

Business Strategies – Managing an International Subsidiary

4.1. Managing an international subsidiary – the example Argentina

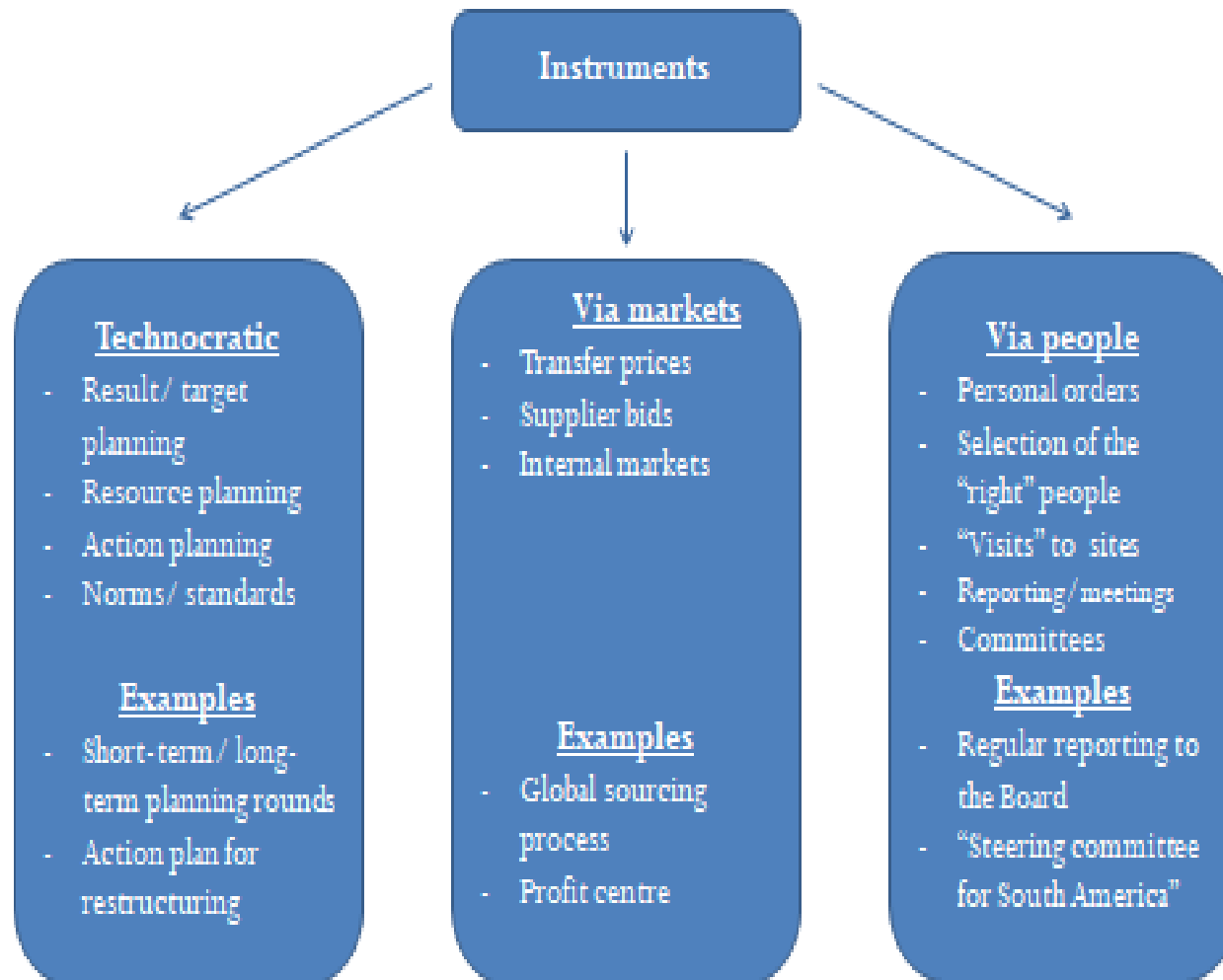
a) What kind of problems?

b) What kind of actions?

c) What happened in single days?

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



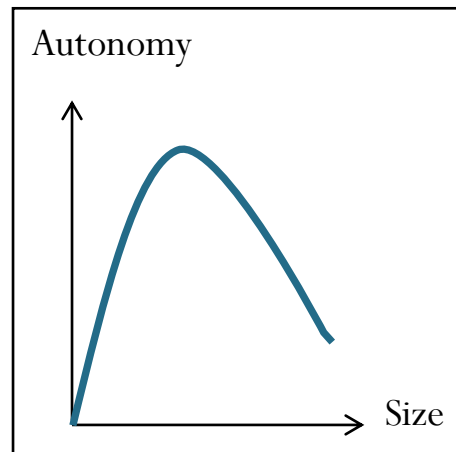
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4.2. What means „Design of Decisions“? II – Centralization vs. Decentralization

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

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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

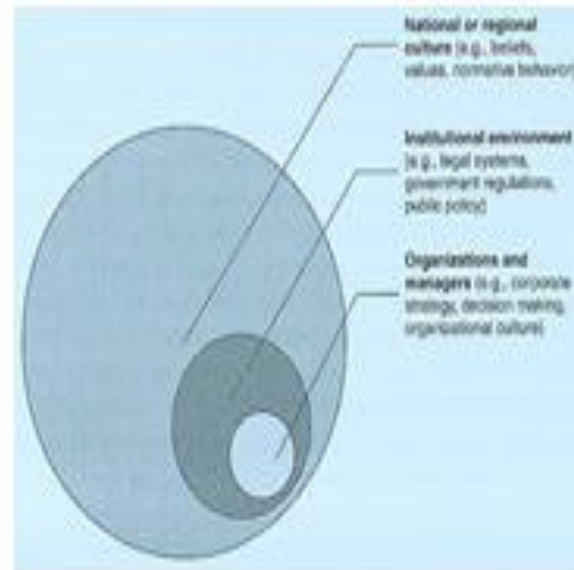
- Decisions about people/ team members and positions are of outstanding relevance – people are the source of trust for the headquarter.
- Inside the foreign country networking with the German community (chambers, ambassador, etc.) is important.
- It is recommended to balance political contacts between 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.

Business Strategies – (Company)Culture

a) Statements

- *“Organizational culture may either replicate or reject national culture values and norms.”* (Steers et al. 2013, p. 137)
- *“The business of international business is culture.”* (Hofstede)
- *“Water is the last thing a fish notices.”* (Lao Tzu)
- *“(Some) Managers seem to be more motivated by obtaining power than by achieving results.”* (Lassere 2012, p. 315)

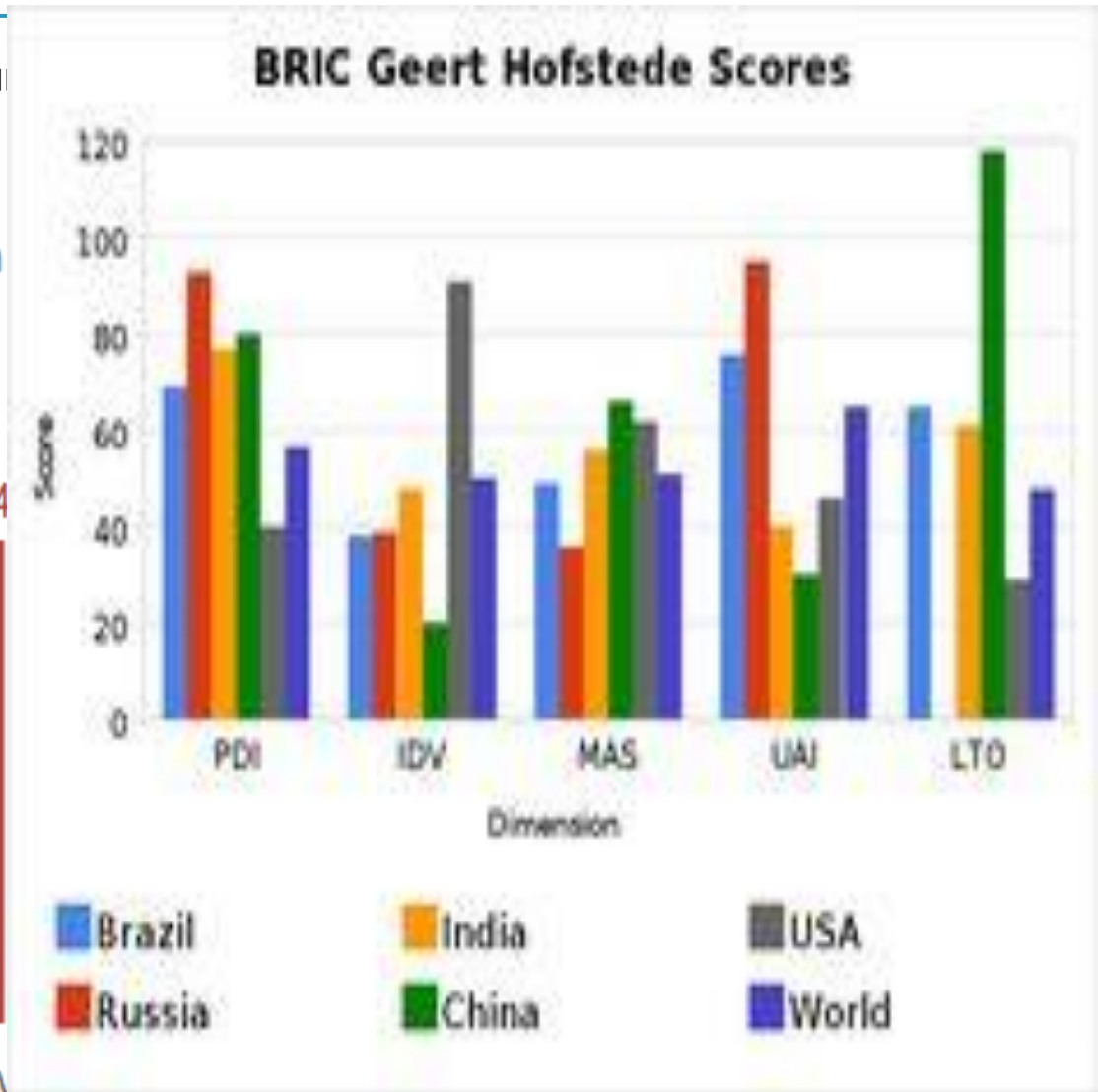
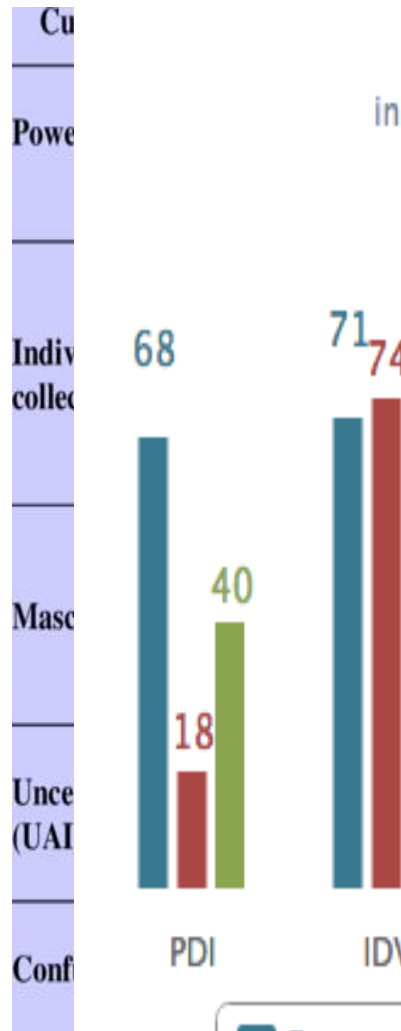
Different
environments for a
company



Source:
Steers et al. 2013, p

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b) Hofstede's Culture



e: U.S. and Canada

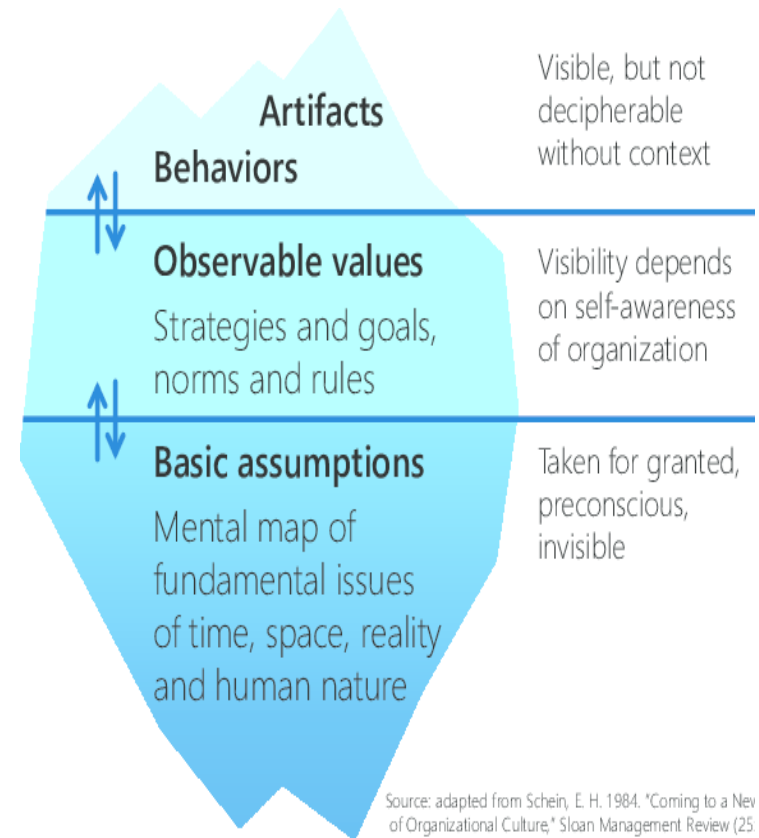
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c) Theory jungle

Researchers: G. Hofstede; F. Trompenaars; E. T. Hall/ M. R. Hall; GLOBE-Group; E. H. Schein, F. R. F. R. Kluckhohn/ F. L. Strodbeck

Important items/ questions:

- Time: Polychronic vs. monochronic
- Individualistic vs. collectivistic
- Relationships vs. rules
- Hierarchy vs. egalitarianism
- What means “truth”?
- What means “performance”?ö



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Impacts of Cultural Differences I

High context
cultures



Cultures in which
non-verbal and situational
messages transport the
meaning.
Status of an individual is of
paramount importance in
determining relationships

vs.

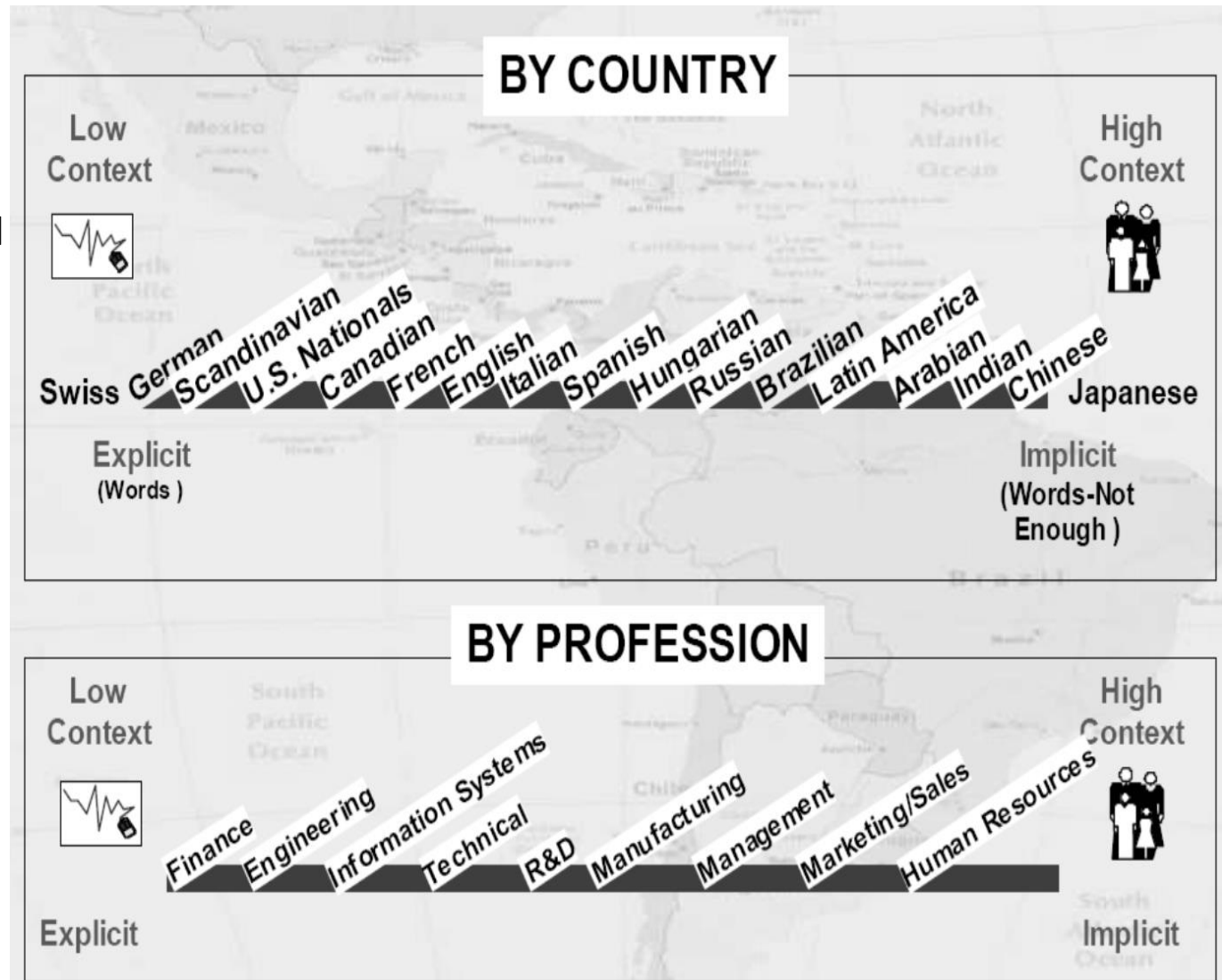
Low context
cultures



Cultures in which
words transport the meaning.
Non-verbal messages are less
important than spoken words.

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Impacts of Cultural Differences II



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Impacts of Cultural Differences III

➡ How should I negotiate?



➡ How should I treat working time issues?



➡ How should I motivate?



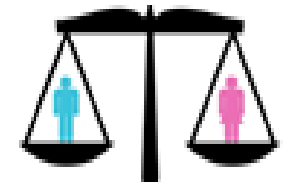
➡ What is accepted as “real” performance?



➡ How should I communicate?



➡ How is the issue of equal opportunities between genders?



a) Language

- Is it necessary to learn other foreign languages besides English?

Communication Skills I



- Learning a foreign language is a sign of respect.
- No "small talk" without basic language knowledge.
- Language transmits the culture.
- "Challenging" the team in English is okay, but leaders must show own engagement.
- Language teachers as teachers for national cultures.

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