

# Pm company (international business practices)



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PM Company (International Business Practices) What is PM Company's optimal organizational structure Taking into account the nature of business, products, area and functional dimensions of the organization, it is possible to say that a balance between decentralization and centralization is the best structure which meets the needs of PM Company and its strategic goals. It is important to mention that there is no an ideal type of organizational structure for international marketing, because much depends upon the nature of products and cultural peculiarities of foreign countries.

Decentralization means that the parent company has overall control, but units are given authority to make major decisions and the unit managers are held accountable for the results to the parent company. The balance between two types is an effective method for PM Company, because it is closely related to delegation of authority and is concerned with what should be transferred down, what policies are needed to guide actions and the need to train and select people and control their actions. Decentralization is closely related to delegation, but it includes all areas of management and requires a great deal more than handing authority to subordinates. In contrast to centralization, decentralization will help to avoid duplication of efforts, and overcome lack of sufficient flexibility to permit immediate reactions to local problems.

How does it impact PM Company's international market expansion plans

New strategy will require additional spending and staff, a new department of international trade and opening new offices abroad. Organizational activities should be organized into separate product businesses, each having its own market and responsible for its own profit or loss. In general, this strategy will help PM Company to penetrate new markets faster and attract wider target

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audience delivering a wide range of the company's products. Using this organizational structure, PM Company can extend its international expansion plans, and cover more foreign countries, for instance, European and Asian market. This strategy will help to maintain high-speed growth through exceptional service delivery and constant technological innovation. Also, decentralization makes possible to meet the needs of local markets and investigate cultural buying habits of a particular region. Therefore, the use of information gathered needs to be treated with great sensitivity and considered in the light of cultural norms and acceptance. It is important because global product structure is often considered as a separate marketing context requiring adaptations of the product, its price and the way it is promoted to account for differences in diverse countries.

How would it change as PM Company adopts additional international market expansion strategies This structure would not changed greatly even if PM Company adopts additional international expansion strategies. It would be the core of international market operations, and require additional staff and foreign offices. The structure of the foreign representatives will vary by country. Each foreign representative office should have an after sale service department as an obligatory requirement of company's policy. A diversity of PM Company's operations in product and area dimensions would represent a strategic choice with implications for organization. Cultural diversity will largely dictate its ability to adapt a product and geographical orientation in its operations.

How long and what will it take to actually change the organizational structure

The main change will concern delegation of authority. Production and sales

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are often the first functions to be decentralized and finance and human resources the last. Opening new foreign trade department in the US will be the first step, and then opening new foreign offices (or foreign agents) abroad will be the second important stage. The newer foreign operations are, the more the need for centralization at first to establish common policies. Once managers know the tradition of the organization, they are more likely to think and act in that way when they are in charge of decentralized units. The change will take from 2 to 3 months to establish and fix the work of the international trade department at home and provide training for employees, and from 3-6 months to open new offices abroad.

#### References

1. Johnson, G., Scholes, K. (1998). Exploring Corporate Strategy. Hemel Hempstead: Prentice Hall.