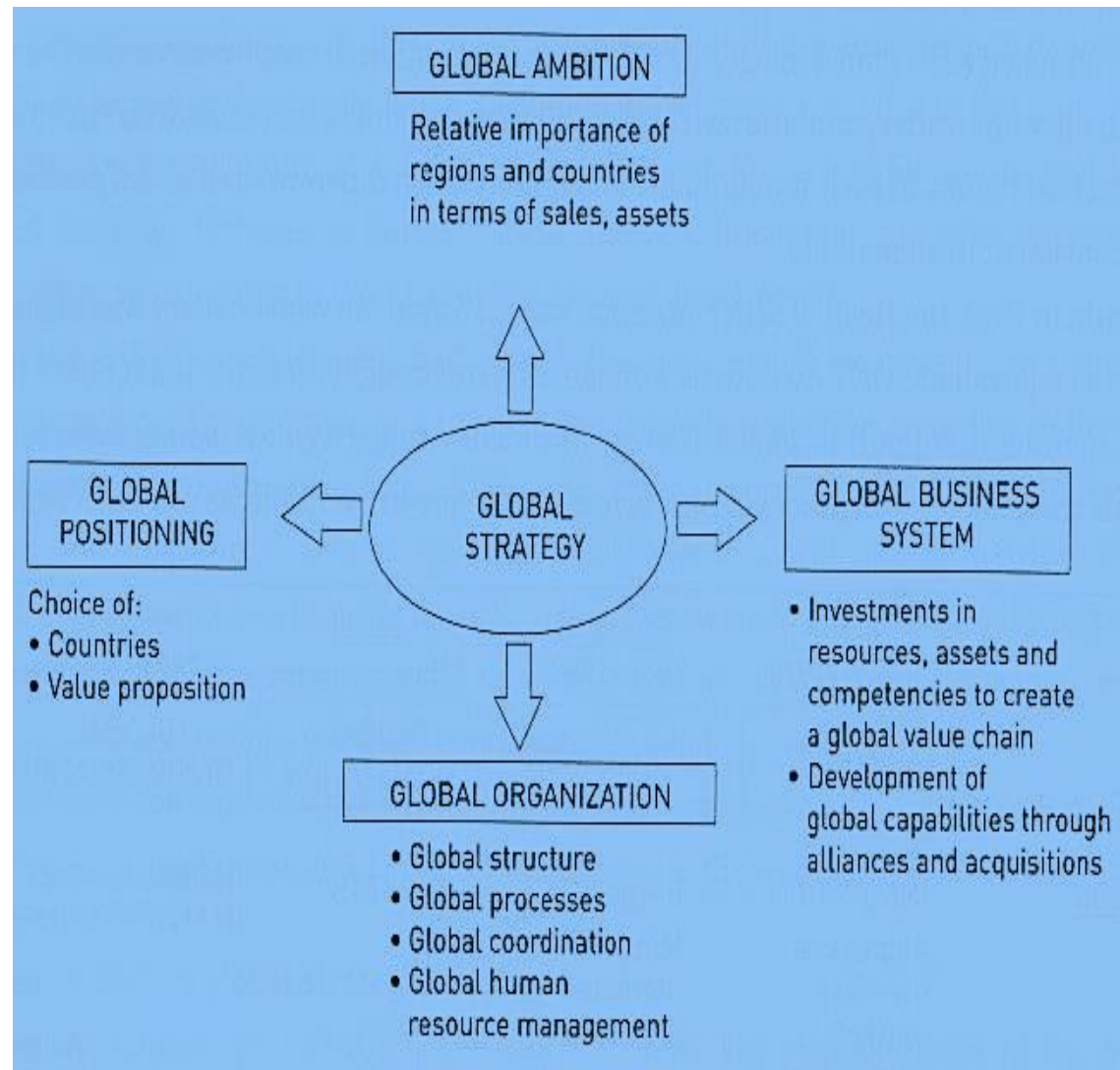


**Definition of a multinational company (Holtbrügge/ Welge 2015):**

- Business in different countries (Five countries, three continents)
- Foreign business reflects a substantial part and includes total value chain.
- Company strategy is global.
- Mother company takes top decisions, daughter company operates inside defined rules.
- Management thinks and acts globally.

Source: Lussere 2012. p. 35

## Global Strategy

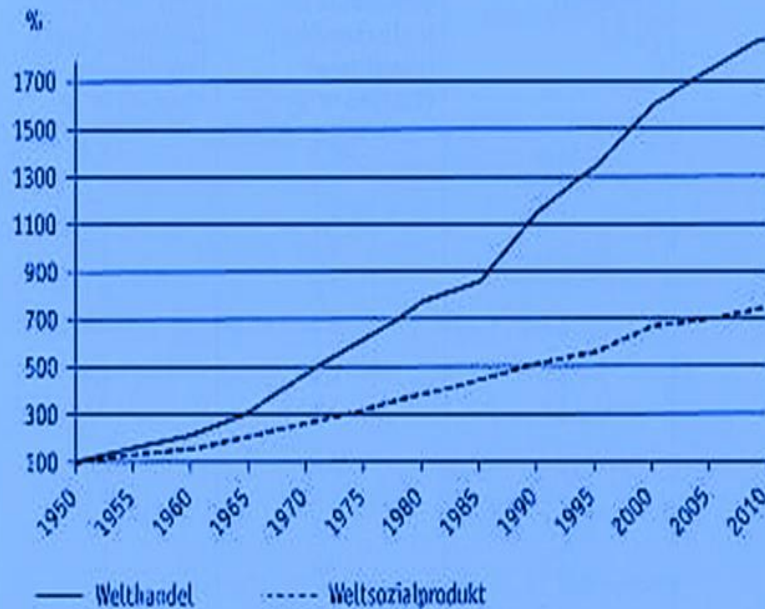


(Lassere, 2012, p.32)

# Business Strategies – Globalization

Abb. 1-1

Entwicklung des Welthandels und des Weltsozialprodukts zwischen 1950 und 2010



(Quelle: WTO 2014)

Bedeutung und Integrationsgrad ausgewählter regionaler Wirtschaftsgemeinschaften im Jahre 2013

	Außenhandel insgesamt		Außenhandel innerhalb des Wirtschaftsraums	
	(in Mrd. US-\$)	Anteil am Welthandel (in %)	(in %)	Anteil am Welthandel (in %)
EU	6.076	33,2	62,0	20,6
NAFTA	2.418	13,2	49,2	6,5
ASEAN	1.273	7,0	26,2	1,8
MERCOSUR	342	1,9	15,2	0,3

(Quelle: WTO 2014)

## Regional Trade Associations

Global Trade and World GDP  
(Source: Holtbrügge/Welge 2015)



### d) Company perspective: Pushing and hindering factors of globalization

Pushing	Hindering
Political: Free Trade Agreement, common markets; FDI-incentives	Cultural: Local attitudes, traditions, values religion
Technological: Cost decrease in freight communication, transport, technical innovations	Commercial: Responsiveness to customers; cost of distribution; customization; no scale-intensive production
Markets: Place products at same time in major markets; global brands; global finance	Technical: Standards for electrical, chemical, mechanical engineering; transportation; necessity of physical presence
Social: Convergence of life styles and customer behaviour	Legal: Regulations against free flow of people, goods, information, investment, money; local content rules; national security
Competition: Upcoming new competitors with cost or product advantages (e.g. Japan/China)	

### e) Society perspective: Pros and Cons of globalization

- Discussion