

*Economic Theory*

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**SYNERGY OF THEORIES OF INTERNATIONAL
AND STRATEGIC MANAGEMENT
IN CONDITIONS OF GLOBALIZATION****Abstract**

Development of modern globalization processes requires from theory and practice of management challenges due to environment pressure. Multiple environmental shocks provoked a synergy effect of strategic and international management, especially in field of management of human resources. In this article we overview actual problems of relationships of these directions of management research concerning new ways to theory and practice of modern management.

Key words:

Strategic management, international management, multinational marketing, management of human resources, global production, global marketing.

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The notion «international management» originated in the middle of XX century together with the development of transnational corporations (TNC) or multinational enterprises (MNE) in the extractive sector of economy¹. They competed with each other on the basis of access to the raw material supplier and sale markets. In such conditions the international management practice based primarily on the classical views of the external trade theories: A. Smith «absolute advantage», D. Ricardo «comparative advantage», Heckscher–Ohlin «productive factors», and then, introduced the ideas of S. Linder «intraindustry competition», P. Vernon «international product life cycle» M. Porter «international competitiveness».

From the middle of 60-s of XX century the multinational enterprises (transnational corporations) took interest in strategic aspects of development. It was connected with the changes on the geopolitical world map (emergence of the socialism world system, fight of the former colonies for freedom and independence, formation of three capitalism centers – USA, Europe, Japan), as well as attention to the development and improvement of the mechanism of reduction of expenses on product release of the certain enterprises under conditions of increasing competitiveness at the internal and international markets.

In such a way, the international management practice coursed the emergence and development of strategic management theory. On the opinion of such classicists of international management as R.Vernon and L. Wells, who discovered the notion multinational enterprise – MNE), the definition of «multinationals» leads the international activity to the single strategy realization. In accordance with the definition, MNE are companies, which are formed by means of the group of branches, which are situated in different countries and have such features:

1. They are combined by means of collective ownership relations.
2. They are based on the mutual use of resources, such as money and credit, information system, trade name and patent.
3. They are subjects of the certain general strategy [1 p. 258].

That is to say, the theories of international and strategic management are closely connected – international management practice coursed the theory of

¹ Soviet science in the field of international economic relations distinguished the notion «Transnational Corporation (TNC) – enterprise, based on the capital of owners from one country, which handles its operating activity in other countries» and «Multinational corporation (MNC) – enterprise, which was organized as a consequence of pooling of capital of owners from different countries». But taking into consideration the subject of our investigation, such classification is not essential.

strategic management, which in its turn, influenced on the further development of international management.

With the transition to the epoch of massive sale, in accordance with the conception of commercial efforts concentration, the marketing holds the leading positions in the sphere of management. From the other side, in conditions of resource shortage and more open access to them, the main competitive advantage of organizations in the strategic management conceptions is such human factor as «human resource», «personnel», «human capital», «human factor». From the beginning of second half of XX century such categories as «personnel management», «corporate culture», «organization of knowledge», «human resource management» are investigated. Together with the embranchment of management science (emerging of such terms as «operation management», «financial management», «tax management», «innovation management», «investment management», «ecological management» etc.) some scholars even began to identify the trend «management» with «personnel management», «human resources management». In such a way, we can observe the evolutionary interaction of management and marketing towards the role of individual in the economic dimension [10, 67–77] (Figure 1).

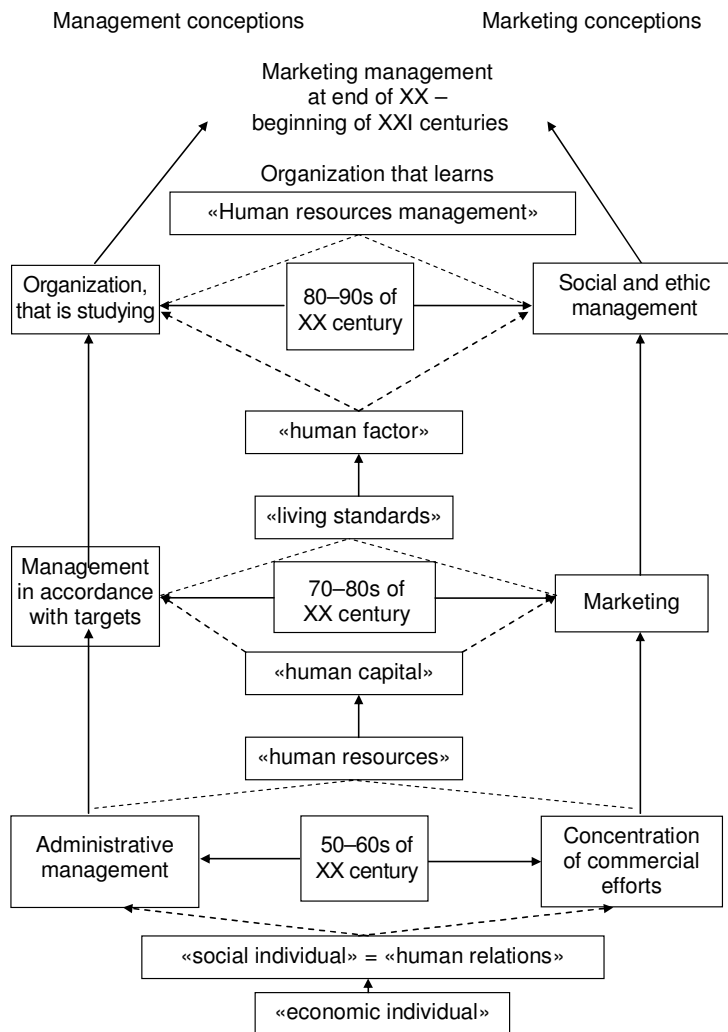
The mentioned phenomenon is specific for the international business management, which in fact, coursed the paradigm of modern strategic management. If at the beginning of 80-s of XX century the analysis of the firms' behavior was directed on economic and technical parameters [see, for example 2, p. 117–184] and in the 90-s of XX century the cross-cultural aspects of the firms' activity in the external environment was paid a special attention [3, 321-347, 459-488], as a result, at the beginning of the XXI century the human factor in the international management strategies began to play the leading role [4].

Together with these, the practice of business dealing in the global environment changed the attitude to the determination of the main scholars of international economy. If till 80-s of XX century the international economies theories considered countries (governments), international organizations and TNC in this quality, nowadays, the international organization is organization which carries on at least one of the forms of foreign economic activity. Modern specialists in the sphere of strategic and international management considered any firm, which carries on international activity as a subject of international business, upwards exporters and importers, management and direct foreign investments (DFI). In such a way, MNE are the firms, which have DFI (i.e. branch) in several countries. The conducted difference is useful; it shows that even not so big exporters can be involved into strategic unions and other forms of business, which cross the national borders, being not as big as Exxon or so popular in the world as Procter&Gamble, which is especially important for Ukrainian enterprises. [3, 28; 4, 5]².

²From this point of view, it is obvious that national theoretical approach to the participation in the international business is not adequate towards the global socium; in fact, even in

Figure 1

Development of the conceptions of the individual's role in the economy



the system of higher education and professional training the term «foreign economic activity» is preserved, it stipulates certain further closed nature of economy as well collaterality of international business doing by native organizations, which were preserved from the lifetime of USSR.

The given approach to some extent was coursed by means of alternative trends of investigation in the economic theory, in particular, so called «Buddhist economics», which was founded by E. F. Schumacher. He and his followers, introducing the idea of «Small is in beautiful» proved that in future the big corporations will disappear like dinosaurs, small flexible firms, which are able to adjust to any changes of external environment, will play the leading role in the world (central offices will perform the scientific-methodological functions) [5; 6]. Although the modern practice does not confirm the mentioned thesis, the transition to the business and project management organization of the world blue-chip companies speaks for the significance of the given approach.

For example, if the classical theory of strategic management divided the possibilities of external environment analysis of small and big firms, the modern information space lets even small organizations scan not only micro- but macro-environment of its activity. If in conditions of stable environment of the years 50–70 of XX century the strategic management theory distinctly distinguished the kinds of organizational planning on strategic (3–5 years), tactical (1–3 years), operational (till 1 year), in the current context, the blue-chip organizations elaborated the strategy for one year with its quarterly correction. In other words, recently, the management theory is considerably changed under the influence of business doing practice.

In particular, theory and practice management classicist T. Peters, the founder of the *dreamarking* theory, says that in modern organizations, it is ought to dispose of «trained managers», who do not understand the strategic vision of organization. On his opinion, they are the main enemies of organization success, whereas, the professional, who can and knows only a thing or two is limited by means of his own knowledge [11, 127–128]. It is admonished that in the current context, the theoretical developments of strategic management are supported by the practice of international business doing. For example, the leading international companies, hiring the specialists in marketing and management, require not only their resume, but presentation of their creativity (12).

As a consequence of the mentioned processes, the theory and practice of the XXI century management introduced the new model of manager in the modern organization both at national and international levels (see Table 1):

Such approach was conditioned by the development of the strategic management theory along the chain «management-education» [13; 14; 15]. Along with it, the theory and practice of international management enriched the strategic management conceptions. Researches became to pay much more attention to the organization knowledge and corporate culture, which are spread all over the world.

Table 1

Comparative analysis of the requirements for the modern managers

Manager functions	National manager	International manager
Planning	Strategist, able to analyze not only economic but political, legal and cultural situation in the country	Individual with global thinking, who understands that global business is changed quickly and becomes more and more inter-dependent.
	Dialectic, realizing that changes and stability stands together	Analyst, ready to manage changes and transactions in the global environment.
Organization	Statesman, able to communicate with any politicians, being aware with the effective instructions, laws, etc	Statesman, who is able to work with people with different cultural values and world views.
Motivation (management)	Leader-motivator, who succeeds together with his organization and inferiors, taking into consideration impetuous changes in the global economy	Initiator, who is able to create the education system and adaptation to the changes in competitive environment in the global economy, involving all personnel to it, motivating its improvement.
Monitoring	Long-sighted initiator, who realizes that living in the past is inadmissible luxury, which wastes strength, time, resources	Long-sighted and advanced expert in the complex markets of global environment.
	Attentive investigator of not only management but marketing functions, combining these two functions in his activity	Coordinator of interdependencies between business functions (marketing and productive) through the national borders.
Management technology (communications and decision making)	Creator of own information system	Flexible worker, ready to accept foreign appointment on the basis of being informed in the other cultures, having an ability for negotiations
	Active contractor of independent consulting services, which help his company to achieve success	Individual, who realizes the differences of national cultures and understands that even in conditions of globalization, markets are culturally different.

Composed by the author: [4, 23–24; 7, 190–191].

In fact, we can say, that international business practice coursed the emergence of the new paradigm of strategic management theory in the 80-s years of the XX century – «Management By Learning – MBL)». This thesis is introduced by the new theoretics of management, which pay special attention to the situational approach of the management science. But, during last 20 years the world has been changed (and management has been changed too) – business environment became not only changeable and turbulent, but shocking (let's mention for example, the breakdown the global socialism system and air attack of terrorists in September, 11, 2001 in the USA).

That is why, the theory and practice of classical management should be permanently reconsidered, taking into consideration not only environment changes but also the nature of organizations. In conditions of globalization none of organizations can not be «closed», inasmuch as international events influence on all the business entities in any country of the world.

Our last works show that the new paradigm of management – «Management by Teaching – MBT emerges instead MBL» [17]. In the current context, MNE have to teach all the personnel of all branches according to the integrated methodology, regardless of cultural differences. These provide cutting down of employment costs, creating global corporate culture. Professional studying became a subject of international management, because it makes every employee to be a part «unique big family». That is why international corporations pay much attention to the professional personnel training.

International management coursed the emergence of corporate universities, which help MNE to form necessary personnel in all branches, in spite of the geographical position and cultural differences (Table 2).

The mentioned aspects are closely connected with the emergence of such notion as globalization in the sphere of international management. In May 1983 professor from Harvard University Theodore Levitt predicted the beginning of globalization in his article. He wrote that as soon as new technology allows extending the embracement of global mass media, reducing the communications' cost, the consumers' tastes will come close; these provide the emergence of global markets for standard goods. [8, 92–102]. On this evidence, there are two opposite directions in the international management theory – globalization of production, and then – globalization of markets.

The word «globalization of production» deals with the tendency, which is observed in the international enterprises management, so called transnational corporations, which spread their production all over the world. In fact, those MNE maximally use the productive factors of the host countries in order to develop the own policy of production [9].

Table 2

World Corporate Universities

Main features	Bank Montreal	General Motors	Motorola	Hamburger-McDonalds University
General characteristics	Organization «learning needs» – education as a guide of corporate culture, integration of employees, unitary standard of learning for all regions	Management by learning, instrument for look at the problem of organization; «Intelligence centers»	Orientation on quality, training of clients, modification of education for different regions	Orientation on severe discipline of fulfillment, standardization of education for all the regions of the world
Structure of education	Distance and on-line teaching, trainings, managers' presentations, 7,5 days a year of stationary training for a person	Trainings, lectures, distance teaching	Trainings and distance teaching, 40 hours a year of trainings for a person	Training of support staff as training specialists «in the field», traineeship in other branches, training of managers in the Central Office (Munich)
Resources	Training costs for business. Sake of services inside corporation, alongside with external training organizations	Training costs for business	Budget of the corporate university	Budget of the regional subdivisions
Certificates		University Certificate, degree: Doctor of Motors	Certificate Motorola University	Certificate Hamburger University

*Composed by the author.

Globalization of markets is absolutely opposite to the common vies of global marketing. Globalization of markets supposes that many MNE do not consider individual national markets as independent economic entities. Approximately to the end of XX century lots of countries were closed, it was difficult to perform trading activity there, nowadays, when the trade barriers are overcome, these national markets are merged and we can use the same approach to them. Problems, concerning transportation, distance and culture of MNE are related to the same category as they more and more often consider the national markets identically.

Theodore Levitt did not manage to connect into organic whole the role of technological changes and their influence on production principles. In spite of the fact that globalization is the absolute fact of reality, standardization gave the way to more variable and specialized goods, which are produced nowadays as a result of production technology improvement.

Those tendencies are the subject for investigation for both the leading Western theorists of management and native authors, who assume some thoughts about the development of international management expansive culture, which not only adapts to the environmental conditions, but creates those conditions, desirable for it, reducing the costs, by virtue of economies of production scale at global markets. In such a way, we can assume that nowadays, the theories of international and strategic management face the new paradigms – the International Management is changed by the Multinational Management, as a consequence, a new stage in the development of strategic management theory along the chain «management – education» – «Management by teaching».

Making a conclusion, we can say that the theory and practice of management at the beginning of XXI century are at the new stage of study, in particular, in strategic and international management – phenomenon of – «Management by Teaching» and environment management and in this context – probable transition «human resources management» to «humanet – human management». Those processes are connected with the emergence of new field of research – neuroeconomics. Nowadays this phenomenon is examined partially and should be the subject of further research.

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