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

Tor Vergata University of Rome
2nd Semester 2019
- Global Governance -
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Curriculum vitae



Business Strategies - Content Part II

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

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)



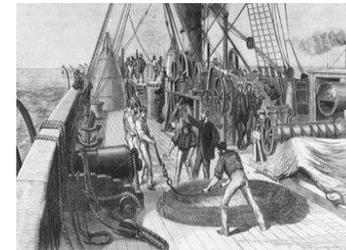
Silk road



Hanse



Colonies



Transatlantic cable telegraph



Fall of the Berlin Wall

Business Strategies – Globalization

2.1. What is Globalization?

a) World



World

b) H



Silk road

Hanse

Colonies

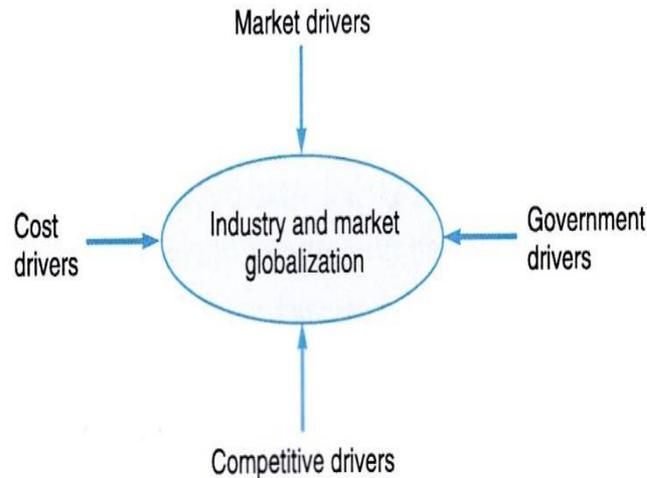
Transatlantic cable
telegraph

Fall of the Berlin
Wall

Business Strategies – Globalization

2.2. Drivers for Globalization?

Drivers for globalization



Give one example for each category

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

Business Strategies – Globalization



international
multinational
global
transnational



GUCCI



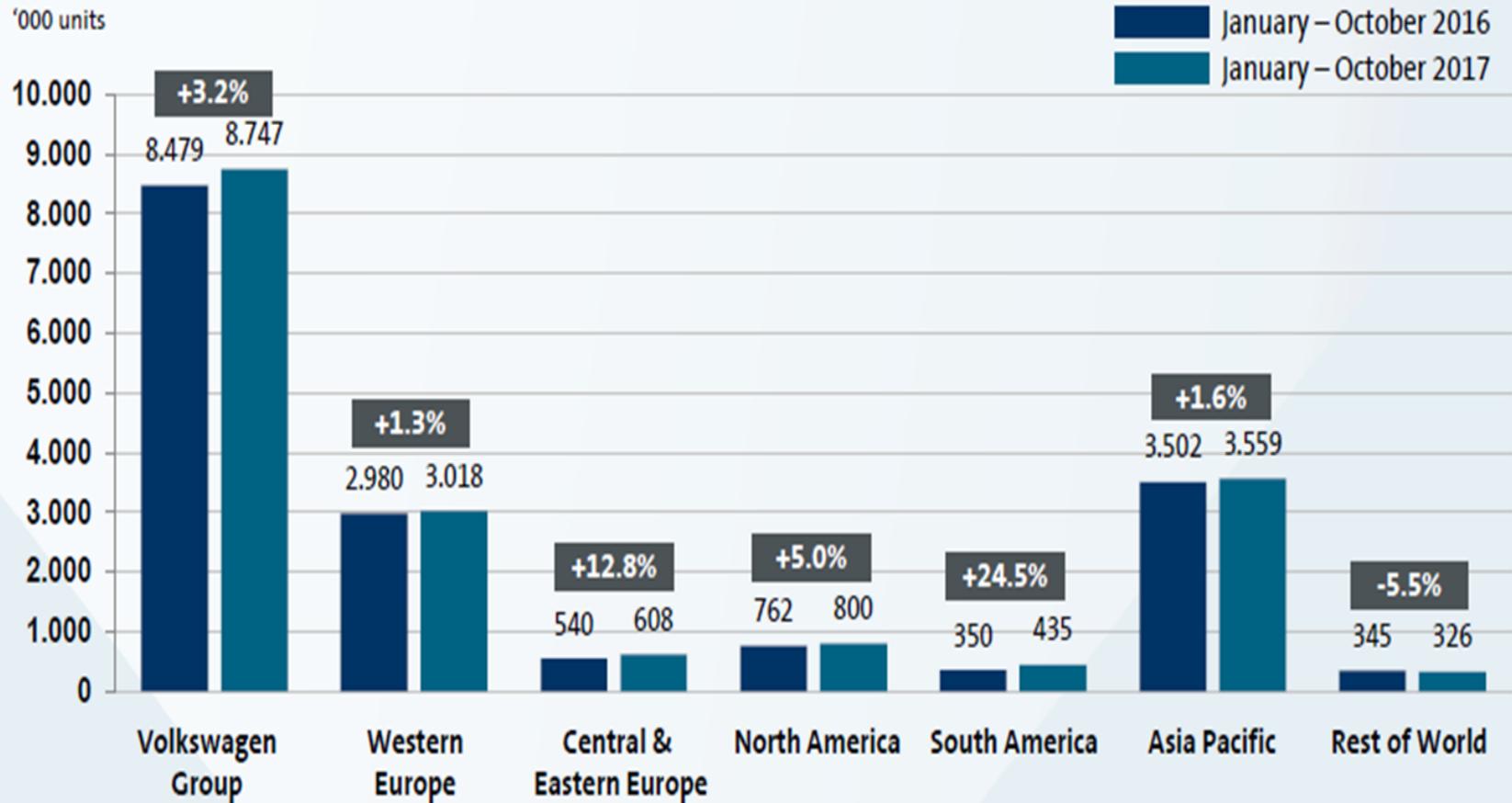
HUAWEI



Business Strategies – Globalization

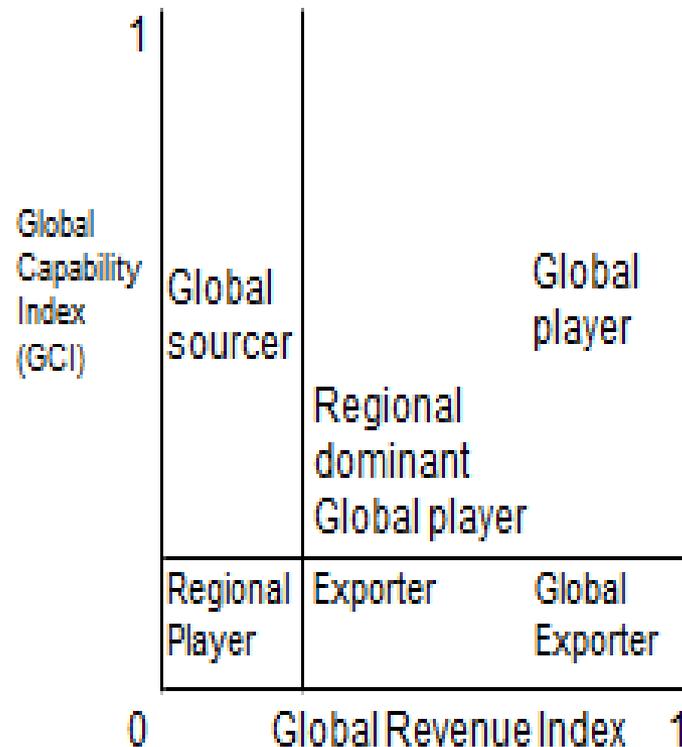
Volkswagen Group – Deliveries to Customers by Markets ¹⁾

(January to October 2017 vs. 2016)



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

Business Strategies – Globalization

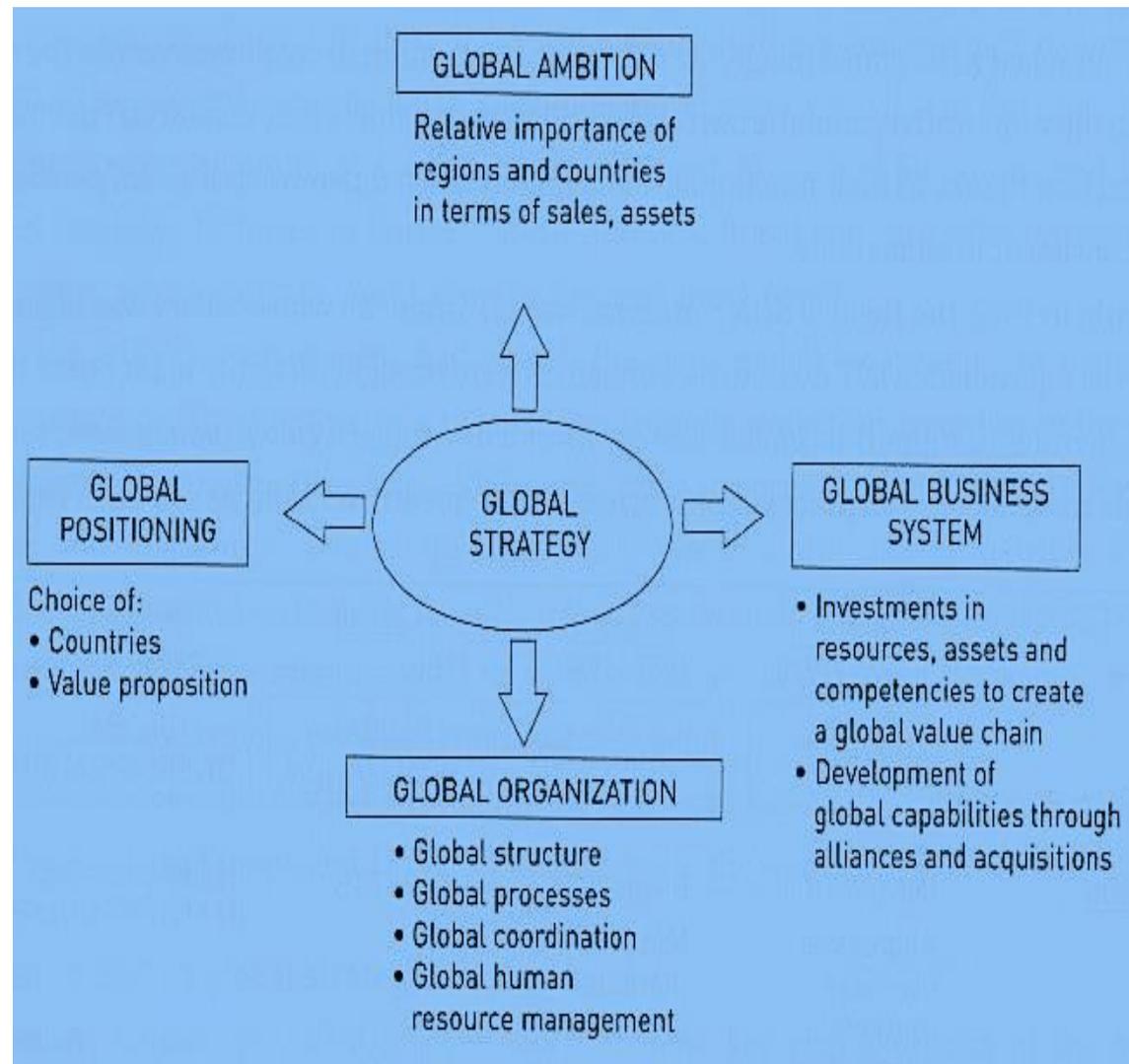


Definition of a multinational company (Holtbrügge/ Welge 2015):

- 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: Lassere 2012. p. 35

Global Strategy

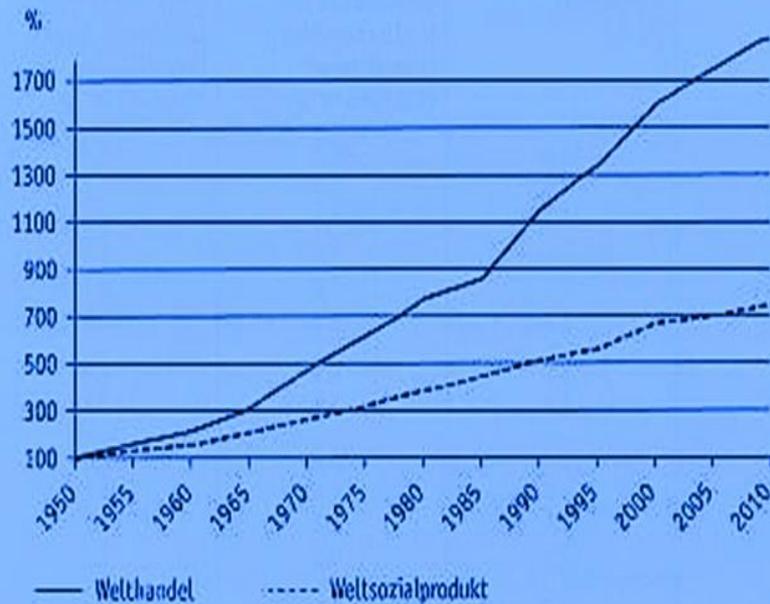


(Lassere, 2012, p.32)

Business Strategies – Globalization

Abb. 1-1

Entwicklung des Welthandels und des Weltsozialprodukts zwischen 1950 und 2010



(Quelle: WTO 2014)

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

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

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