

Corporate parent role

Business



Corporate Parent Role Affiliation Corporate Parent Role can be seen as a coaching activity where the parent company employs its knowledge and experience in the industry to help the remote strategic business units. It is however clear that the degree to which the corporate parent involves with the business unit greatly affects the outcomes. In other words, if the corporate parent has maximum involvement, it is likely to have a better understanding of the critical issues faced by the business units. This then allows for the corporate parent to provide more and better solutions and strategies. In addition, if the both the corporate parent and the business units belong to the same industry or involve in the same business, then the effect of their interaction is likely to be more fruitful. This is because there is a transfer of ideas and skills from the corporate parent to the business units. Although the corporate parent role may help improve performance, this may also affect the businesses negatively. For instance, when the corporate parent attempts to improve performance through central functions, this may affect the decision making of the business units. A simple decision that could be made within the business units might have to take a longer period, thereby affecting business. In addition, if not well handled, the parent managers and the unit's managers may be in constant conflicts. This is likely when corporate parent attempts the stand-alone influence where the managers of the corporate parent control the business units. In general, the success or failure of the corporate parent influence is determined by the nature of interaction with the business units.