

The EPRG Framework and its Potential use when Selecting Foreign Investor

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Abstract

This paper aims to suggest a model to assist when deciding which foreign investor to select. In much of the current literature on the problem faced by the small transitional countries/companies, globalization by foreign transnational companies (TNCs) is considered to be the generic expansion strategy. The question is, however, which foreign investor to select. The paper evaluates the potentials of the EPRG scheme (Ethnocentrism, Polycentrism, Regiocentrism, and Geocentrism) in choosing foreign investor. The EPRG scheme identifies four basic orientations guiding companies' overseas operations, and typology – a company's profile while internationalization process is going on. The EPRG framework, as mainly suggested in literature, has its practical merits. It enables company to analyze and predict its competitors' behavior. This paper focuses upon transnational companies' potential impact on the host country by the use of the EPRG profile. The main conclusion we have reached, can be put as follows: The EPRG framework can assist in predicting the propensity of TNC to relocate particular function (procurement, production, marketing, R&D) to the affiliate, and is, therefore, a useful analytical tool in reaching an optimal decision as regards the question of selecting foreign investor who can best contribute to creating and upgrading competitive advantages of host country's companies and national economy development.

Key words: expansion, globalization, transition, TNCs, EPRG scheme, competitive advantages

Povzetek

Model EPRG in njegova uporaba pri izbiri tujega investitorja

Prispevek skuša predlagati model, ki bi pomagal pri odločanju o izbiri tujega investitorja. V večini novejših literatur o tem problemu, s katerimi se soočajo majhne tranzicijske države/podjetja, globalizacijo transnacionalnih podjetij obravnava kot generično strategijo širitve. Vprašanje, ki se pri tem postavlja, je, katerega tujega investitorja izbrati. Zato prispevek ovrednoti možnosti modela EPRG (etnocentrizem, policentrizem, regiocentrizem in geocentrizem) pri izbiri tujega investitorja. EPRG opredeljuje štiri osnovne usmeritve v mednarodnem delovanju podjetij in tipologijo – profil podjetja v procesih njegove internacionalizacije. EPRG ima, kot navaja večina literature, tudi svoje praktične odlike. Podjetju omogoča analizo in predvidevanje obnašanja njegovih konkurentov. Poglavitni sklep je: EPRG lahko pomaga napovedati, ali bodo transnacionalna podjetja

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relocirala nekatere dejavnosti (nabavo, proizvodnjo, trženje, raziskovanje in razvoj) v podružnicah. Tako EPRG postane uporabno analitično orodje pri določanju optimalne rešitve vprašanja o izbiri tujega investitorja, ki bi najbolje prispeval k ustvarjanju in izboljševanju konkurenčnih prednosti podjetij v državi gostiteljici in s tem k razvoju nacionalne ekonomije.

Ključne besede: ekspanzija, globalizacija, tranzicija, transnacionalna podjetja, shema EPRG, konkurenčne prednosti

1. INTRODUCTION

Foreign Direct Investments (FDI) are considered to be the critical successful factor for restructuring enterprises in transition and integrating them in the world market due to the range of developmental resources they make available (capital, new technology, operational know-how, organizational and marketing know-how, human resource development). That explains for the attention devoted to FDI, and for increased interest among transitional countries as well as among other developing countries to attract investments by TNCs. Despite the growth of FDI in transitional economies (TE), the capital inflow is still low when compared to that in other developing countries. Besides, the expectation of these TE seems to be too high, both with regard to type of investment and the role of TNC in solving the clusters of transitional needs. However, attracting FDI is not the objective *per se*. The objective should be to attract those TNCs that can best contribute to companies restructuring and host country development. The problem is, therefore, how to evaluate which company, i.e. foreign investor, can best contribute to company restructuring and eventually to national economy development.

It is widely accepted that Foreign Direct Investment (FDI) will take place, if and only if, three sets of variables exist simultaneously. These variables are known as »OLI« – the presence of ownership specific competitive advantages (O) in a TNC, the presence of locational advantages in the host country (L), and the presence of superior commercial benefits in an intra-company basis (I) as opposed to an arm's length relationship between investors and recipients. The first and the third conditions are firm specific determinants of FDI. The second is location specific and it has a critical influence on a host country's inflows of FDI. If only the first condition is met, firms rely on exports, licensing, or on transfer of patents to enter and service a foreign market. If the third condition is added to the first, FDI becomes the preferred mode of doing business in a foreign market, but only in the presence of location specific advantages.¹

According to last available data, FDI inflows continued their strong recent growth to reach \$ 1.3 trillion in 2000. In terms of broad country groups, the developed world continued to attract over three-quarters of global FDI inflows in the past two years. In 1999, the share of developing countries fell by 6 percentage points, to 21 per cent; in 2000 it declined yet further to 19 per cent. FDI inflows in Central and Eastern

¹ For more details see: Dunning, H. J., *Multinational Enterprise and the Global Economy*, Addison-Wesley, Great Britain, 1994, from p. 270

Europe (CEE) increased in 2000 to a new record level of \$27 billion. Despite the surge of inflows, these economies have attracted substantially less FDI than other regions in the world. CEE maintained its share of 2.3 per cent in 2000 in terms of world inflows. The respective figure for East Asian developing countries (China excluded) is 10.4 per cent.²

Uneven regional distribution of world FDI inflows, high concentration level among few countries within the region, and oscillations in annual inflows are explained by the »cherry picking« effect. Namely, foreign investors assess very carefully both the country and the project to invest in. After selecting and investing in the project, i.e. company or »healthy« part of the company, investment interest is declining. Besides, when an expectation with regards to FDI inflows is not fulfilled, the host countries governments make mistakes and changes toward more restrictive policies are initiated. These additionally discourage foreign investors. In literature, this kind of relationship between host country and a foreign investor is termed as »conflict stage« that follows a honeymoon stage. The shape was observed in the case of developing countries in the eighties and now in the case of transitional countries.³

This paper is a continuation of my research related to TNCs in general, and with the possibilities to attract them into Republic of Croatia. The basic assumption of the research is that FDI are not the objective *per se*. The objective is to attract those FDI that can best contribute to Croatia's economic/development objectives. In order to avoid possible misunderstandings between Croatia/host country governments and investors/TNCs the precondition should be an evaluation of the characteristics of the TNCs in relation with the host country environment. This paper links and discusses two concepts: the EPRG framework and the concept of value added chain, and it raises the question on the type of TNCs that might be a preferable one. It analyzes and evaluates the type of affiliation and its strategic role in the intra-company division of labor. That is the starting point for better understanding of TNCs, their objectives and propensity to relocate specific value added activities, as well as for determining the types of affiliates that are less, or more, »attractive« from the host country point of view. Finally, I will suggest the general model to assist when deciding which foreign TNCs to select.

2. THE EPRG FRAMEWORK: MEANING, IMPORTANCE AND PRACTICAL MERITS

The Ethnocentric, Polycentric, Regiocentric, and Geocentric Framework (EPRG) dates back to Perlmutter (1969) and his associates Wind and Douglas (1973). When formulated, the framework included three stages (EPG). The EPRG framework identifies four management approaches or orientations of the

² UNCTAD, DTCL, *World Investment Report 2001*, p.p. 9, 34, 256, www.unctad.org.

³ Compare with Svetličič, M., Rojec, M., »FDI and the Transformation of Central European Countries«, *Journal of International Business, Management International Review*, Gabler, Vol. 34, 4/94.

company while internationalization process is taking place. The framework is based on the assumption that the level of a company's involvement in the international business gradually evolves.⁴

EPRG orientations describe an exporter's process of evolution and internalization. Companies begin by being Ethnocentric, i.e., they emphasize their domestic market in decision making. As experience and involvement in exporting is increasing, companies become Polycentric – they emphasize a host market in decision making. As the number of export markets increases, the company may become Regiocentric – emphasize a region (e.g., South America, North America) in decision making. Finally, Geocentric companies are worldwide oriented and emphasize both multiple markets and regions in decision making.

Ethnocentric orientation. The domestic company seeking sales extension of its domestic products into foreign markets illustrates this orientation. Domestic business is its priority, even though foreign markets may be vigorously pursued, since company's orientation remains basically domestic. Company seeks markets where demand is similar to the home market and foreign sales are seen as »profitable extension of domestic operations«⁵. Marketing planning is conducted in the home country. There is no systematic overseas research. Minimal, if any, efforts are made to adapt the marketing mix.

Polycentric orientation. Once a company recognizes the importance of differences in overseas markets and the importance of its international sales to their organization, it becomes country-by-country oriented, i.e. it focuses on each export market separately. Affiliates operate independently of one another in establishing marketing objectives and plans, and domestic market and each of the host country markets have separate marketing mixes with little interaction among them. Company guided by this orientation has a strong belief »that country markets are vastly different (and they may be, depending on the product) and that market success requires an almost independent program for each country.«⁶

Geocentrism is based on the belief that it is possible to identify both similarities and differences and to formulate global marketing strategies fully responsive to local needs and wants. Geocentric company thinks globally and acts locally. It adopts a global strategy allowing it to »minimize adaptation in countries to that which will actually add value to the country customer. This company does not adapt for the sake of adaptation. It only adapts to add value to the customer.«⁷

⁴ For more details see Perlmutter, H. V., »The Tortuous Evolution of the Multinational Corporation«, p.p. 489–502 in: Baker, J. C., Ryans, J. K., Howard, D. G., *International Business Classics*, Lexington Books, USA, 1988.

⁵ Keegan, W., *Global Marketing Management*, Fourth Edition, Prentice Hall, Englewood Cliffs, New Jersey 1989, p. 9.

⁶ Cateora, R. P., *International Marketing*, Eighth Edition, IRWIN, Homewood, IL, Boston 1993, p. 21.

⁷ Keegan, W., *Global Marketing Management*, Fifth Edition, Prentice Hall, Englewood Cliffs, New Jersey 1995, p. 47.

Regiocentrism is a transitional phase between polycentric and geocentric orientation. The company views the similarities and differences between regions. The regiocentric orientation is a geocentric orientation that is limited to a region; that is, management will have a world view toward its region, but will regard the rest of the world with either an ethnocentric or a polycentric orientation, or a combination of the two.⁸

Following the original work of Perlmutter, (1969) and Wind, Douglas and Perlmutter, (1973) Keegan⁹ suggested enriched model describing stages of the TNCs. In essence it is a kind of dynamic typology, and is presented in table 1.

Table 1. Stages in the Evolution of the TNC

| Stage and Company | Strategy | View of World | Style/Model | Orientation |
|--------------------|---------------|---------------------------------|-----------------------------|--------------|
| 1 Domestic | Domestic | Home Country | NA | Ethnocentric |
| 2 International | International | Extension Markets | Coordinated Federation | Ethnocentric |
| 3 Multinational | Multinational | National Markets | Decentralized Federation | Polycentric |
| 4 Global | Global | Global Markets or Resources | Centralized Hub | Regiocentric |
| 5 Transnational | Global | Global Markets and Resources | Integrated Network | Geocentric |

Source: Adopted from Keegan, W., *Global Marketing Management* (1989), p. 8., and Keegan, W., *Global Marketing Management* (1995) p. 363.

According to Keegan's typology, companies are gradually evolving through different stages—from domestic to transnational stage of development. As the process of internationalization is going on, companies change. They change their orientation, the view of the world. They have different focus, vision, strategy, and structure, R&D policy, human research policy, financial, product development, communication and investment policy.¹⁰

The EPRG framework, as mainly suggested in literature, has its practical merits. It has been mainly used to describe the stages firms go through during internalization and as a prescriptive tool for deriving relevant strategies on the basis of firms' orientation.

Ethnocentric Company's behavior is always easy to predict. The E type companies would always do business in the same way—as if they were in the home country. They have the same management style, same methods, and values. E companies transfer home country marketing-mix abroad. Polycentric Company's behavior is also easy to predict. They will always adapt marketing-mix to local conditions.

In stage three-companies, i.e., Regiocentric companies, the marketing strategy will be homogeneous intra-regionally, but will differ between regions (inter-regionally). Geocentric Company's behavior is difficult to predict, since they are driven

⁸ Douglas, P. S., Craig, C. S., *Global Marketing Strategy*, McGraw-Hill, Inc., USA, 1995, p.p. 243–247.

⁹ Keegan, W., 1989, p. 7, Keegan, W., *Global Marketing Management*, Fourth Edition, Prentice Hall, Englewood Cliffs, New Jersey 1989, p. 7.

¹⁰ Keegan, W., *Global Marketing Management*, Fifth Edition, Prentice Hall, Englewood Cliffs, New Jersey 1995, p.p. 20–21.

by reality. They extend, adapt, and create global products from scratch or by extending existing brands as appropriate.

In the next section of the paper we shall focus on the potential contribution of TNCs in developing resources of local recipients, which should enable them to play an active role as Implementers or Contributors in the intra-company system.

3. WHICH FOREIGN INVESTOR TO SELECT?

In much of the current literature on the problem faced by the small transitional countries/companies, globalization by foreign TNCs is considered to be the generic expansion strategy. The question is, however, which foreign investor to select.¹¹ When facing this kind of dilemma, it would be always bearing in mind that FDI is not the objective *per se*. Besides, both TNC and host country are economic agents. They both have their own economic interest/objectives, not necessarily the common ones. Or, to put it bluntly, the TNCs objective is profit. Host country's objective is development of the country. It is theoretically explained, and there is empirical evidence that TNCs while realizing their objectives can contribute to host country development. To what extent TNCs can contribute to host country integration to the world market, what would be the contribution to local resources and capacity development depends on many factors. In explaining these, I will use the value-added chain concept.

3.1. Value Chain

The concept of the value added-chain popularized by Porter¹² allows disaggregated analysis of the benefits/advantages created due to the internationalization of different value-creating activities of the TNCs. The purpose of all value-creating activities is creating customer value that is greater than the value created by competitors. Profit results if the value created through performing the required activities exceeds the collective cost of performing them. Every company strives to achieve a quality-cost combination, which maximizes customer value and company's profit. The value equation, shown in figure 1, is a guide to this task.¹³

Figure 1. The Value Equation

$$V = B/P$$

Where

V = Value

B = Perceived Benefits

P = Price

As suggested in the equation, competitive advantage is a function of either providing comparable buyer value more efficiently than competitors (low cost), or performing activities

at comparable cost but in unique ways that create more buyer value than competitors, and hence, command a premium price (differentiation). Companies that use price as competitive weapon should have a strategic cost advantage. The advantage might come from cheap labor or access to cheap raw material, from manufacturing scale or efficiency or more efficient management. Knowledge of the customer combined with innovation and creativity can lead to product improvements and service valuable to customers. Therefore, increasing the numerator or reducing the denominator enhances value for the customer. For a company that competes internationally it is essential to decide on two key dimensions in order to enhance value for the customer: 1) Configuration of activities and 2) Coordination of activities.

Configuration of Activities reflects the ability of the company to perform value-added activities (R & D, Production, Assembly, Marketing and Sales, Service) in a way that contributes either to costs lowering or to differentiation.¹⁴ Configuration options range from *concentrated* – performing an activity in one location and serving the world from it, for example, one R & D lab, one large plant – to *dispersed* – performing the activity in every country. In the extreme case, each country would have a complete value chain.¹⁵

The configuration options, therefore, have to do with issues as: where to perform value creating activities, at one location or two or more locations, and in what countries? The second dimension, **coordination**, refers to how similar or linked activities performed in different countries are coordinated with each other. The coordination issues, in general, have to do with such things as the allocation of tasks among the activities performed in different countries and the extent of interchange among them. Coordination potentially allows the sharing and accumulation of know-how and expertise among dispersed activities, as well as opportunities for arbitrating knowledge, obtained in different aspects of the business. It also potentially improves the ability to reap economies of scale in activities if subtasks are allocated among locations to allow some specialization. Coordination yields flexibility in responding to competitors by allowing the firm to respond to them differently in different countries and to retaliate in one country to a challenge from another. Finally, coordination enhances leverage with local governments if the firm is able to grow or shrink activities in one country at the expense of others.¹⁶

Following the above analysis it can be said that TNC derives many forms of competitive advantages from *where* it performs value-added activities (configuration) and how it performs them on a worldwide basis (coordination issues). After explaining the importance and the ways of structuring these activities, it would be necessary to focus on the host

¹¹ See in Crnjak-Karanović, B., »Views on Transition Problems of the Croatian Economy from the Standpoint of International Marketing.« *Tržište*, Vol. IX, No. 1/2, 1997, pp. 63–73.

¹² For details about the value-chain see in Porter, E. M., *Competitive Advantage*, The Free Press, New York 1985, p.p. 33–61.

¹³ Keegan, J. W., 1989, p.p. 273–274.

¹⁴ Tompson, A. A., Strickland, A. J., *Strategic Management, Concepts and Cases*, Sixth Edition, IRWIN, Homewood, IL, Boston, MA, 1993, p. 140.

¹⁵ Porter, E. M., *The Competitive Advantage of Nations*, 1990, The Free Press, A Division of Macmillan, Inc., New York 1990, p.p. 56–57.

¹⁶ Porter, E. M., »Competition in Global Industries: A Conceptual Framework«, p.p. 30–35 in: *Competition in Global Industries*, Edited by Porter, E. M., Harvard Business School Press, Boston, Massachusetts 1986.

country to explain the strategic role national organization/affiliate may have in the intra-company division of labor. That is the basis for creating an analytical model for assessing and selecting foreign investor.

3.2. Strategic Positions of the Affiliate within the TNC

TNCs' contribution to local companies (affiliates) activities development depends on the strategic role of the affiliate in the value-added chain. Different types of affiliates exist and these may vary along several dimensions, including the following:

1. Nature of activity – as between sales/marketing, extraction, assembly and manufacture.
2. Orientation of the investment – market oriented, cost oriented and raw material oriented.
3. Age of affiliate – which may affect plant status.
4. Method of establishment – »greenfield« or acquisition.
5. Organization and control – and centralization & decentralization of decision-making *vis-a-vis* production, marketing, R&D, etc.¹⁷

Poynter and White¹⁸ have developed a five-fold classification of affiliate according to the nature of the activity performed, the orientation of the affiliate and its interrelationship with the parent company, and this is shown in Figure 2.

Company size and the extent of internalization will be important determinants of the type of affiliate established. For small companies and those in the early stages of internalization (Ethnocentric), their early affiliates will be miniature replicas and/or marketing satellites. For larger TNCs as well as for those adopting global strategy and are planning and coordinating their activities regionally (Regiocentric) or globally (Geocentric), affiliates will tend to be rationalized manufacturers, product specialists or strategic independents.

Figure 2. Types of Affiliates

| Types | Main Characteristics |
|--------------------------|---|
| Miniature replica | A business which produces and markets some of the parent's product lines or related product lines in the local country |
| Marketing satellite | Marketing affiliates which sell into the local trading area products which are manufactured centrally |
| Rationalized manufacture | Where the affiliate produces a particular set of component parts or products for a multi-country or global market |
| Product specialist | Where the affiliate develops, produces and markets a limited product line for global market |
| Strategic independence | Where the affiliates are permitted independence to develop lines of business for either a local, multi-country or global market |

Source: Poynter, T. A., White, R. E., *The Strategies of Foreign Subsidiaries: Responses to Organizational Slack*, (1984), p. 186.

From the host country point of view, Miniature replica and Marketing Satellite are less »desirable« types of affiliates.

¹⁷ Young, S., Hamill, J., Wheeler, C., Davies, J. R., *International Market Entry and Development*, 1989, p. 239.

¹⁸ Poynter, T. A., White, R. E., »The Strategies of Foreign Subsidiaries: Responses to Organizational Slack«, *International Studies of Management and Organizations*, Winter, 1984, p.p. 180–193.

Affiliates are a kind of parent's value-added replica, except for technology and finance, which are »imported« from parent companies. There is one-way communication between parent company and affiliates, and cooperation is limited to few activities. This kind of integration of a national organization within the TNC is considered to be a shallow type. Shallow integration mostly occurs in the host countries with high trade barriers, high transportation and communication costs, and when FDI are allowed. Rationalized manufacturer, Product specialist, and Strategic independence type are more preferable types (see explanations in a figure 2.) both with regards the activities performed in the affiliate and with regard the coordination of activities between parent company and affiliate.

4. DISCUSSION AND CONCLUSIONS – SUGGESTING A MODEL FOR TNCs' ASSESSMENTS

The TNCs universe is heterogeneous and complex. So is the host countries' environment. That is why none of the models, including the one suggested in the paper, can capture all the ties and relationships between TNCs and host countries companies. The intention is, however, to create a starting point – the analytical framework that can contribute to better understanding of the complexity of the problem and by suggesting variables that should be taken into consideration, to help decision-makers to reach an optimal solution when choosing foreign investor.

The model suggested comprises two analytical parts. The first, as shown in Figure 3, links the environment potentials with possible generic roles of national organizations.

The figure is based on the approach developed by Bartlett and Ghoshal,¹⁹ but the basis and the purpose of analysis are different. The starting point in their analysis is a parent company and generic role of national organizations in building transnational organization. This paper focuses on the host country and strategic roles that might be expected depending on the local conditions.

Figure 3. Four Generic Roles of National Organizations

| | | | |
|---|------|---|------------------------|
| Strategic Importance of Local Environment | High | I Black Hole | II Strategic Leader |
| | Low | III Implementer | IV Contributor |
| | | Low | High |
| | | Level of Local Resources and Capabilities | |

Source: Adapted from Bartlett, A. C., Ghoshal, S., *Managing Across Borders*, (1993), p. 106.

¹⁹ See in Bartlett, A. C., Ghoshal, S., *Managing Across Borders, The Transnational Solution*, Harvard Business School Press, Boston, Massachusetts, 1993, p.p. 98–104.

There are four generic roles that an affiliate can play in fulfilling objectives of the TNC, depending on the size of a host country market, and the level and forms of competition in a local country market. Besides, national organization's/affiliate's level of competence – in technology, production, organization, marketing, or another area are very important.

The host country can expect strategic leader position (cell II) only if the affiliate's competencies are comparable/complementary with parent company and if at the same time, the national market is considered to be of strategic importance for the parent company/TNC system. If the level of local competencies is high but the market is small and/or is not of strategic importance for TNC, the national organization may function as Contributor (cell IV). Whether that role would be assigned to the national organization, would depend on local government and local managers capabilities to pursue and agree with parent company on the conditions that would enable continuous cooperation, exchange of the knowledge, and integration in the company's global networks. Without external pressures and global tasks existing local capabilities would easily erode.

Black hole (cell I) is the worst position, both from a host country and from TNC's point of view. To »fill« the hole is highly demanding, expensive and time consuming task. In essence, it is a long-term investment project with results that are difficult to predict.

Implementer (cell III) is a typical role for the situation when affiliate have just enough competence to maintain their local operations in a host country market which is not strategically important for the company. These types of affiliates cannot contribute much to the strategic knowledge of the firm as a whole. They do not have access to critical information, do not have distinctive competencies, or control scarce resources. Fundamentally, they are implementers-deliverers of the company's value added. Therefore, host country/affiliate should not expect more important strategic role to be assigned to the national organization in this kind of situation.

The basic variables that should be taken into consideration when evaluating the TNCs as potential investors are presented in Table 2. When TNCs propensity to relocate key resources is observed, it is possible to conclude that E type companies are less preferable investors. Key resources, which are the essence of competitive advantages, are always retained in the home country. A similar statement can be made for the knowledge. It is always created in the center and is transferred to the »periphery«. Having in mind that everything that is domestic (domestic products, practices, etc.), is considered to be superior, for the E type companies, it is possible to conclude that all important/sophisticated procurement, will be favored from the home country. In short, ethnocentric companies are reluctant to relocate a wide spectrum of activities, particularly those at the higher spectrum of the value-added chain. We conclude: E type companies have limited contribution to development of competitive advantages of companies in host countries.

Besides, the spill-over effects are very limited; therefore, they are investors with limited contribution to host country development.

For the P, R and G type companies the analysis should be enriched i.e. besides variables presented in the table 2, some additional factors should be taken into consideration. In the case of polycentric companies, for example, the question is whether the management of the investment/affiliate as a portfolio investment can contribute to host country development? Besides, the affiliate contributes to import substitution, but not to the export promotion.

For the R and G companies, decisions regarding local affiliates are influenced by regional and global conditions. Global companies, type four i.e. Regiocentric, and type five i.e. Geocentric, are scanning opportunities on a worldwide basis and are able to respond to changes in prices, to the movements in exchange rates and factor costs, as well as to local governments policies. Rationalizations are quite frequent and competitive pressures may lead to close down of the affiliate.

Table 2. TNC's Assessment by the use of EPRG Profile

| | E | P | R | G |
|---|--|--|---|---|
| Key resources | Core centralized, others dispersed | Decentralized and self-sufficient | All in home country except marketing or sourcing | Dispersed, interdependent, and specialized |
| Knowledge Creation and Dissemination | Created at center and transferred | Retained within operating units | Marketing or sourcing developed jointly and shared | All functions developed jointly and shared |
| Type of the Affiliate | Miniature replica, Marketing satellite | Miniature replica, Rationalized manufacturer | Rationalized manufacturer, Product specialist, Strategic independence | Rationalized manufacturer, Product specialist, Strategic independence |
| Strategic Role of the Affiliate | Implementer | Implementer | Implementer Contributor | Implementer Contributor, Strategic leader |
| Procurement sources | Home country | Host country | Region | World |

Finally, it would be necessary to conclude the paper with two suggestions: Firstly, it seems that economic power of TNCs is underestimated, or, at least there is not enough knowledge about their importance and economic power. To illustrate at this point economic power of TNCs (indicator is annual sales) and economic power of countries (GDP is an indicator) is compared. In the first fifty places on the common list, countries hold 36 places and 14 places are held by TNCs. In the next fifty places, 18 places are held by countries and 32 by TNCs. In the first hundred places, countries are more numerous, than TNCs, but only with proportion of 54 to 46.²⁰ Having this information in mind it would be reasonable for Croatia, as a small transitional country, to establish Center for TNCs which will research and monitor activities of these companies, and would help companies/government to

²⁰ Own calculations according to »World Investment Report« (1999), p.p. 35–35 and »World Economic Factbook 1998/1999«, Euromonitor, Fifth Edition, London, UK, 1999.

increase their knowledge about TNCs and consequently their bargaining power. Secondly, since TNCs are capable to relocate a wide array of their activities abroad, it is increasingly important for the host countries to change their policies and to shift from the system of regulations towards a new system, i.e. establishment and development of bargaining capabilities.

DISKUSIJA IN SKLEPI

Univerzum transnacionalnih podjetij je heterogen in kompleksen. Enako tudi okolje države gostiteljice. To je razlog, zakaj nobeden izmed modelov, niti predlagani, ne more zajeti vezi in odnosov med transnacionalnimi podjetji in podjetji držav gostiteljic. Namen je ustvariti začetno točko – analitično ogrodje, ki lahko pripomore k boljšemu razumevanju kompleksnosti problema, in s predlogom variabel, ki bi se morale upoštevati, odločevalcem pomaga najti optimalno rešitev pri izbiri tujega investitorja.

Predlagani model sestavljata dva analitična dela. Prvi, kot je prikazano v matriki 3, povezuje območne potenciale z možnimi generičnimi vlogami nacionalnih organizacij.

Matrika temelji na pristopu, ki sta ga razvila Bartlett in Ghoshal, vendar sta tokrat osnova in namen analize drugačna. Začetna točka v njeni analizi je matično podjetje in generična vloga nacionalnih organizacij v gradnji transnacionalne organizacije. Pričujoči tekst se osredotoča na državo gostiteljico in njene pričakovane strateške vloge glede na lokalne razmere.

Podružnica lahko pri zadovoljevanju ciljev transnacionalnih podjetij igra štiri generične vloge, odvisno od velikosti trga države gostiteljice, ravni in oblik kompetitivnosti na lokalnem trgu. Zelo pomembna je tudi raven zmogljivosti organizacije/podružnice – tehnoloških, produkcijskih, organizacijskih, marketinških idr.

Država gostiteljica lahko pričakuje pozicijo strateškega vodje (matrika 3, II. kvadrant) le, če so zmogljivosti podružnice primerljive/komplementarne z matičnim podjetjem in če je sočasno nacionalni trg strateškega pomena za matično podjetje/sistem transnacionalnega podjetja.

Če je raven lokalnih zmogljivosti visoka, trg pa je majhen in/ali nima strateškega pomena za transnacionalno podjetje, lahko nacionalna organizacija funkcionira kot sodelavec (matrika 3, IV. kvadrant). Ali se takšna vloga lahko dodeli nacionalni organizaciji, je odvisno od zmogljivosti lokalne vlade in lokalnih menedžerjev da bi sledili in se strinjali z matičnim podjetjem glede pogojev, ki bi zagotavljali stalno kooperacijo, izmenjavo znanja in integracijo v globalno mrežo podjetja. Brez zunanjih pritiskov in globalnih nalog, bodo obstoječe lokalne zmogljivosti hitro izginile.

Črna luknja (matrika 3, I. kvadrant) je najslabša pozicija, tako s stališča države gostiteljice kot s stališča transnacionalnega podjetja. »Napolniti« luknjo je zelo težka, draga in dolgotrajna naloga. To je dolgoročen investicijski projekt z rezultati, ki jih je težko napovedati.

Izvršilec (matrika 3, II. kvadrant) je tipična vloga za situacijo, ko imajo podružnice ravno prav visoko kompetenco, da ohranjajo svoje lokalne operacije na trgu države gostiteljice, ki ni strateško pomemben za podjetje. Takšne vrste podružnic ne morejo prispevati veliko k strateškemu znanju podjetja kot celote. Nimajo dostopa do pomembnih informacij, nimajo jasnih sposobnosti ali kontrolirajo omejene vire. So izvršilci dostavljalci dodane vrednosti podjetja. Zato gostujoča država/podružnica ne sme pričakovati, da bi bila nacionalni organizaciji v tej situaciji zaupana pomembnejša strateška vloga.

Osnovne variable, ki jih je treba upoštevati, ko ocenjujemo transnacionalna podjetja kot potencialne investitorje, so predstavljene v tabeli 2. Ker je mogoče opaziti tendenco transnacionalnih podjetij k relokaciji ključnih virov, lahko sklepamo, da so podjetja tipa E manj zaželeni investitorji. Ključni viri, ki so osnova kompetitivnih prednosti, se vedno zadržijo v domači državi. Podobno je mogoče reči o znanju. Vedno je ustvarjeno v centru in prenešeno na »periferijo«. Ob upoštevanju, da podjetja tipa E vse, kar je domačega (domači izdelki,

prakse itd.) obravnavajo kot superiorno, je mogoče sklepati, da bo favorizirana vsa pomembna/sofisticirana nabava iz domače države. Na kratko, etnocentrična podjetja nerada relocirajo večji del aktivnosti, posebej tistih, ki zavzemajo pomembnejše mesto v verigi dodane vrednosti. Sklep: prispevek podjetij tipa E k razvoju kompetitivnih prednosti podjetij v državi gostiteljici je omejen. Poleg tega so učinki »prelivanja« zelo majhni, zato so to investitorji z omejenim vplivom na razvoj države gostiteljice.

Pri podjetjih tipa P, R in G moramo analizo obogatiti, kar pomeni, da moramo poleg variabel, predstavljenih v tabeli 2, upoštevati še nekatere dodatne dejavnike. V primeru policentričnih podjetij na primer je vprašanje, ali upravljanje investicije/podružnice kot investicije v portfelj lahko pomaga pri razvoju države gostiteljice. Poleg tega podružnica prispeva k nadomeščanju uvoza, k promociji izvoza pa ne.

Pri podjetjih R in G na odločitve o lokalnih podružnicah vplivajo regionalni in globalni pogoji. Globalna podjetja, tip št. 4, tj. regiocentrična, in tip št. 5, tj. geocentrična, preučujejo priložnosti v svetovnem merilu in so zmožna odgovoriti na spremembe cen, gibanje menjalnih tečajev in posredne stroške in tudi na lokalne vladne politike. Racionalizacije so precej pogoste in kompetitivni pritiski lahko vodijo k zaprtju podružnice.

Končno, bilo bi nujno končati prispevek z dvema predlogoma: prvič, zdi se, da je ekonomska moč transnacionalnih podjetij podcenjena ali pa vsaj ni dovolj znanja o njihovi pomembnosti in ekonomski moči. Da bi to bolje ilustrirali, primerjamo ekonomsko moč transnacionalnih podjetij (indikator je letna prodaja) z ekonomsko močjo držav (indikator je bruto domači proizvod). Na prvih 50 mestih skupnega seznama so na 36 mestih države, transnacionalna podjetja pa na 14 mestih. Na prvih sto mest je uvrščenih več držav kot transnacionalnih podjetij, vendar samo v razmerju 54 proti 46. Če upoštevamo to informacijo, bi bilo v Hrvaški kot majhni tranzicijski državi pametno ustanoviti center za transnacionalna podjetja, ki bi raziskoval in nadziral aktivnosti teh podjetij in bi pomagal podjetjem/vladi povečati znanje o transnacionalnih podjetjih ter posledično njihovo pogajalsko moč. Drugič, odkar so transnacionalna podjetja sposobna alocirati širok spekter svojih dejavnosti v tujino, je za države gostiteljice vedno bolj pomembno, da spremenijo svojo politiko in se od sistema reguliranja pomaknejo proti novemu sistemu, tj. ustanovitvi in razvoju pogajalskih sposobnosti.

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