**Global Management Models:**

**Course Project Description**

The course project gives you the opportunity to apply the global compact performance model to a real life scenario. This model starts with the business mission and vision for a company of your choice and a list of desired results.

Applying this model, you translate the mission into the appropriate strategy (what needs to be done) for the selected country where the company wants to operate and develop a set of goals and objectives that yield the desired results. Your goal is to identify required changes in the organization’s culture (values, practices, and behaviors) resulting from organizational cultural practices in the host country to effectively determine the way the strategy is communicated and implemented.

**The following references will help you develop your course project:**

• Global Compact Performance Model: From Principles to Practice.

Retrieved July 29, 2008, from

http://www.unglobalcompact.org/docs/how\_to\_participate\_doc/GC\_perfor

mance\_model.pdf

• Global Corporate Circle of Excellence (GCCOE). Retrieved July 29, 2008,

from http://www.mpiweb.org/cms/mpiweb/mpicontent.aspx?id=4386

• Global Corporate Citizenship: The Leadership Challenge for CEOs and

Boards, World Economic Forum. Retrieved July 29, 2008, from

http://www.weforum.org/pdf/GCCI/GCC\_CEOstatement.pdf

**You should also read:**

• Driving Global Corporate Alignment in Complex Organizations (Retrieved

July 29, 2008, from

http://www.mpiweb.org/CMS/uploadedFiles/Research\_and\_Whitepapers/

GCCOE-Paper6-Final%20Nov%2013\_06.pdf)

This will help you understand the alignment of both strategy and culture, from the macro level of the global economy to key organizational processes to produce desired results. The paper discusses how to balance customer-driven needs in a host country with a company’s strategy for global integration and illustrates how unification of strategies, stakeholder’s actions, teamwork, and coordination of networks drive success.

**Elements of the Global Compact Model**

**I. Vision**

Top management is responsible for creating a vision that integrates a shared ambition to achieve a desirable future with the contributions the company makes to society.

Should the company vision be modified to integrate the local and global perspective in the international branch? How could management ground this vision in dialog with employees and key stakeholders?

**II. Leadership**

This sets the stage for the culture and management practices followed in the organization. As such, leadership is the responsibility of top management and the leaders of every team and function because they drive the vision through the organization.

What leadership practices need to be changed to be successful in the host country?

**III. Empowerment, Resources, and Policies Strategy**

Empowerment allows management to align the activities of the people with the company vision in a way that all the people can realize their full potential.

Procedures and processes for the efficient allocation of resources, such as financial, material assets, technologies, and knowledge allow management to maintain a competitive position in the market place.

Company policies for strategy consolidate and structure leadership and empowerment practices into a set of objectives, manage activities and resources, and communicate with employees, business partners and stakeholders.

What are the changes needed in each of these areas?

**IV. Processes and Innovation**

These are the established processes for continuous improvement in the organization, such as setting targets, communicating throughout the organization, and promoting innovation.

What processes these need to be modified and why?

**V. Impact on People, Society, and Value Chain**

This is a measure of the impact the company has on employee satisfaction and morale, the local communities where the company operates, human rights, labor, and environmental organizations, and business networks. It is important for the company to have a competitive edge and provide financial value-added by developing a solid reputation for cooperation with customers and suppliers.

What does management need to do to achieve the goals in each of these areas?

**VI. Reporting**

Reports allow the company to track parameters that measure improvements, determine if targets set for the period are being achieved and compare performance of processes and outputs with competitors.

What reports are needed in the host country?

**VII. Stakeholder Dialog**

This model requires management to welcome and support stakeholder dialog and integrate feedback into the vision of the company. This feedback process allows the company to respond to social needs, keep abreast of changes in the marketplace, the workforce, and consumers, and maintain an open dialog about further needs.

How can this feedback process be implemented in the host country?

The three references and paper cited above present ample information about these seven elements. You may also research other sources, as appropriate, to develop your recommendations.

**Process of Information Gathering**

The following steps will guide you through the process of gathering information for the global compact model and making sound recommendations for the establishment of the international subsidiary of the company.

1. Research the history, development, and growth of the company over time to investigate how the company’s past strategy and structure affect it in the present—that is, the events that were critical for its development into the company it is today.

Present a business case that justifies why you feel the company is ready to open an international branch in the selected country.

2. Determine the company’s internal strengths and weaknesses by doing a SWOT analysis and examining its history. Identify the functions in which the company is currently strong and currently weak. For example, some companies might be strong in marketing and some might be weak in manufacturing. Create a list of these strengths and weaknesses.

Using the results of the SWOT analysis, answer the following questions:

• Is the company in a strong competitive position?

• Can the corporate-level strategy be profitable in the potential host country?

• What can the company do to turn weaknesses into strengths and threats into opportunities in the host country?

• How can the company develop new functional, business, or corporate strategies to accomplish these changes?

3. Analyze the nature of the external environment surrounding the company to determine its ability to develop an edge over rival firms. You can use Porter’s five forces model and the stage of the life cycle model to make a qualitative evaluation of a firm's strategic position. Use each factor in the macro environment in turn (e.g., demographic factors) to see whether it is relevant for your company. This analysis will generate an evaluation of the company’s environment and a list of opportunities and threats.

How will the nature of the external environment surrounding the company change in the host country?

4. Research the corporate-level strategy of the company. To find out the company’s corporate strategy you need to find out about its lines of business and the nature of its subsidiaries and acquisitions. Analyze the relationships among the company’s businesses and determine whether they trade or exchange resources and if there are gains to be achieved from synergy. Then, use your SWOT analysis to evaluate this strategy.

• Is the current strategy appropriate for the environment in which the company operates?

• Could a change in corporate strategy provide the company with new opportunities locally and in the host country?

• How and why would the company’s strategy change to operate in the host country?

• What are the reasons for any changes?

5. Research the nature of the company’s business-level strategy. To evaluate the potential of the business-level strategy, you must first perform a thorough SWOT analysis that captures the essence of its problems. You will need to identify the functional strategies it pursues to build competitive advantage through superior efficiency, quality, innovation, and customer responsiveness. The SWOT analysis is important at this point if Porter’s model reveals threats to the company from the environment.

• Can the company deal with these threats?

• How should it change its business-level strategy to counter them?

• What is the appropriate business-level strategy in the host country?

6. Study the company’s structure and control systems and how they match its strategy. Your purpose is to identify what structure and control systems the company is using to implement its strategy and to evaluate whether that structure is the appropriate one for the company. Focus the analysis on the most salient issues, for example, organizational conflict, power, and politics might be important issues for your company. Try to analyze why problems in these areas are occurring.

The following questions will help you determine the degree of fit between the company’s strategy and structure. You need to answer each of these questions from local and host country perspectives:

• Does the company have the appropriate number of levels in the hierarchy or decentralized control?

• Does it use a functional structure when it should be using a product structure?

• Is the company using the right control systems to manage its operations?

• Are managers being adequately rewarded?

• Are the right rewards in place for encouraging cooperation among divisions?

• Do they occur because of bad strategy formulation or because of bad strategy implementation?

Organizational change is an important issue in many cases because the companies are attempting to alter their strategies or structures to solve strategic problems related to the host country. Consequently, as part of the analysis, you should suggest an action plan that the company could use to achieve its goals.

7. The quality of your recommendations depends on how thoroughly you research the principles of the global compact model and how well you apply them. Your recommendations should show the company specific ways of changing functional, business, and corporate strategies and organizational structure and control to achieve performance goals in the host country.