

ABB Relays



International Business
MKT 7460

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Introduction and scope

In the last few decades, communities around the globe have increasingly gained a new awareness of the world, realizing that their interactions are not limited to their immediate neighboring communities, but can span across land and sea to places they might never have heard of before. Companies, very much like the people who drive them, have journeyed across this revolution of cultural perceptions, in an attempt to embrace world markets to increase the company's expected returns.

However becoming an international firm has many benefits beyond the mere access to larger markets: for example, by tapping into the resources of different countries, the company can receive a comparative advantage in regards of its source material, labor, and production costs. Furthermore, the diversity of employees that the company has can potentially benefit its creative processes in every field, whether it is for product innovation, promotion, customer service, and so forth. Of course, this theoretical result is too good to be true. In reality, the cross-national company is faced with many problems of adaptation, synchronization, and other hindrances that in most cases arise from a lack of experience in dealing with very diverse market segments. In other words, although the objectives of a company is to obtain effects of scale, scope, and group synergy among its subsidiaries, the path that leads to these effects is rarely straightforward.

Theoretically everything a company does can be measured, assessed, adjusted, and benchmarked, so one may wonder about what breaks the utopia. There are of course macro-environmental uncertainties that can affect (positively or negatively) the operations of a company, however one of its most volatile elements factors down to one thing: human nature. The interpersonal dynamics that happen in a complex organization are relatively much harder (if not impossible) to accurately measure than financial data, not only because of the existing quantity of interactions, but because, by their very nature, the fact that they are constantly evolving. Therefore, in order to ensure its success, the international company must therefore delve deep into theories of management and human resources. Although these may be considered a “fuzzy” science, they do rest upon proven

experiences that have repeatedly brought the expected results to assess and solve problems of cross-national companies.

ABB Relays has been an international company since its creation. It belongs to a much larger international group (ABB), which has been organized with a certain management vision in hopes of obtain enduring success. This context has of course some implications for ABB Relays, and we will begin our study by presenting the main issues that its position creates. In a second part, we will review in more detail what has been the existing ABB strategy and how ABB Relays adapted to it in the past. We will follow by a third part in which strategic alternatives for ABB are considered, before deciding in a fourth part which strategy to follow and how it should be implemented to avoid potential pitfalls.

This full paper is available only upon request.

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