



INTERNATIONAL BUSINESS STRATEGY AND CROSS-CULTURAL MANAGEMENT

NICOLE FRANZISKA RICHTER

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VASYL TARAS



About the book

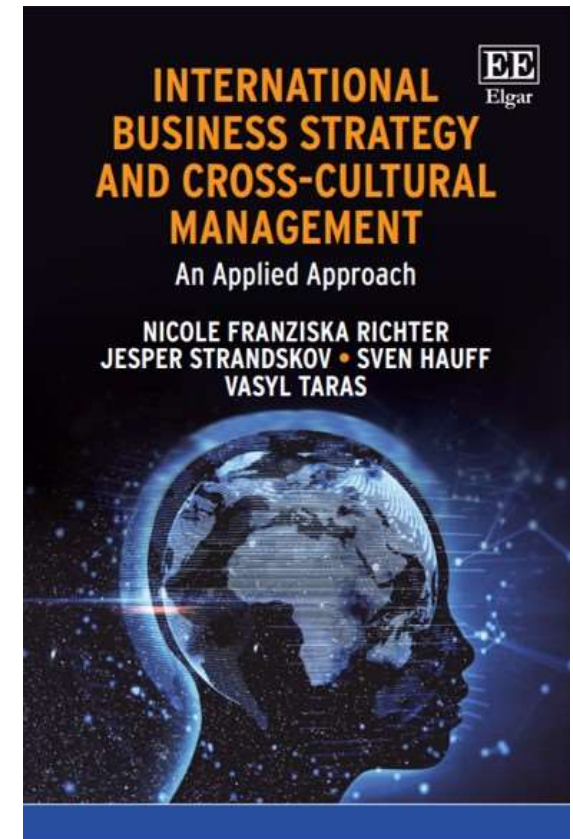
About the book

The book provides **an advanced and applied view** that **integrates** key **international business** and **cross-cultural management** topics. For each topic, **advanced and contemporary theoretical frameworks** and **toolsets** are discussed that assist in **solving practical challenges**.

More **comprehensive examples of strategic challenges and solutions from multinational firms** demonstrate the value of the frameworks and toolsets in each chapter.

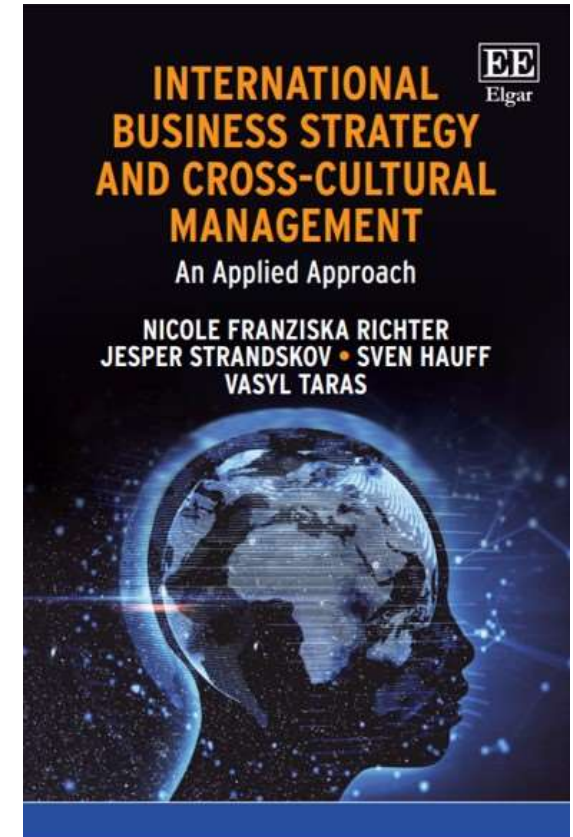
In addition, you can **apply your knowledge to Magic Juice**, a juice bar chain that needs assistance along each of the book's topics – **a case study that integrates all chapters**.

The **book's website provides** multiple materials including **toolsets, the chapter's and further cases and exercises, accompanying videos, quizzes, and presentation slides**.



Contents in brief

- 1 Analyzing international markets
- 2 Selecting international markets
- 3 Analyzing and selecting modes to enter, operate in and exit international markets
- 4 Entering markets with a partner
- 5 Developing strategy and strategic positioning in international markets
- 6 Designing global value chains
- 7 Designing the MNE organization
- 8 Navigating intercultural interactions
- 9 Leading and motivating people in an international environment
- 10 Building an effective international workforce



Illustrative cases

Each chapter (except the first) provides a **comprehensive illustrative case** that demonstrates a best practice, challenges in the application of concepts and toolsets or poor practices:

- The international market selection at **Metro Group**
- Entry modes in fashion retailing with a focus on **Bestseller A/S**
- **Adidas and Reebok**: What went wrong?
- Strategic positioning and strategy **at IKEA**
- Global value chain design at **ECCO A/S** versus competitors
- **Procter & Gamble**: organizational transformation
- Intercultural competence development at **Bosch Group**
- Employee engagement at **a marketing consultancy**
- International assignment policy at **Bosch Group**



Exercises



The chapters involve various exercises to activate readers or students:

- **Measuring your individual cultural values**
- Exercising the **analytical process of market selection** with example indicators
- Development of a **joint venture business plan** in the automotive industry
- A **negotiation simulation** between two European banks
- **Positioning a business** on the **integration responsiveness framework**
- **Identification of KPIs** and **benchmarking** firms versus competitors
- **Exercising the culture map** on a French-American challenge
- **Measuring your cultural intelligence**

Integrative case(s)

We have developed an **integrative case scenario** for a firm called **Magic Juice**.

It outlines international business and cross-cultural challenges that need to be solved using the conceptual frameworks and toolsets discussed in each of the chapters.

That is, **each chapter has its own case study that relates to Magic Juice**; the cases can (but do not have to be) used in an integrative fashion. For instance, students identify the top markets to be entered and in a consecutive case identify the best entry modes in these markets.

The case scenarios **can be used for in-class discussion, role-play, assignments, and exams.**



MAGIC JUICE

- **Foundation:** 2010 in Amsterdam
- **Business idea:** juice bar, that offers fruit and vegetable juices in a relaxed, enjoyable atmosphere in their own stores, and via online-sales
- **Situation in 2017:** 12 stores, 64 (FT equivalents) employees, 5.79 million Euro turnover
- **Ownership structure:** DCC capital partners 60%, Dirk 35% and Sofie 5%
- **DCC capital partners provided 10 million Euro to expand the business**

Integrative case(s)



A teaching note is available at the book's website

An overview of the **case challenges at Magic Juice:**

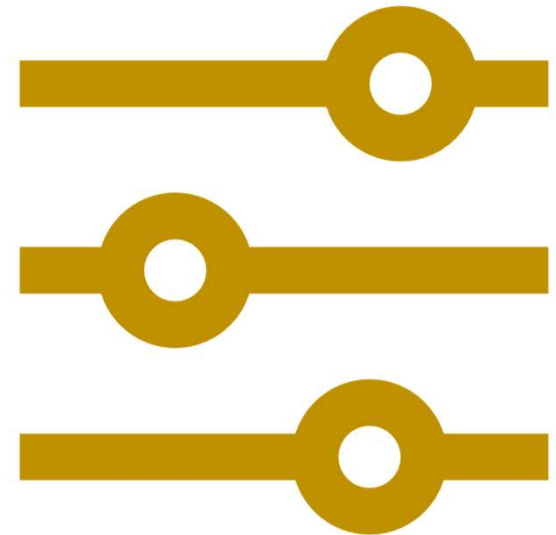
- Magic Juice: **a disruptor in the business of juice bars**
- **Market selection** at Magic Juice
- Magic Juice: **which entry modes to choose?**
- Magic Juice: **entering a partnership?**
- Magic Juice: **strategy and positioning**
- Magic Juice: **expanding the value chain?**
- **Magic Juice - Zumo Saludable: how to organize the combination?**
- **Intercultural communications** at Magic Juice: **difficulties ahead?**
- Magic Juice: **towards self-management?**
- Magic Juice: **towards an HRM strategy**
- and a combined case: Challenge in the context of internationalization

Review and multiple-choice questions

The book offers **review questions** at the **end of each chapter**. These can be used to **test the understanding** of the contents and provide **room for further reflection and discussion**.

In addition, as a supplement to the book, we offer a **testbank**. This can be downloaded from the book's website. It covers **multiple choice questions** for each chapter.

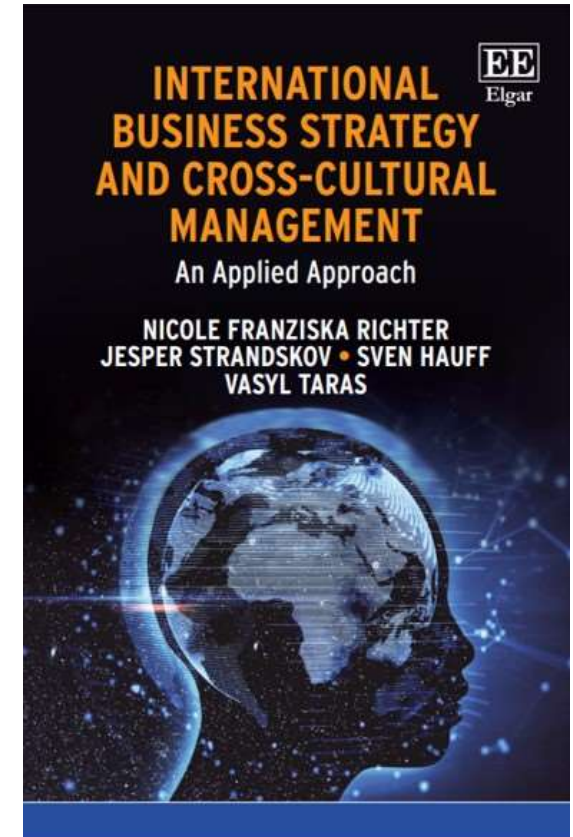
These questions can be implemented into e-learning platforms, and can serve various purposes: from **exercising** to a tool that supports the **grading/ evaluation process**.



Website



<https://www.e-elgar.com/textbooks/richter>





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Table of contents

Chapter 1: Analyzing international markets

1.1 ANALYZING THE FORMAL CONTEXT

1.1.1 The economic context

1.1.2 The political and regulatory context

1.1.3 A standard framework to assess the formal context

1.2 ANALYZING THE INFORMAL CONTEXT

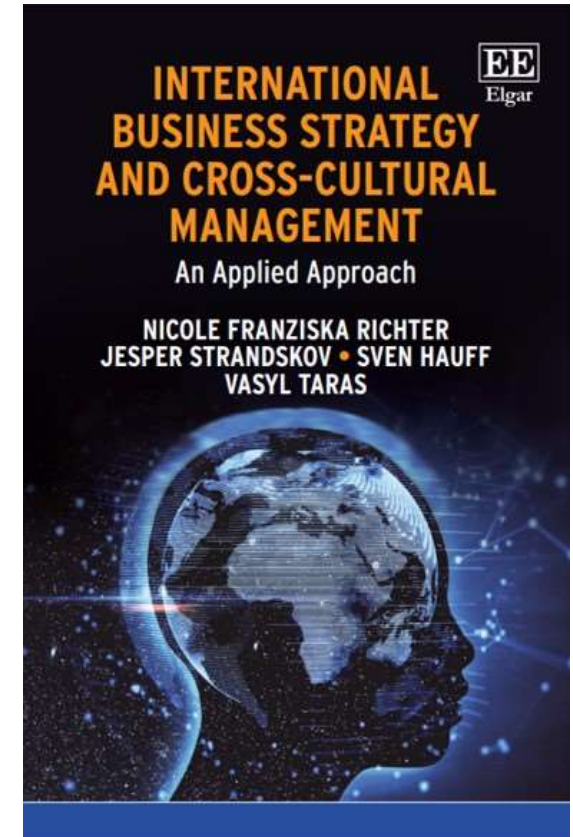
1.2.1 Country cultures

1.2.2 Clustering national cultures

1.2.3 Cultural archetypes and individual cultural value patterns

Chapter review questions

Magic Juice: a disruptor in the business of juice bars



Chapter 2: Selecting international markets

2.1 A TOP-DOWN OR RESTRICTED INTERNATIONAL MARKET SELECTION

2.1.1 Internationalization motives

2.1.2 Portfolio analyses

2.2 A BOTTOM-UP OR EXPANSIVE INTERNATIONAL MARKET SELECTION

2.2.1 Liabilities of foreignness

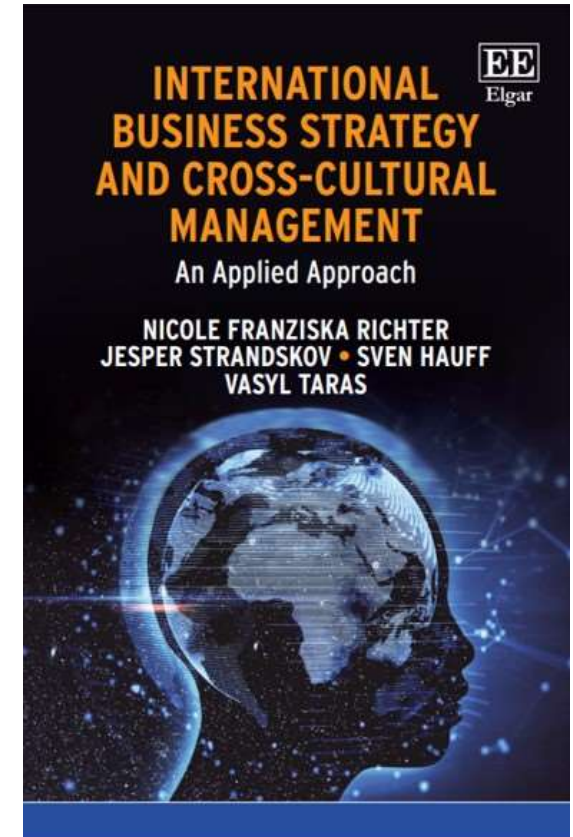
2.2.2 Managing distance

2.3 THE INTERNATIONAL MARKET SELECTION AT METRO GROUP

2.4 AN INTERNATIONAL MARKET SELECTION TOOLSET

Chapter review questions

Market selection at Magic Juice



Chapter 3: Analyzing and selecting modes to enter, operate in and exit international markets

3.1. COMPLEXITY OF THE ENTRY MODE DECISION

3.2. NON-EQUITY MODES

3.2.1. Export modes

3.2.2. Contracting modes

3.3 EQUITY MODES

3.3.1 Ownership modes: Wholly owned subs. vs joint ventures/strategic alliances

3.3.2 Establishment modes: Greenfield investments versus acquisitions

3.4 AN ANALYTICAL FRAMEWORK TO GUIDE THE ENTRY MODE DECISION

3.4.1 Internal firm factors

3.4.2 Home country factors

3.4.3 Host country factors

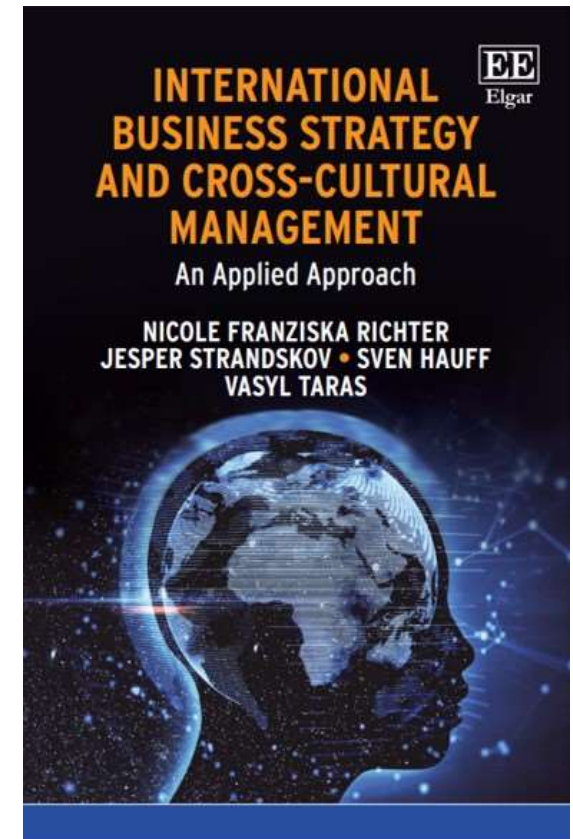
3.5 ENTRY MODE CHANGES OVER TIME AND FOREIGN MARKET EXIT

3.6. ENTRY MODES IN FASHION RETAILING WITH A FOCUS ON BESTSELLER

Chapter review questions

Magic juice: Which entry mode(s) to choose?

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Chapter 4: Entering markets with a partner

4.1 SELECTING THE RIGHT PARTNER

4.2 PAYING THE RIGHT PRICE

4.2.1 Valuation methods

4.2.1 Form of payment

4.3 NEGOTIATIONS

4.4 INTEGRATION APPROACHES

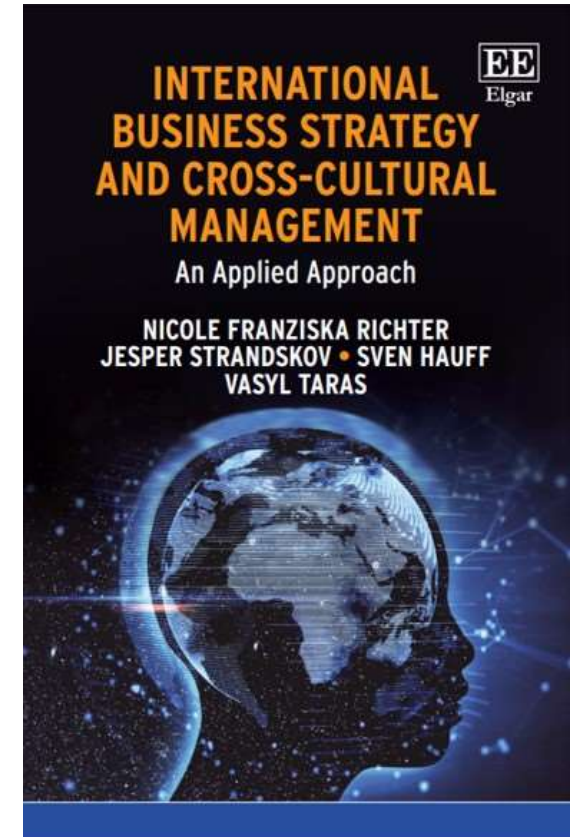
4.5 CULTURAL INTEGRATION

4.6 BEST PRACTICES TO INTEGRATE THE PARTNERS

4.7 ADIDAS AND REEBOK: WHAT WENT WRONG?

Chapter review questions

Magic Juice: entering a partnership?



Chapter 5: Developing strategy and strategic positioning in international markets

5.1 CRAFTING A STRATEGY

5.1.1 Strategy statements

5.1.2 Strategic analyses

5.2 DEVELOPING A GLOBAL OR LOCAL POSITIONING

5.2.1 Identifying customer needs and viable segments

5.2.2 Developing value propositions

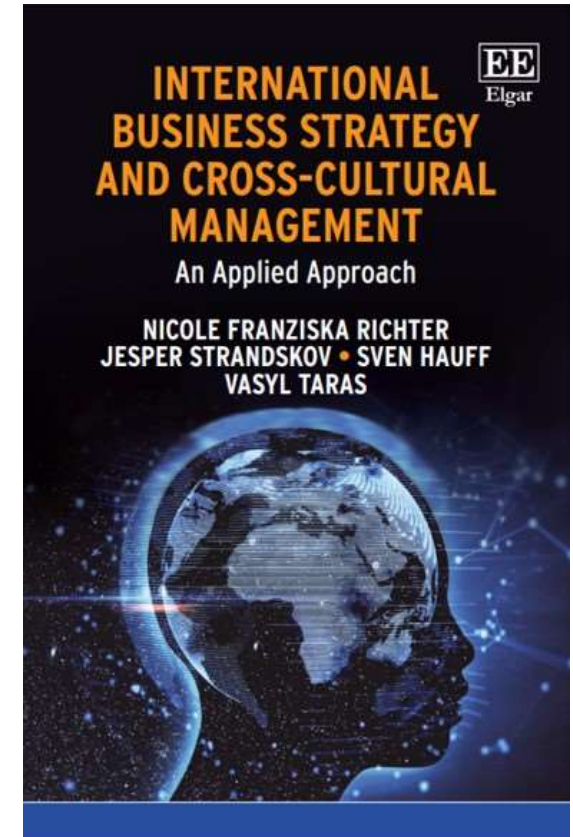
5.2.3 Integrating value propositions or not

5.3 MONITORING STRATEGIC SUCCESS

5.4 STRATEGIC POSITIONING AND STRATEGY AT IKEA

Chapter review questions

Magic Juice: Strategy and positioning



Chapter 6: Designing global value chains

6.1 UNDERSTANDING GLOBAL VALUE CHAINS

6.1.1 Elements of the value chain and value added

6.1.2 The rise of the global value chain and the “Smiling curve”

6.2 VALUE CHAIN STRATEGIES

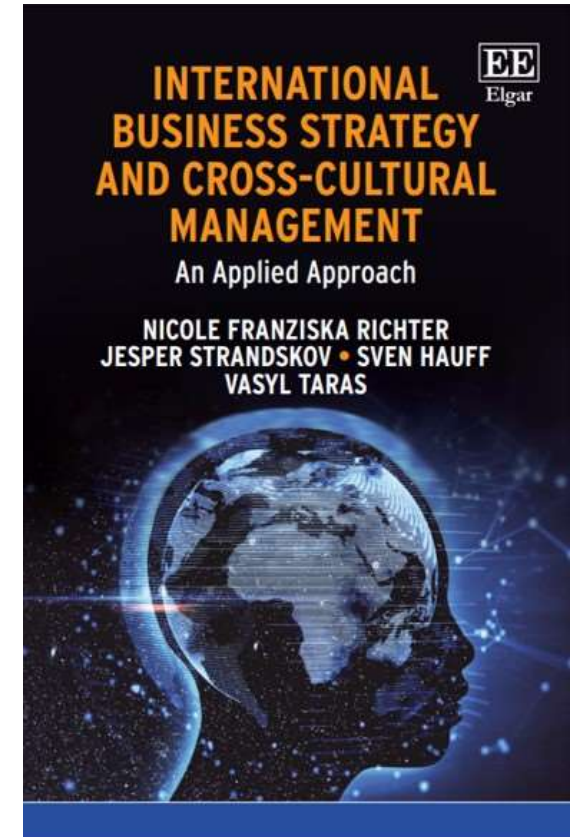
6.2.1 Value chain configurations and their determinants

6.2.2 Strategic options to configure the value chain

6.3. GLOBAL VALUE CHAIN DESIGN AT ECCO A/S VERSUS COMPETITORS

Chapter review questions

Magic Juice: Expanding the value chain?



Chapter 7: Designing the MNE organization

7.1 HIERARCHICAL MODELS (TRADITIONAL STRUCTURES)

7.2 HETERARCHICAL MODELS: NETWORKS AND TRANSNATIONALS

7.3 ORGANIZATIONAL COORDINATION MECHANISMS: CENTRALIZATION, FORMALIZATION, AND SOCIALIZATION

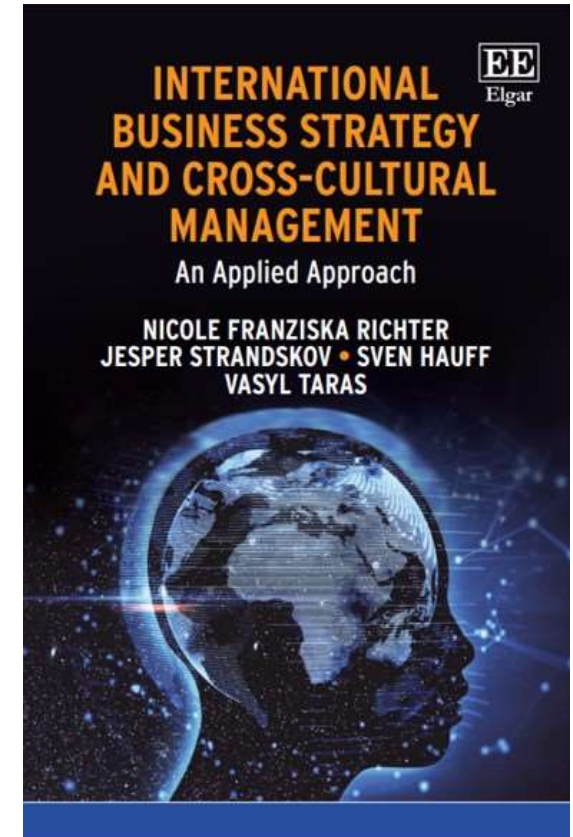
7.4 SUBSIDIARY ROLES AND MANDATES

7.5 POWER AND CONFLICTS WITHIN THE MNE ORGANIZATION

7.6 PROCTER & GAMBLE: ORGANIZATIONAL TRANSFORMATION

Chapter review questions

Magic Juice - Zumo Saludable: How to organize the combination?



Chapter 8: Navigating intercultural interactions

8.1 THE CULTURE MAP

8.1.1 The dimensions of the culture map

8.1.2 The culture map in action

8.2 INTERCULTURAL COMPETENCE

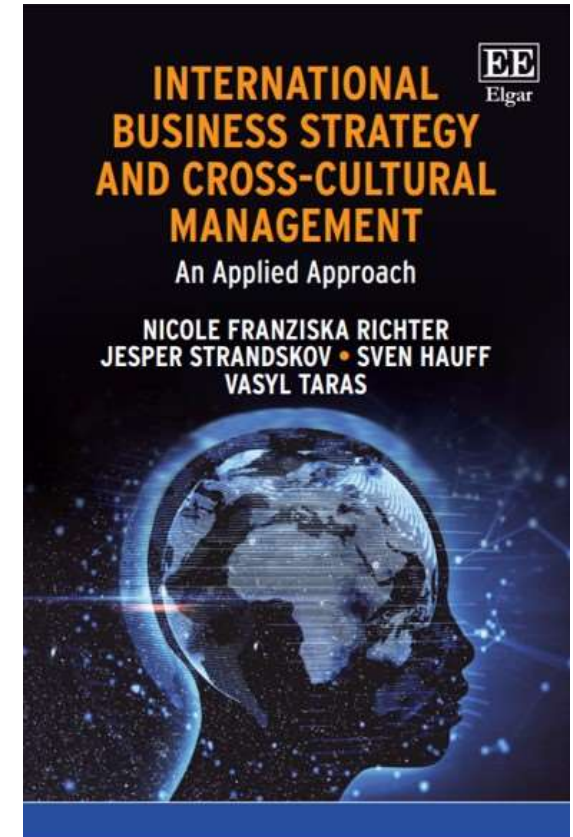
8.2.1 The dimensions of intercultural competence

8.2.2 Intercultural competence in action

8.3 INTERCULTURAL COMPETENCE DEVELOPMENT AT BOSCH GROUP

Chapter review questions

Intercultural communications at Magic Juice: Difficulties ahead?



Chapter 9: Leading and motivating people in an international environment

9.1 LEADERSHIP IN INTERNATIONAL ENVIRONMENTS

9.1.1 Global leadership dimensions and attributes

9.1.2 Cultural values and clusters as predictors of leadership expectations

9.1.3 Keys for successful leadership in international environments

9.2 LEADERSHIP IN GLOBAL VIRTUAL TEAMS

9.2.1 The challenge of leading global virtual teams

9.2.2 Keys for successful leadership in global virtual teams

9.3 MOTIVATION IN AN INTERNATIONAL ENVIRONMENT

9.3.1 Theories to understand motivation: Maslow, McClelland and equity theory

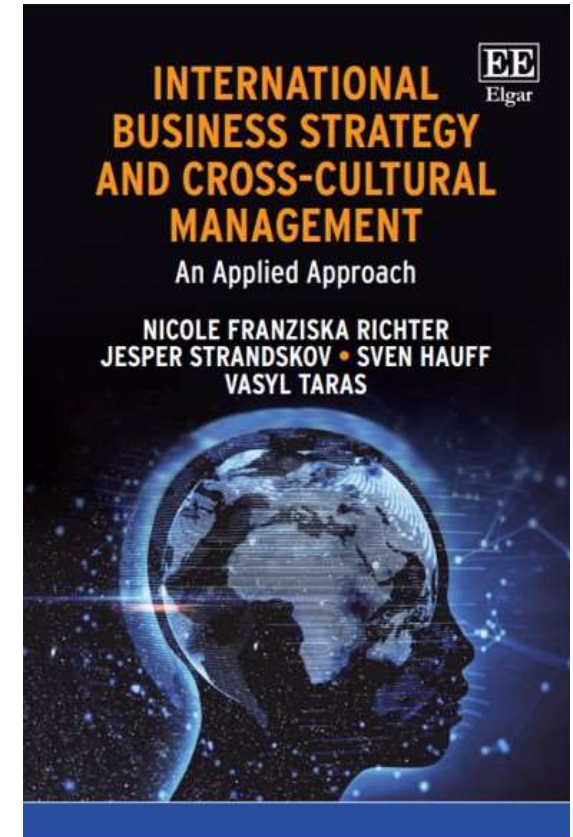
9.3.2 Work centrality and work values around the globe

9.3.3 Determinants of job satisfaction across cultures

9.4 EMPLOYEE ENGAGEMENT AT A MARKETING CONSULTANCY

Chapter review questions

Magic Juice: Towards self-management?



Chapter 10: Building an effective international workforce

10.1 RECRUITMENT AND SELECTION

10.1.1 Recruitment approaches

10.1.2 Selection tools

10.1.3 Selection criteria for international assignments

10.2 TRAINING AND DEVELOPMENT

10.3 COMPENSATION

10.3.1 Compensation components in an international context

10.3.2 Approaches for compensating international employees

10.3.3 International Assignment Policy at Bosch

10.4 PERFORMANCE MANAGEMENT

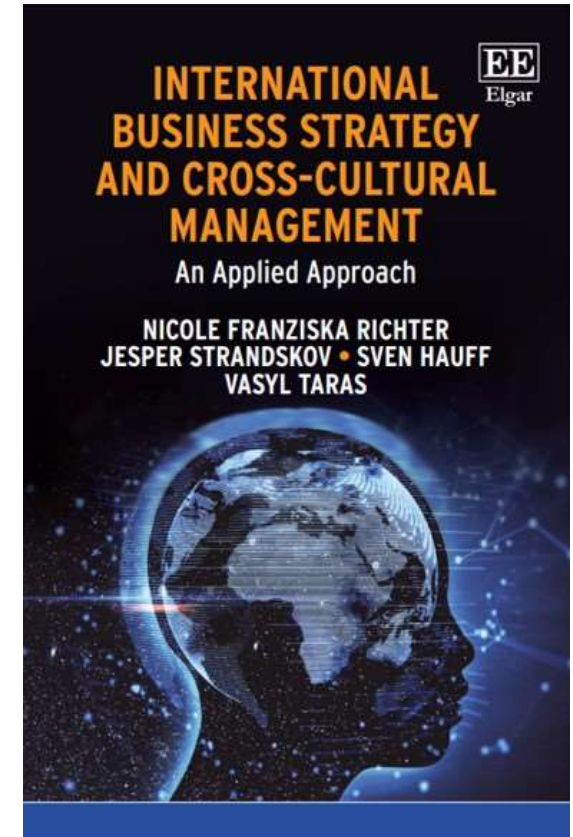
10.4.1 Cross-cultural perspectives on performance management

10.4.2 High-performance work practices

10.5 INTEGRATION OF INTERNATIONAL MIGRANTS

Chapter review questions

Magic Juice: Towards an HRM strategy





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Chapter abstracts

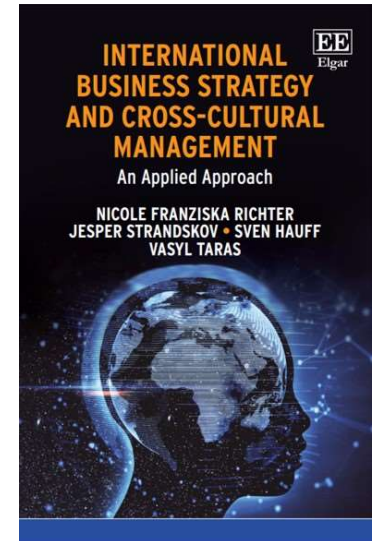
Chapter 1: Analyzing international markets

In this chapter we discuss **indicators and conceptual frameworks that assist in analyzing the international environment.**

We differentiate the **formal context from the informal context** and introduce **indicators and toolsets to analyse both.** The formal context refers to the **economic, political and regulatory environment of the firm.** The informal environment refers to the **values, norms, and codes of conduct in markets,** sometimes simply summarized as culture. Identifying dissimilarities in international environments is key for managers to understand opportunities and risks in foreign markets.

In addition to **standard indicators,** we provide **insights on where to find information on aspects of digitalization, and sustainability.** Moreover, we enrich the traditional cultural perspective by **contemporary archetype approaches** and offer **toolsets to measure cultural values on the individual level.**

Hence, in this chapter, we will discuss indicators and conceptual frameworks that characterize the economic environment, operationalize the political and regulatory context and measure and structure cultural values, and therewith assist several challenges of relevance to the decision-maker in international business that are introduced throughout the book.



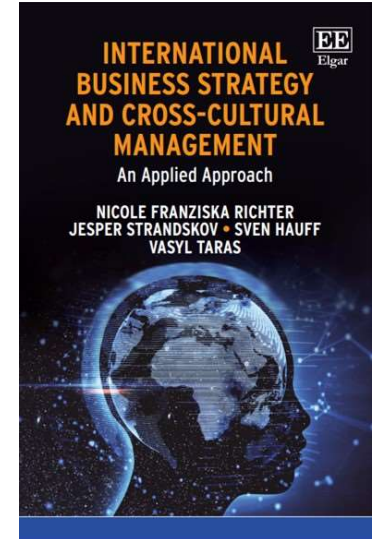
Chapter 2: Selecting international markets

International market selection can be defined as the process of establishing criteria for selecting country markets, classifying them according to the chosen criteria and selecting the markets that should be addressed in internationalization.

In this chapter, we offer **a normative perspective on the selection of markets along a rational decision-making process.**

We discuss two approaches: First, a **top-down process**, in which different country markets are selected along their attractiveness and related risks, and second, a **bottom-up approach** in which decision-makers start with few international markets and orient the further expansion towards further similar markets.

In doing so, we provide in-depth insights into the **analytical process of screening and evaluating county markets** and offer **various toolsets** and **analysis approaches** to tackle the market selection process in practical settings. In addition, we discuss a **best practice of market selection at a retailer**, which combines ideas of both approaches. Finally, we provide recommendations on the practicalities of the international market selection which involve several more technical or quantitative steps.



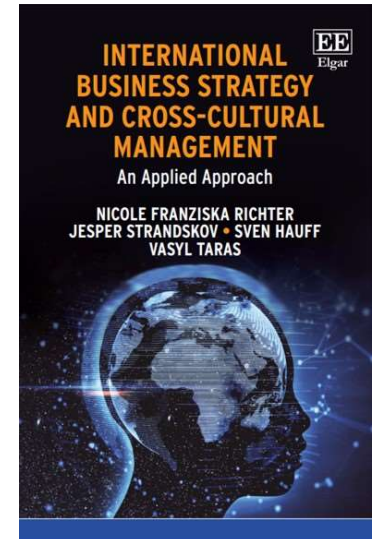
Chapter 3: Analyzing and selecting modes to enter, operate in and exit international markets

Choosing an appropriate entry mode is one of the most important managerial decisions to be made when expanding business activities beyond borders.

In this chapter, we present the commonly used **entry mode alternatives in international business** (e.g. exporting, contracting and equity modes), **their advantages and disadvantages** and provide **examples of where the respective entry modes are particularly relevant** and widespread.

In addition, the reader will gain **in-depth insights into the factors that determine the choice of entry mode**, including the **underlying theories**. Furthermore, to find the right entry mode, we offer **a three-step entry mode screening process** that the **decision maker** can make use of **in business practice**.

In addition, we account for entry mode changes over time, **including foreign market exit**. The chapter will conclude with an **example from the international fashion industry**, where the determining factors are identified and discussed.



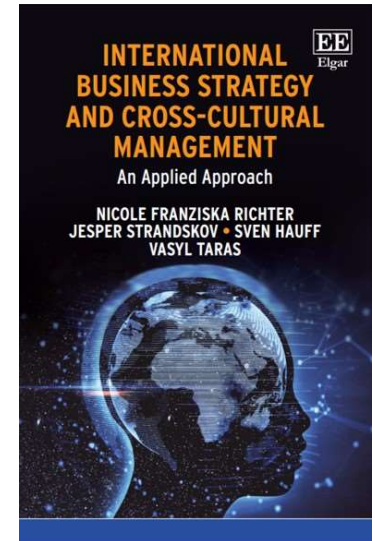
Chapter 4: Entering markets with a partner

In this chapter, we discuss the **aspects that are detrimental to success of entry modes involving a partner, in particular strategic alliances, joint ventures and M&A.**

The reader will be familiarized with **relevant toolsets for partner selection**, will receive advice on **how to prepare a negotiation** and will be introduced to the most common **methods used to identify the right price** and **modes of payment** in these deals.

Furthermore, the reader will get insights into a set of **conceptual frameworks to select the right strategy to integrate two (or more) partners** in the new or in the existing organizational set-up. In addition, accompanying aspects of change management, most importantly leadership, speed of integration and communication are discussed. Likewise, **toolsets for the accompanying cultural integration** are presented.

Finally, the theoretical concepts are used to reflect on the **recent unbundling of two business partners from the sporting goods industry.**



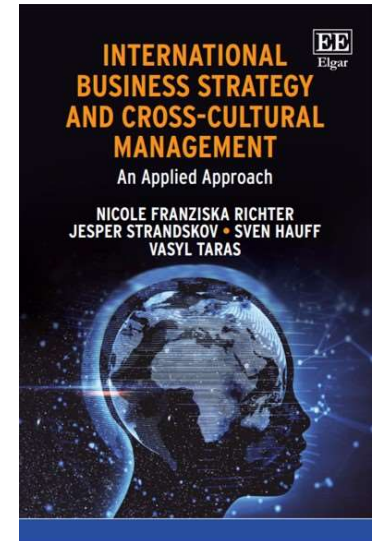
Chapter 5: Developing strategy and strategic positioning in international markets

In this chapter, we will take a **prescriptive view on strategy** that involves tools for developing strategy and assists managers in analyzing the strategic situation of firms in markets.

We first introduce a key element in strategy, namely **strategy statements**. Then we demonstrate how **different strategic analyses** assist managers in understanding complex issues in the business environment. Thereafter we introduce **toolsets and concepts to develop a strategic positioning** that results in a sustained competitive advantage and ultimately leads to superior profitability.

In doing so, we encompass in addition to **traditional strategy frameworks** such as Porter or SWOT, **more recent frameworks** such as the **jobs to be done perspective** to **segmentation and positioning** and the **business model canvas**.

We illustrate several of these aspects on **a business practice example of a furniture retailer**. Finally, we introduce **indicators and concepts** to measure and **monitor the success** of strategies adopted.



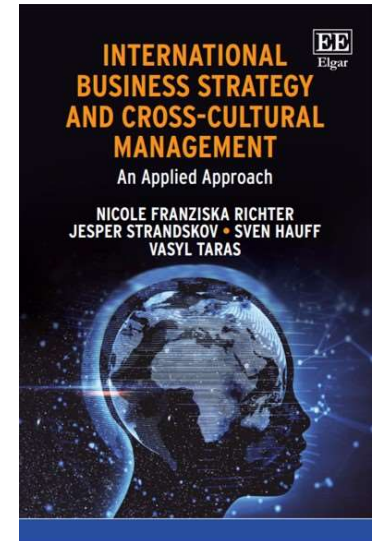
Chapter 6: Designing global value chains

A global value chain (GVC) combines functions and operations worldwide through which goods and services are produced, distributed and consumed.

In this chapter, we explain the **relevant concepts and frameworks related to the analysis of GVCs**. We introduce the **elements to characterize a value chain** and familiarize the reader with the **historical development and rise of GVCs** as well as with **trends that will reshape tomorrow's GVCs**.

We introduce the factors **that influence the configuration of GVCs**. Furthermore, the reader will be familiarized with **alternative governance and control mechanisms** that the firm can choose in connection with the GVC configuration. In addition, based on key decision variables we will derive **alternative GVC strategies for managers**.

We supplement the GVC analysis with industry and firm examples and end the chapter with a **more comprehensive discussion of practices at a Danish shoe manufacturer**.



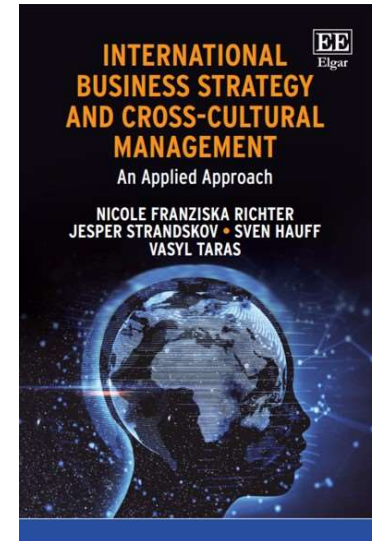
Chapter 7: Designing the MNE organization

MNE managers need to design organizations, that is its structures, processes and culture. These design parameters will influence the functioning of the organizational context, that is the decision-making processes, the level of information sharing, the level of teamwork and cooperation, individual motivations among others, which in turn will influence different performance outcomes.

In this chapter, we discuss the various **organizational designs used by MNEs**. We begin with **classical hierarchical structures**, introduce the relevant elements of **heterarchical models** and discuss the **advantages and disadvantages of the models** including **industry and firm examples**.

In the remainder, we analyze **HQ-subsidiary relationships**, including **coordination and control mechanisms, subsidiary roles, and subsidiary mandates**. Finally, we discuss power and conflicts within the MNE and addresses how subsidiaries can influence and improve their roles and functions within the MNE.

The chapter closes with illustrating the **organizational transformation process** at a **large United States based MNE** in the **consumer goods industry**.



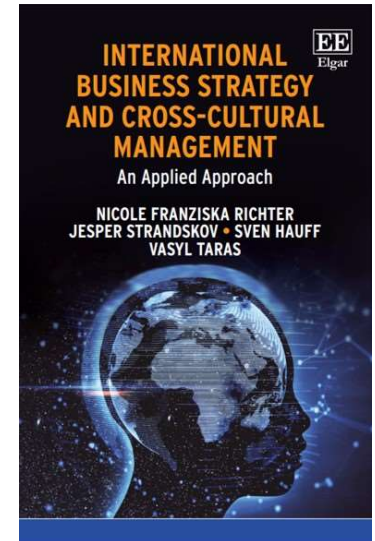
Chapter 8: Navigating intercultural interactions

Intercultural interaction is at the core of any international business activity. It plays a key role in the exchange of knowledge, the development of business relationships, and in cooperating with business partners.

In this chapter, we introduce two contemporary approaches to create successful intercultural interactions that are critical to the well-being and performance of individual employees, international teams, and the performance of their organizations.

First, we introduce **the culture map, its dimension and practical application**. A more **comprehensive exercise** assists the reader in **training the usage of the culture map** to successfully navigate cultural differences.

Second, we discuss the concept of **intercultural competence or cultural intelligence**, that is the capability to function and manage effectively in new cultural contexts. We offer **toolsets** that assist in the **recruitment of interculturally competent employees**, and in **assessing the own level of cultural intelligence**. Finally, we discuss the approach to **intercultural competence development and training** at a **large technology related multinational firm**.

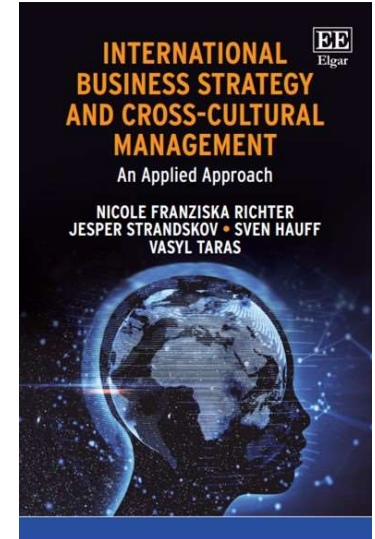


Chapter 9: Leading and motivating people in an international environment

Leaders and managers increasingly need to deal with the challenges of leading and motivating employees from cultures that are different from their own.

In this chapter we highlight the **influence of culture on leadership and motivation**. We first discuss how culture shapes the behaviors and perceptions of leaders and followers. Building on that, we discuss **leadership in teams which are geographically spread and cooperate using digital media**. Then, we present **major motivation theories** which have been formulated from a Western perspective and discuss their applicability in different cultural contexts.

We also show that **work centrality and work values** can have a different importance **around the globe** and that the influence of situational job characteristics on job satisfaction depends on culture. The reader will be familiarized with **toolsets** that assist in successfully **leading international teams** both **on-site and** in a **global virtual setting**. In addition, we provide insights into **toolsets** that can **assess the motivation and satisfaction of international workforces**. The latter is **illustrated in a practical example of a consultancy**.



Chapter 10: Building an effective international workforce

In this chapter, we examine the **influence of national culture on** key instruments of **international HRM**. Our focus is on the design of **international recruitment and selection, training and development, compensation** as well as **performance management**. The reader will be familiarized with these HRM practices and the question, how they should be adapted to fit specific cultures.

We will further discuss how international migrants can be best integrated into the local workforce. The integration of international migrants into the local labor markets possess great opportunities, but also great challenges. We will therefore discuss **how organizations can facilitate the integration of international migrants** and therewith contribute to employee well-being and organizational performance.

In terms of **toolkits**, this chapter provides suggestions how to deal with challenging **interview questions** and **scenarios, checklists** for things to consider during **performance management** and **guidelines** for the **integration of international migrants**.

