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How to convert a multinational company in a global one? — Developing a proposal based on the business administration literature.

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Abstract

In a previous research the authors identified that the most significant dimensions involved in the transition between the two theoretical states, multinational and global are: (1) "global integration of the operations", (2) "strategic management pattern", (3) "covered world key-markets", (4) "dominant marketing approach", and (5) "type of organization vision". Each of these "dimensions of change" discloses a set of challenges that need to be faced by the organizations involved in the transition.

In this paper they discuss the plausibility of composing a guide to support the transformation from multinational model into a global one. Considering the main dimensions of change and the several challenges to be faced a basic step-by-step procedure is proposed. The results are useful as practical insights to managers influenced by globalization as well as pertinent to researchers of this field.

I. INTRODUCTION

One of the relevant aspects of the so-called globalization is the international transformation of the companies. A way of observing this question is to comprehend how the international companies evolve. We understand that the preceding organizational model — the multinational company — is given place to a new one — the global company.

This vision concerns the internal aspects of the organizations, and is corroborated by some studies that indicate a natural direction of the evolution of the international organizations from multinational companies to global ones, (*e.g.* Bartlett and Ghoshal, 1987a, 1987b and 1989; Campbell 1993; and Keegan 1995).

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The external aspects also contribute to the change. As says Randolph (1990) the multi-domestic strategy adopted by the multinational company was useful when the world was a simpler place and the nations were more insular. Nowadays the company that continues to use this approach will probably not survive.

This set of transformations, and the way that it may be conducted, are the subject of this study.

The Globalization Phenomena

In order to be *au fait* with the transformations of the international companies, we need first to note some basic aspects of the globalization phenomena. We found crucial to emphasize the importance of defining globalization because this term has become a buzzword and its vulgarization, as points out Parker (1998), creates difficulties at the theoretical level.

The origin of the term – globalization – is frequently attributed to McLuhan' s original concept of the *global village* (Bull, 1977). This subject was originally treated by sociological, historical and economical studies. Currently, researchers from many other fields are concerned about it.

To some investigators, in social studies, globalization can be seen as the present state of the continuous humankind's historical development, (*e.g.* Bull, 1977; and Ianni, 1996). To others it is a historical rupture that took place somewhere after the cold war. Czinkota and Ronkainen (1995) explain that until the end of the "Soviet Empire" the world's ideological division between East and West blocked the globalization process.

To other scholars, more concerned about the studies on international relations, globalization is a result of the capitalism domination (*e.g.* Ianni, 1996) and is related to the obsolescence of the nation-state system (Levitt, 1983 and Furtado, 1998). Ohmae (1995) proposes the "region-state" system as a more contemporary model.

Business administration accepts some of these generic concepts as departure points to build their own model of globalization. Its model is obviously based on the firm – the object of study of the discipline – and can be represented by a set of transformations that challenges the companies, (Azevedo and Bertrand, 2000).

Based on Levitt (1983), Yip (1995), Bartlett and Ghoshal (1989), Hout et al. (1982), Campbell (1993), Keegan (1995), Bertrand (1994), Parker (1998), among others, we proposed the following definition in a previous study:

> *"Globalization [to business administration] is the set of transformations faced by companies as a consequence of the contemporary phenomenon typical of the post cold war which is constituted by: (1) the empowerment of transnational organizations; (2) the mass information technology evolution; (3) the increasing flows of capital, merchandise, people and data across national borders; and (4) the tendency of world market homogenization."* (Azevedo and Bertrand, 2000)

As a result of this new scenario, composed by simultaneous transformations, the companies are now being conducted to an unfamiliar future, where the threatens are much more complexes as those typical of the industrial era. Global markets and global competition are some of the unsuspected perils of this new crossing. We believe that this introductory study may help managers and scholars to guide their work across this "new future".

The mainstream routes of investigating the global companies

There are two mainstream routes of investigation of the global companies in the business administration academia. The first one is based on the structural aspects of the organizations (*e.g.* Bartlett and Ghoshal, 1989; Ghoshal and Nohria, 1993; and Collis, 1991). The second one considers mainly the patterns of competition and market characteristics (*e.g.* Yip, 1995; Hout et all. 1982; among others).

Campbell (1993) identifies and separates these two approaches by stating that globalization alters relations in *intra-firms* domains as well as in *extra-firms*. Changes in intra-firm relations are basically organizational and can be the result of new information technology or more productive plants. The extra-firm relations are modified by changes in global market segments or by the nature of the competition.

If we take the perspective of organizational studies, "multinational companies" are being transformed in "global companies" (Bartlett and Ghoshal, 1989; Ghoshal and Nohria, 1993; Keegan, 1995; among others). If we take the perspective of the nature of the competition, there is a consensus among authors that the strategy is changing from multi-domestic (or multinational) to global (Randolph, 1990; Yip, 1995; Hoult et all., 1982; among others).

The transition from multinational to global companies and the transition from multi-domestic to global strategy are the focuses of the present study. The central question is this combination of movements that we, from here on, simply refer to as *transition from multinational to global*. We do not intent to distinguish between changes in the organizational structure and changes in the strategic positioning. Because of it we found more convenient to define different "states" of internationalization rather than define different types of international companies and international strategies.

Furthermore, this paper adopts a new approach to the question by emphasizing the dynamics of the transformation. According to the literature review, existing studies typically analyze the multinational and the global company (or strategy) as static entities, independently of the perspective. The dynamic aspects of the transition are usually neglected, as well as the transitional positions from multi-domestic to global.

Those dynamic aspects, as well as the possible in-between positions are some of the keys of this work.

Multinational and global states

Our starting point is identifying the two theoretical states (global and multinational) of the company and their main dimension. We present here, in general lines, the basic discussion that created the model that we use to conduct our analysis.

The literature defines the two states in different ways. We may first consider the "classic" definitions of Bartlett and Ghoshal (1989). According to them, a multinational organization is a decentralized federation with distributed resources and delegated responsibilities that allow the foreign operations to answer to the local differences. A global organization is a centralized hub, a structural configuration based on group-oriented behavior requiring intensive communication and a complex system of personal interdependencies and commitments.

Actually, Bartlett and Ghoshal (1989) consider two different dimensions to classify international organizations: local responsiveness and global integration importance. To them multinational companies have high local responsiveness and are not dependent on the global integration; their units are practically independent. On the other hand, global companies are completely based on the global integration but tend to be unable to respond to local specific demands.

The authors base their classification on organizational aspects of the company. Other authors, as already mentioned, prefer to center their classification on the structure of the competition or in the adopted approach of marketing.

Boone and Kurtz (1998), for instance, recognize the difference between strategies of multinational marketing and global strategies but does not differentiate the company itself. Hout et all. (1982) connect the modification of the shape of the company with the type of competition of its industries. They call the strategic approach of multinational companies *multi-domestic*.

Indeed, taking Yip's (1995) perspective, the use of the term *multi-domestic* is more appropriate than *multinational* to describe a marketing action, as opposed to global. Another point, also stressed by Yip (1995), is that multi-domestic and global approaches can coexist in a temporary situation, and companies can take both forms of action, simultaneously.

Boone and Kurtz (1998) corroborate this view. For them, global marketing applies the same marketing mix with minimum variations across all the markets that the company reaches, while the multi-domestic marketing represents a segmentation where specific national markets are identified as homogeneous parts of the world market and different marketing mixes set up.

Keegan (1995) refers to Bartlett and Ghoshal's (1989) work and focuses on the type of international marketing style. The author identifies five categories: domestic marketing, export marketing, international marketing, multinational marketing, and global/transnational marketing. Other authors detail more complete scales; Samli et al. (1993), for instance, enumerate 13 different stages of internationalization.

Keegan's multinational marketing, as also understood by Boone and Kurtz (1998), aims to customize the knowledge and products for the diverse markets. It perceives the differences and the specific circumstances of each market, and adapts the marketing mix to them. The result is managerial decentralization, or, to use Barlett and Ghoshal's (1989) typology, low level of global integration.

On the other hand, the global/transnational marketing (Keegan, 1995) seeks to identify what the universal culture is and what is restricted to each market. The goal is to penetrate multiple places with minimally customized marketing mix. The marketing actions are centralized (high global integration).

Boone and Kurtz (1998) warn that many companies practice multi-domestic marketing for having simply inherited decentralized structures of international marketing. Please note here that these authors, who do not have the organizational orientation, understand that the global perspective demands structural modifications in the company and not the contrary, *i.e.*, first comes the strategic perspective and then the company shape.

Another approach adopted by several authors is that the market is still sovereign to indicate when a global perspective can substitute a multi-domestic one. They enhance the power of the global market. Ohmae (1985) identified a group of 600 million consumers emerging in the triad USA, Europe and Southeast Asia that can be considered, for marketing effect, as a single market with the same habits of consumption. The sprouting thriving of this *mega-market* allows the practice of global marketing.

To Hamel and Prahalad (1985), a multinational approach occurs when a company is obliged to address each market separately. Only an international market that accepts standardized products will allow the use of global strategies.

Some very attentive readers can perceive here an apparent contradiction. If the dominant development of the marketing practices is to focus on smaller and smaller groups (from the mass consumer society to the customization on the individual level), isn't there an inconsistency in considering huge extensions of the globe as homogeneous segments? No. And the fourth point of our globalization definition – the world market homogenization – supports this answer. Communication based on information technology distributes very similar stimuli to diverse parts of the planet and several portions of population, which are geographically separated, actually have very alike ways of living and consumer behavior.

The literature also indicates that the *organization vision* establishes the difference between multinational and global companies. Parker (1998), in her bibliographical survey, demonstrates that a typical attribute of the global company is *to have the world as home* (vision that exceeds the internal and external borders of the countries). For Bertrand (1994), this means replacing the *polycentric* vision of the organization for a *geocentric* one. The objective is to become *citizen of the world* instead of *national citizen*.

Having an ethnocentric vision means to observe the world with domestic references only, as domestic companies do. In the same way, the multinational company tends to adopt a polycentric vision, *i.e.*, tends to observe the world with different domestic references. The geocentric vision (to have the world as reference) is typically attributed to global companies.

Parker's (1998) *world as home* also refers to a *worldwide presence*. This point is clearly stated by Porter (1990). The global company has a global presence, *i.e*. it is present in all the key-markets of the world.

Porter (1990) also refers to the activities that are integrated through the national borders. Hamel and Prahalad (1989) complement this idea emphasizing the importance of the integration of the production and distribution systems to global companies. In that view, a global company must necessarily make use of a system of distribution in order to reach all the world key-markets.

Further developing the discussion about the production system, Barlett and Ghoshal (1992) note that the global company uses the competitive advantages of the different regions of the globe. The global company seeks to use the best and cheapest resources available in different areas. To Yip (1995), the result is the creation of a global value-chain. Activities as research and development, design, buying, manufacture, assemblage, marketing, sales, distribution and services are distributed around the world.

This global value-chain represents a part of what Barlett and Ghoshal (1992) call global integration. That means not simply centralize the management, but also design flexible production and distribution units that can be relocated.

Investment and subsidy polices are also important points that refer to global integration. Hamel and Prahalad (1989) understand that the global distribution system allows the companies to *cross-subsidy* the markets.

A previous work by Hout et al. (1982) identify that to compete globally the company must be prepared to, among other things: carry out great investments with null or even negative ROI; envision diverse financial objectives according to the market and keep product lines deliberately sub-priced in some markets. These unconventional management practices represent forms of cross-subsidy that are typical of global organizations.

For Andersen et all. (1997) to become a global company means to face the barriers of management mentality. There are relevant difficulties in the gradual development of an international ability. Abreu (1999) states that globalization, instead of companies, impacts people and the process of decision-making the most.

Once an overview of the existing considerations about multinational and global companies have been stated, we can now propose our definitions of the initial and the final states of the transition.

Please note that the condensed discussion presented here is only part of the qualitative analysis we carried out during the construction of the definitions. Reproduce this process of construction is not the aim of this study. Therefore, we simply establish that the two theoretical states are well defined by the following statements, Azevedo and Bertrand (2000):

> **Initial state (multinational)** – *Decentralized group of independent operations that focuses on some specific markets. It responds to local differences by adapting the marketing-mix. The competition takes place at a multinational environment and the combat arenas are the different markets. The limits of the national borders are respected and the autonomy of the subsidiaries is encouraged. The focuses of the business are not the same in the different markets. The marketing approach is multi-domestic and the organizational vision is polycentric.*
>
> **Final state (global)** – *Centralized group of integrated international operations with common goals, with unified strategic planning that are present in all the world key-markets. It searches to trespass the national borders by using chains of value that are internationalized and flexible. It establishes global strategies and uses high-standardized marketing-mix. There is only one focus of business. The competition, as well as the marketing approach, is global with the presence of cross-subsidy. The organizational vision is geocentric.*

These two definitions characterize hypothetic states that are, to the scope of this work, the extremes of a theoretical spectrum of possible model. It is evident that probably no existing company will perfect fit into these molds. But certainly the existing international companies can be situated according to this referential.

If these two states are compared it is possible to find the dimensions of the change that are involved in the transformation.

The dimensions of the change

The business administration academia studies and attempts to describe the transformation of the international company by observing isolated dimensions of the phenomena. However, few studies target at the transition considering a more complete picture.

We here discuss how a multinational company is reshaped observing a set of changes which is characterized by five essential dimensions. This specific set of five dimensions is the result of the contrast of the constructed definitions – multinational and global states. The systematic contrast of the definitions gives origin to about a dozen related dimensions. The search of a more parsimonious model, which represents a most useful dimensional base, reduced this base to a five-dimensional one.

This dimensions of change, understood as essential to explain the transformation from one state to another, are namely: (1) "global integration of the operations", (2) "strategic management pattern", (3) "covered world key-markets", (4) "dominant marketing approach", and (5) "type of organization vision", Azevedo and Bertrand (2000).

The development of the analysis, the results and the discussion are structured taking into account these dimensions. The table herein presented places the two states according to the scale represented by each dimension. During the discussion, which comprehends the suggestion of measures to transform the company, the meaning of each dimension is better elucidated.

Theoretical initial and final states and the dimensions of the change			
Dimension		**Initial state - Multinational**	**Final state – Global**
A	Global integration of the operations	Low	High
B	Strategic management pattern	Decentralized	Centralized
C	Covered world key-markets	Some	All
D	Dominant marketing approach	Multi-domestic	Global
E	Type of organization vision	Polycentric	Geocentric

Table 1 – Theoretical states and the dimensions of the change (Azevedo and Bertrand 2000)

The aim of this study is to understand how a multinational company becomes a global company and to identify some main points of a hypothetical guide to this transformation. This summing up is the base to discuss the feasibility and the usefulness of composing a procedure to guide the transition.

II. METHOD

The method used in this study was based on the revision of the literature and on the comparison between the two theoretical states.

The initial and the final states, multinational and global, were determined by our literature review and the comparison of several definitions gave origin to the definitions of the two states (see the introduction). The dimensions of the change (also presented in the introduction) were found by contrasting the two states we defined.

Each of these "dimensions of the change" was investigated separately in order to provide insights about the operational measures that the companies' leaders need to carry out. The analysis of the position of each state in the space created by the "dimension of the change" produced sets of steps that are faced by the company during the transition.

The transitional possible states from multinational to global were the logic base to infer what challenges had to be faced and what moves had to be made.

These basic procedures are the results of this study and tend to reproduce the typical path followed by the companies. The discussion of these results conducted the study to verify the plausibility of composing a theoretical guide to support the transformation from multinational to global state.

III. PROPOSED BASIC PROCEDURES

As noted when the two theoretical states were defined, the results here shown are based on the analysis of the literature and on the comparison of several points of view. We used the five-dimensional model proposed by Azevedo and Bertrand (2000) as a basis to look after the procedures steps.

Even if the procedures are presented separately according to the dimensions, please note that the transformations are simultaneous and interconnected. To overstress or to neglect any of the movements signifies that the transformation will be inaccurate or, at least, will conduct to another model of international company which is not the one defined as "global" in this article.

The five sets of general procedures are presented below. First by introducing an overview of the main aspects of the change and then by listing the basic movements to be performed. These basic movements are not necessarily sequential. Actually, they are normally to be implemented all at the same time.

Basic procedures related to the global integration of the operations

The transition from multinational to global represents a change from a low to a high level of global integration. Global integration means centralized management and integrated operations. Changes of the model of competition on the global arena, as illustrated by Yip (1995), are mainly justified by economies of scope (Barney, 1997). Independent operations in multiple locations (multinational model) represent cost redundancy and, secondly, useless internal competition.

Lack of uniformity, operational redundancies, and diversity of the multi-domestic cultures are barriers to global integration. To overcome the fragmented structure, the company should unify operations, combine processes and eliminate repetitions.

Culture may also represent difficulties to this integration. People from the several operations of the multinationals are not used to considering their companies as a whole. Horizontal communication across different operations is usually very low. We are not talking about unifying the culture of the several units, but about making them compatible and creating a minimal common code. A special problem concerns developing a common code when multinational companies merge.

Observing these points, the following basic activities are to be accomplished in order to achieve a high level of global integration:

a. Technological and operational tools have to be developed or acquired to support the creation of a global value chain. The aim here is to allow the integration of the multiple phases of the production around the world;

b. The diverse operation cells of the process have to be located (or relocated) at the most favorable places considering cost, maturity of labor and consumer market, political and economic stability and the state of the logistic configuration, among others;

c. Formal and informal horizontal communication needs to be reinforced. A common internal code is to be constructed. Information technology, international interchange of individuals and institutional inside communication are some tools to support this construction;

d. A team of internationally present partners (basically suppliers and distributors) has to be encouraged to follow the same course. One of the characteristics of the global production chain is the need of global players to co-act.

Basic procedures related to strategic management pattern

The management pattern of the global model is centralized. The task here is to unify the decentralized management of the multinational model.

The very first reason that justifies the need of centralization is to provide conditions to coordinate the moves on a scenario of global competition.

Global competition implies increasing flows of capital, information, and merchandises across the operations, which should constitute a global value chain. The logistics of production, marketing, and distribution are indispensable to implement a network that creates the interdependence that will allow the employment of worldwide competitive advantages.

A central management is needed to plan, implement and coordinate this world size mechanism. A maestro is needed to synchronize these simultaneous movements.

Obtaining the competencies to create a centralized network of resource and people, which operates at an acceptable level of efficiency, is an important challenge. To move to the patterns of global competition, a company should develop managerial mechanisms to coordinate the strategic actions of the operations and provide feedback to the strategists.

Among the charges of this structure we found the decisions about the capital stream that allows the group's expansion and continued existence. Cross-subsidy is usually necessary to compete globally. The results of the diverse operations cannot be analyzed separately and a mentality of change is needed.

We identify this set of basic instructions related to the reorganization of the strategic management:

a. A new organizational design has to be implemented where the headquarter of the operations plans and commands the competitive movements at a global level;

b. One existing tendency, as point out Porter and Wayland (1995), is to place the command in the most competitive consumer market. Being in touch with tough competition outside of their door will better prepare the headquarter to face the global dispute;

c. The extreme global model of organization is divided simply by product or process. However a matrixial organization, combining product and geographical divisions is the typical response of the multinational company that is migrating to a global model;

d. Local management must be involved in the central decision in order to avoid a lack of motivation and conflicts with the central planning, as noted by Forteza and Neilson (1999). Other menaces that must by avoided are the overlap or the gap of responsibility. Becoming insensitive to local needs is the Achilles' heel of the global management; and

e. All the movements concerning the competition depending on the development of an efficient database system which is responsible for supporting the central coordination decisions and which brings the feedback of each movement. A system to monitor the global competitors' movements is also essential. The competition arena is the combination of all markets, cross-subsidy and inter market retaliation are parts of the game.

Basic procedures related to covered world key-markets

The difference between the states shows that the transition to global implies trying to serve all the important markets in the world. These markets are usually understood as the set proposed by Ohmae (1985), the so-called "triad" – United States, Europe and Japan. Presently, though, we observe that many other emergent markets are not to be neglected.

Covering all the world key-markets usually implies expansion. As demonstrated, multinational companies tend to cover some key-markets only, and global companies aim to cover them all. This expansion can be an enormous obstacle. Possibly, companies that do not have critical mass to reach the numerous markets and that are not capitalized for such will be obliged to opt between merging with other companies, being sold to other companies, or creating joint-ventures in uncovered markets. If the company has capital, or access to it, shortcuts can be used (basically acquisition of companies, operations, brands or technology in other markets).

Presence in all the key-markets can be understood as more than being at all the main consumer markets. A company that competes globally should also assure its presence in the diverse centers of production and origin of raw materials and parts, for instance. This means that wide market coverage demands a global value chain, as it happens in global integration.

The following basic procedures emerge from the analysis of these questions:

a. To expand their range of action the multinational companies must became bigger. Possibilities here are merges, acquisitions, external investments and, less likely, use of accumulated results;

b. Optionally, or in addition to (a.), the company may concentrate its effort in their core business, or in only some lines of product, and sell the other operations. Trade local brands, for instance, are an usual source of resource to the global expansion of the companies;

c. As we concluded when discussing the management pattern, expansion is also related to competition. Occupying the underdeveloped markets, attacking the vulnerable markets or jointing forces with other players to penetrate protected markets are equally valid possibilities;

d. Additionally, a transitional move to become global is to settle position at supply centers of material, labor and technological resources.

Basic procedures related to dominant marketing approach

Our model indicates here that the multi-domestic approach, typical of the multinational organizations, is to be replaced by a global approach.

Several difficulties may affect the change from multi-domestic to global marketing. Global market tends to demand global product lines. If several national markets (or national market segments) can be treated as a unique market (or segment), the company that does not develop global product lines tends to be overturned by the competitors that are spending fewer resources to attain several national markets. The same reasoning explains why a global marketing-mix should be adopted. To identify global markets and design global marketing-mix for them are important movements related to this new marketing approach.

Another point is innovation. The fight for global markets is a race for innovation. The global competitors invest a vast amount of money in research and development of new products. Life cycles are becoming shorter and product development is becoming more expensive. There is no place for old products.

Lack of organizational learning also threatens the multi-domestic players. If a company centralizes its marketing planning, it will develop new abilities and become able to learn in one location something for other locations (Boone and Kurtz, 1998). This synergy is a powerful competitive advantage concerning marketing.

Observing these questions, the following points can be suggested as steps to changing the dominant marketing approach:

a. Abandon the product lines or brands that are intrinsically locals. These products will be ever limited to domestic markets. Transform local brands by "globalizing then" can be a valid process if the products can fit global market segments. Marketing research is one answer to identify when it is feasible. Other hints are: is the consumer behavior related to purchase of the product associated to global stimuli? Are the use of the product and the comprehension of its benefits affected by the cultural differences?;

b. An economy of scope that has to be explored and affect the marketing practices is the unification of the marketing mix. Not only the product line need to be unified but also, as long as possible, the distribution, the promotion and the pricing polices of the line are to be designed and applied without considerable differences;

c. To focus on innovation and to seek for time saving in the development cycle of the products are changes to be made in order to achieve a global mode of marketing. Actually, the whole life time cycle of the global products tend to be shorter. There is no place for "old products" in global marketing. An old practice that is becoming obsolete is launching the product in one market at time; the tendency is to promote more simultaneous introductions.

Basic procedures related to type of organization vision

As proposed by our referential, the polycentric vision of the multinational state needs to be replaced by a geocentric one.

To become global, a company should see the world as a whole and abandon its multi-domestic backgrounds. If one looks at the globe with a set of provincial references, only a caricature can be seen. To transform the mentality from polycentric to geocentric is an enormous challenge, mainly because it implies changing peoples' minds.

Most people are probably not ready yet to abandon their multi-domestic references. A geocentric attitude is a rare human resource that may be difficult to develop, especially in places where cross-border interaction is weak. To find and create this kind of people and to maintain them at the company are a relevant challenge. Efforts to promote mobility and interaction among the parts should be made.

Some basic steps concerning this transition are identified below:

a. Observing that cultural values of a organization are forged by the cultural values of the people and by the internal practices, the transitional situation here proposed are the gradual changes of people's mentality. So, once again, a point is to promote a more active horizontal integration among the different groups;

b. The internal unit to be built is permanently confronted with the external real world, and its extreme diversity of culture, behavior, legal and ethical systems. Another task here is to emphasize by communication mainly the similarities among the people. A valid resource is to show the world distinctions in an indistinct manner and point out to the fact that people have almost the same virtues, dreams and necessities;

c. As noted when the company seeks to achieve a high level of global integration, to create a common code is indispensable. A straight measure is to adopt the dominants values of the globalized world as internal values of the company. It brings near the company's vision and the consumer's vision. Examples of it can be the adoption of some occidental oriented values by companies in East-Asia or the adoption of English as "official internal language";

d. To share the vision with other players, typically suppliers and distributors, which are involved in similar process is also a way of develop a global vision. To understand that the activities of the group are interconnected and that the results cannot be analyzed separately is another point.

IV. THE PLAUSIBILITY OF COMPOSING A THEORETICAL GUIDE

We present here, as a conclusion of this article, a discussion about the plausibility of composing a theoretical guide to support the transition from the multinational to the global model.

The five-dimensional model proposed by Azevedo and Bertrand (2000) introduced a systematic way of verifying the most relevant transformations that a multinational company needs to perform to migrate to the more competitive shape of the global model. The base of this verification was the difference between the final and initial states defined on the referential of the dimensions of the change. The literature revision and the points-of-view of some authors offered the additional elements that completed the analysis.

The five sets of generic instructions that were found agree with the movements performed at the moment by some multinational companies and, as long as we could verify, match consistently with the business administration references on the subject.

By analyzing the whole set of procedures we perceive that it represents a harmonious collection of instructions. We were surprised as we expected to find a relative amount of inconsistencies. As the results have the same origin, the definition of two states, we infer that this explains the concordance we found.

We understand that the produced instructions are relevant to understanding the problem, to providing insights and support research. There are also useful to support the action of the managers directly involved in the transformation. However, even if those instructions could be used to produce a more detailed handbook, we found them to be too generic to be part of a "practical guide".

Actually, it is clearly impossible to generalize or to detail such complex movement. This movement depends on a multitude of different aspects that are unique to each company at each context. It depends on highly intricate system of elements – from cultural and financial issues, to competitive and productive process related aspects – and all attempts to detail this course are fated to be fruitless.

In other words, composing a complete guide appears to be feasible. Although if this effort goes beyond a limit, it will probably be less helpful than an assortment of broad instructions.

Each company has to find its unique way to obtain a more competitive shape and draw its singular own future. Currently, this more competitive shape appears to be the global model we used as reference. What we will find next is impossible to preview.

Thus, we understand that the present results are applicable as generic directives but are unlike to be effective in the creation of an exhaustive guide.

After having briefly discussed the applicability of the method, the feasibility of composing a complete guide and its usefulness, we conclude here by pointing out that the transformations related to globalization are an enormous source of challenge to the international company. These transformations represent a new border to business administration studies and a stimulating field of research to scholars.

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