

Global organizational strategies

Business



Strategic management in any organization, whether big or small, whether it is profit-oriented or non-profit oriented, whether government-run or privately managed, whether in manufacturing sector or in services industry, whether a domestic player or an export oriented unit – has got a new strategy today. This dimension is also called as 'G LOCAL' vision. G LOCAL is a strategy followed by organization which is a combination of companies own global strategy and new local strategy which is host country dependent. G LOCAL = Global strategy + local elements This is really interesting and worth analyzing for all managers, leaders and entrepreneurs of today's progressive, knowledge-based corporations, this 'G LOCAL' element is now an important part for all successful organizations.

INTRODUCTION: Christopher A. Bartlett in his book, 'Managing across Borders', classify the three types of organizational strategies: (i) a single globally coordinated strategy, (ii) a multinational strategy favouring strong national responsiveness and (iii) a core global standard strategy with some localized elements. This is also known as the 'G LOCAL' strategy, and deals with the localization of the global strategy. What are the key elements of this 'G LOCAL' strategy? Rather than term them as elements, it is better to call them as the 'G LOCAL' mix. This is so, because the resultant effect is a combined synergy of the 3 key constituents of this mix: Mission, Resources and Locus (Geography + Control).

Mission refers to the goal. Resources refer to men, material, machine, money and management. Geographical locus specifies region/ location and control. Therefore a 'G LOCAL' strategy incorporates the adaptation or customization of the worldwide resources, objective and location of a firm to suit regional

requirements in order to attain competitive advantage. Examples of ' G LOCAL' strategy abound among the multitudinous knowledge-based corporations today. Now we can see how some of the world's most successful enterprises are following a ' G LOCAL' strategy.

(Krishnan) METHODOLOGY: The methodology followed is a three-step process. Step 1: In step one the chance of the hypothesis that leading corporations of the world follow a ' G LOCAL' strategy, irrespective of their size, sector or country of origin, is tested. World's greatest organizations which are top ten in the Global Fortune 500 Corporations list. If the Fortune 500 companies are able to demonstrate that they have adopted ' G LOCAL' strategies, then it can be assumed that the world's most successful corporations subscribe to the ' G LOCAL' strategy. If however, these global top 10 corporations are seen to have not followed a ' G LOCAL' organizational strategy, then it could be attributed to other success factors. Step 2: The second step that is followed relates to a brief examination of other successful corporations which are not featuring among the top 10 largest firms.

These include some Indian multinationals (since none of the Indian companies featured in the first list), which are tested for pursuit of a ' G LOCAL' organizational strategy. Step 3: The third step would examine the success of the non-governmental, non-profit, as well as government-owned and domestic-oriented organizations. If this category too demonstrates the success of ' G LOCAL' strategy, then we could conclude beyond doubt that ' G LOCAL' organizational strategy is the ultimate success formula for today's competitive environment. (Krishnan) ORGANIZATIONAL STRATEGY OF <https://assignbuster.com/global-organizational-strategies/>

WORLD'S TOP TEN CORPORATIONS: In order to study the above, the latest list of fortune 500 is being considered. According to the list, the top 10 companies are listed. 1.

Wal-Mart Stores . ToyotaMotor 3. Exxon Mobil 4. BP 5. DaimlerChrysler 6.

Royal Dutch Shell 7. Chevron 8. General Motors 9. Conoco Phillips 10. Total
(www. wikipedia.

org) When the organizational strategy of each of the above company is examined it is found that all the ten companies are making their strategy with respect to their ' G LOCAL' strategy comprising mission, resources and geographical locus. Secret of the success of those companies are , as per the company, Wal-Mart, they give more importance to ensure the international stores reflects the local needs and wants of our customers. The above is clearly an organizational strategy that spells out their location (country-specific) policy despite their basic global initiative to try giving the best quality goods at the best prices. Wal-Mart, famous for its Every Day Low Prices strategy. While capitalizing on the brand name earned with its retail ventures in every market, including the United States, it's successful in retail banking operations also.

Ex. Banco Wal-Mart in Mexico. (Christopher A. Bartlett and Sumatran Goshen, 1989) MAJOR REASONS FOR CORPORATE FAILURE: Corporate failure may arise from a failure to adopt a ' GLOCAL' strategy. Let's see how:

1. Lack of global perspective: In today's era of Liberalization, Privatization and Globalization (LPG), it is rare that organizations refuse to have a global perspective.

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If a company thinks it will have only a set of local customers, with local standards to follow then that company's growth will reduce in the long run.

E. g. , Hindustan Motors of India. 2. Focused on Short-term: Any organization should not have a short vision and mission.

If the focus is only on immediate short-term realizations, and lacking in terms of sustainable planned objectives, the organization is most likely to fail. It would be as like fly-by-night operators, who might make a quick buck, but will never end up having loyal, long-term customers. E. g. , Hundreds of dot com companies and financial services companies that try to cash in on the short-term. 3.

Organizations without clearly articulated Mission and Goal Statement: The Goal or corporate mission should be made clear and must have a global perspective. If they fail to do, would make the organization as directionless. Ex. Latham India Ltd. , a Forbes group company could probably be taken as an example for this. 4.

Lack of Customized Delivery: This is the age of customization. If any organization is functioning without trying to understand the specific needs of customers at a local level, then they are in trouble at any cost. Being insensitive to customer-specific needs leads to other competitors scoring over organizations. E. g.

what the public sector banks used to do, prior to entry of private players. 5.

Resources without Fine-tuning: This means that organizations without fine-tuning of all resources would end in a tough time. Now, what does that mean

is that, E. g. If you have a policy that you may do business in Spain, but not employ Spanish managers, Spanish capital resources, etc.

you may not be very successful. 6. Lack of Localization: If the customization does not have a local flavor, it will not appeal with the intended audience. E. g.

If Hyundai Motors employed Korean cine stars to advertise their Santro cars instead of Shahrukh Khan, it may not have the desired effect of attracting the potential Indian buyers. Also locus of control should be favoring empowerment and autonomy status for decision making with certain standardized practices. So, if the above are the common drawbacks to be avoided, a ' G LOCAL' organizational strategy seems to be the success formula, as it is evident from the above steps. This involves keeping the global perspective and standards in mind, to do something at the local level that would bring to the customized local benefit to all stakeholders of the company, customers as well as shareholders. But one must ensure proper balance between standardization and customization, as well as between global and local control. Successful MNCs will have regional components in their formation of strategy, both as regards with the locus of decision-making and geographic adaptation level of their products.

The world's 100 most international MNCs are not global ones but mainly triad-based regional players. COMPETITIVE STRATEGY Active strategic management requires an efficient information gathering and efficient problem solving capability. In the starting days of Hewlett-Packard an active management style was employed in their company and they called it as

management by walk around (M B W A). Senior H-P managers were sitting on their seats. They spent their whole day visiting workers and consumers. This direct contact with people helped them with a solid base from which effective strategies could be made.

The M B W A concept becomes more famous in the year 1986. American people employ a similar system, which originated at Honda, and is called as the 3G Genba – Genbutsu – Genjitsu, which translate into place, thing and situation). Fortune, 2007) CONCLUSIONS ; RECOMMENDATIONS: Hence, it may be concluded that most successful organizations must follow the ‘ G LOCAL’ concept when it comes to mission, resources and geographical locus and control. This is what makes any organization follow the ‘ G LOCAL’ strategy. I have therefore formed the following acronym for ‘ G LOCAL’:
 Global Long-term Objectives Customized to Assets Locally, where the explanation to each of the keywords is given in the following depiction.
 Global – Organizations with global / international operations: MNCs & TNCs
 Long-term – Sustainable planning Objectives – Corporate mission and goal
 Customized to – Tailor-made to suit customer requirements Assets – All resources of the organization – men, machines, materials, money, markets
 Locally – Regional or local characteristics; also locus of control or autonomy
 Thus, it is recommend that given in today’s cut-throat competition, any and every organization aspiring to be successful, should follow the ‘ G LOCAL’ strategy.

Then the sustained success would be following them. BIBLIOGRAPHY:

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