

Business Strategy

The organisation of the modern MNE is more complicated than the old models of Global, multi-domestic and translational suggest? Explain and discuss.

Introduction

The modern multinational enterprise is not a simple body since there are hundreds of elements which make up a company which is spread across the globe (Segal-Horn & Faulkner, 1999). The basic reason for the increased complication is the growth in the concept of globalisation and the operations of business without boundaries (Johnson et. al., 2005). While it might have been possible in the past to create and operate a giant company which has all inputs as well as outputs located in one country, it is certainly not the case for many businesses today (Edwards & Kuruvilla, 2005).

In today's world, a company can have its head office in London, the main production facility in China, the research laboratories in Germany and the support centre in Pakistan. At the same time, the individuals working for the company in different locations are likely to come from different cultures, have different logistical needs and they may even require different management policies (Hollinshead and Leat, 1995). While it may seem complicated, these elements are just some of the basic concerns of a modern MNE (Johnson et. al., 2005). However, it must be noted that the functioning of the company may be much simpler than comparative companies in the past and the size of the company can actually be tiny compared to the global organisations of the past.

The Modern MNE

The internet is certainly a great tool which allows relatively miniscule companies to come face to face with big players in the market. A company can have less than ten employees, work only with a capital of a few million and yet have a logistics and supply chain system which works better than giants such as BP. Margulius (2006) presents several examples of how companies can use information technology to improve their position in competing with larger companies on the basis of their created supply chains. This certainly complicates the organisation of the company since every individual is a key decision maker but at the same time, it lets the MNE be more agile in terms of conducting business across the world.

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