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International Strategy: is it Meeting the Challenge?

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Abstract
International strategy (IS) is the approach by which an organisation’s capabilities and resources are directed to generate value utilising the global market’s opportunities (and risks). Many of the largest multinationals invest significant resources in their IS, however, the literature does not offer any substantive model for the process. This paper presents a model of the IS process which comprises two parts, the first part is made up of inputs, development and outputs and the second comprises a feedback loop based on organisational performance measurement and its interpretation which impacts on the first part stages of inputs and development. The content of the model is explained and justified using examples of practice. Inputs are comprised of market information, human resources, diversity and value creation and host country environmental factors. Development is comprised of preparation and learning, planning and scrutinising partnerships, anticipating impacts of globalisation, anticipating impacts of technology, location, experience effects, planning competencies, planning for cost effectiveness, scenario planning, planning structures and operations, leadership and ethics. Outputs are comprised of structure, scope of operations, target countries, facility location and positioning. Performance interpretation explains rapid and major changes in IS outputs, such as structure and business unit portfolios, whilst process complexity explains observed output similarities for organisations reacting to similar inputs and suggests an evolutionary approach in their determination.

1. Introduction
International strategy (IS) is the approach by which an organisation’s capabilities and resources are directed to generate value utilising the global market’s opportunities (and risks). Many of the largest multinationals invest significant resources in IS, however, the literature does not offer any substantive model for the process. Despite some significant developments in the 1970s and 80s of models describing the stages of IS ‘maturity’, such as Johanson and Vahlne’s (1977) Uppsala internationalization model, there has been little development of models for the process utilise to develop their IS.

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For example, Ricart et al (2004) identified that, of the 84 research papers published on IS in the Journal of International Business Studies between 1970 and 2003, only 12 dealt with core strategy. The remainder all dealt with specific issues such as entry modes, marketing etc. In addition, the stages models describing the results of IS, such as Uppsala have been strongly criticised in the more recent literature (e.g. Oviatt and McDougall, 1994), further indicating the need for an IS process model. The research agenda for the development of such a model is clear; Ricart et al (2004) noted that there are three perspectives on the development of international businesses strategy-activity, resource and knowledge based, but that little work has been done to attempt to link these three perspectives. Furthermore, they noted that impact on performance of factors such as business characteristics, industry characteristics and cluster effects are also not considered by the contemporary IS planning literature. They recommended IS research consider more integrating models. Crick and Spence (2005) support of these observations by concluding that no single theory could fully explain the strategic decision outcomes identified in their research of UK based high-technology international businesses. Whilst, Melin (1993) provided a starting perspective for this research by suggesting that the three principal perspective for IS research - the stages models (eg Johanson and Vahlne, 1977), the relationship between strategy and structure (to be considered later in this paper) and the administrative processes all have significant drawbacks, in particular, all being too normative. The basis for developing an IS process model must, therefore, be broad in its perspectives and integrative in its nature. This paper presents a model for this process which comprises the three key stages of the IS process; inputs, development and outputs – reflecting the perspectives of the current literature. The elements of each of these stages are described with reference to literature and examples. The model is then completed with the addition of a feedback loop based on organisational performance and its interpretation which impacts on the first two stages of strategy inputs and development. The contextual background for this model is presented in the literature review following.

2. LITERATURE REVIEW

To provide a background for the development of an IS process model a brief review of IS models and related literature follows. It has been grouped under the characteristics headings of factors, focus, alternative approaches and integration.

Factors
Local conditions such as wage rates, politics and competitive threats are frequently considered in output oriented models of IS. For example, Montout and Zitouna (2005) developed a theoretical model that explained how local wage rates and tariff barriers affected the structure of international businesses. Hillman and Wan (2005) developed a model of the political strategies of international businesses which incorporated the influences of isomorphism within the business and within the host country. Such models do not consider the process of strategy development, however do identify important considerations for inclusion in this process. Delios and Henisz (2003) also concluded that the political environment was as significant a factor for the strategic planning process as the more traditionally recognised factors, such as economic uncertainty.
The significance of resource allocation also featured in several models in the recent literature. For example, Crick and Spence (2005), found that the internationalisation
strategies of 'high performing' UK high-technology small and medium-sized enterprises could be modelled using a resource based view of the organisation, together with incorporating networking and contingency factors in their planning. Tan and Tan (2005) modelled the impact of the environments on state owned Chinese enterprises transitioning to commercial ownership. The model predicted the failure of many of these organisations due to an inability of the strategic planning process of these companies to effectively match operations to new environmental conditions (resulting from a move from a command/institutional to a market-based economy). This research points suggests that the IS processes used by international businesses must ensure a correct match between the environment and the organisation's operations (and structure) if it is to survive.

Focus
The literature provides a range of different potential focuses for the IS process. London and Hart (2004) suggested that IS development should focus on the base of the 'economic pyramid' (low income earners) because it is the largest and fastest-growing segment of the world's population. They identified mandates for IS model development by noting that strategies for entering these markets had not been effectively considered in the literature. They concluded that the IS process for this market should reflect its patterns of economic development (different to those allowed-for in the traditional literature) by focusing on the strategy outputs of adopting non-traditional partners, local capacity and local processes.

Jaffe et al (2005) found that a framework could be developed to identify the optimum strategy outcome for a domestic business being threatened by the entry of an international business. The scope of current markets and strategic assets were significant factors in their strategy model, which focused on the strategic outcomes (identifying strategies such as contest, cooperate and defend), but did not consider the process.

Chetty and Campbell-Hunt (2004) suggested that a desirable outcome of IS development was the radical transformation of the organisation, resulting from a rapid rate of growth destabilising the organisation and allowing more entrepreneurial behaviour, as well as stronger learning capabilities. Slightly more conservatively, Fleury and Fleury (2003) concluded that the role of organisational competencies in the strategic planning process has changed dramatically over the last a 10 to 15 years, forcing organisations to redefine their perspective of important capabilities as part of strategic planning process.

Alternative approaches
A number of alternative approaches that could be incorporated into IS process models are provided in the literature; two significant examples will now be considered. Zahra's (2005) review of Oviatt and McDougall's concept - International New Ventures (IMVs) - points out that the strategy development process in which international business utilises international entrepreneurship requires a value focused strategy process, although how this leads to longer-term competitive advantages was unclear.

Rindova et al's (2004) socio-linguistic perspective on the process of IS development during periods of intense competition provides an interesting approach in which the use of specific forms of language to express the strategy can increase stakeholder involvement and improve performance during that period. This approach effects the organisation's environment as an outcome of the strategy process, although it also
has consequences for corporate governance during the strategy development process.

Integration
Most of the IS model development recommendations involving integration suggested the merging of several disciplinary perspectives. For example, Fleury and Fleury (2003) produced a framework which incorporated strategic management, resources and international operations management perspectives, while Salvato (2003) suggested that IS development is actually the consequence of recombinations of microstrategies with current resources and procedures. This evolutionary philosophy of IS development is consistent with London and Hart’s (2004) and Chetty and Campbell-Hunt’s (2004) recommendations, although ignores the process role perspectives suggested by Rindova et al (2004) and Fleury and Fleury (2003), for example.

Hood, Young and Neil (1987) investigated this topic to some extent in the European international business strategy context, however, identified only generic strategy outcomes international business expansion and not the strategy development processes behind these approaches.

The recommendations from the literature for an IS process model are summarised in Table I.

<table>
<thead>
<tr>
<th>Model Elements</th>
<th>Components</th>
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<tbody>
<tr>
<td>Factors</td>
<td>wage rates, politics, competitive threats and resource allocation</td>
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<tr>
<td>Focus</td>
<td>Base of economic pyramid, scope of its current markets and strategic assets,</td>
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<td></td>
<td>adopting non-traditional partners, local capacity and local processes and</td>
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<td>international entrepreneurial behaviour and learning capabilities</td>
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<td>Alternative approaches</td>
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<td>business development aids</td>
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<td>Integration</td>
<td>Multidisciplinary perspectives, evolution from microstrategies</td>
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*Table I. Factors to be Considered in an IS Process Model*

3. AN IS MODEL.
The IS process is difficult to model because it is iterative and incorporates the many factors identified in the literature review above. For example, economic cycles tend to result in IS outcome cycles in response to opportunities and pressures. A period of conservative IS is generally followed by a growth or business development period and then a return to a conservative phase. A structurally simple model has therefore been developed to allow attention to focus on the components and need to relationship.

True IS involves a *transformed strategic model* from that of a one-country operation. At lower levels of internationalisation, strategic planning and management are more similar to domestic strategy. For example, if an organisation is merely exporting or licensing out its products and services internationally, the organization may simply require a strategic extension of its existing capabilities and activities into the international arena. An IS, on the other hand, must be developed for the organisation across all countries of operation.

This section will now present an IS process model which incorporates the important features for IS. The first part of the model contains three components - international
business strategy inputs, process and outputs. These will now be discussed; the measurement and reflective components will be added in the following section.

![Strategy Inputs -> Strategy Development -> Strategy Outputs](image)

*Figure I. IS Model Structure-Part One*

**Strategy Inputs**

**Accurate market information**
The value of accurate market information cannot be understated for international businesses, particularly global businesses. For example, Rosenbluth International, a major US travel agency, significantly improved organisational performance during a period of consolidation in the industry by adopting a sophisticated market information system to prioritise international markets relative to its capabilities (Clemons and Hann, 1999).

**Human resources**
Fish and Wood (1993) noted that IS’s often tested the human resource capabilities of international businesses much more than day-to-day operations. De Cieri and Dowling (1997) found that Australian organisations expanding internationally tended to keep centralised management structures long after the overseas business units had been established and allowed the overseas business units little management control. By comparison, they found that US organisations tended to devolve managerial responsibility much more quickly to overseas divisions and also tended to have more formalised human resource management practices in relation to their international operations.

**Diversity**
Incorporating diversity is a key to successful international strategies. For example, South African breweries, an international brewery, had to create a culture of equity to enable them to take advantage of the diversity across the organisation. This process was championed by the CEO, who helped achieve this objective through continual communication and carefully supportive actions, as well as through ensuring that the organisation had sufficient leadership that was trained and sufficiently resourced to achieve this goal (Siehl 2001).

**Value creation**
Porter’s value chain indicates that research and development, operations, marketing and sales and service are important inputs to the strategy process that will lead to value creation. This can be expanded, in the case of IS, to include:
- technologies that can be transferred internationally
- global financial management capability
- global representation
- International the appropriate leadership and an ethical positions
Incorporation of these factors may lead the organisation to take up different positions to that of a domestic or revenue only focused strategy. For example, IKEA considers the first outlet it opened up in Moscow (the first in Russia) to be a success, even though it is not expected to make a profit for a number of years (Shanetskaya, 2001).

*Host Country Environmental Factors*
Factors that should be incorporated include; competitive situation, political conditions, labour costs and economic conditions. For example, Hewlett-Packard chose to transfer significant technical capability to its Singapore printer development division on the basis of the support provided by the Singapore government for FDI in advanced technology areas (local labour costs were also a factor) (Harvard Business Review, 1997).

*Strategy development*
According to Goldsmith (1996), success in international business is influenced by IS ‘taking the correct international perspective’. IS should be considered as a learning process that is influenced by a number of variables, rather than a set process. The development component of the model is defined by the following features.

*Preparation and learning*
Internationalisation and the development of an appropriate IS are time-consuming, however, international expansion stages can occur rapidly, particularly if it is through acquisition. Success, however, will be affected by the level of preparation of the parent company. Longer serving staff who contribute to IS development can have significant impact on the success rate through contributing their experience of past IS developments. For example, Wally and Becerra’s (2001) study of US multinationals expanding into Europe in the 1980s determined that the longer the top management teams were employed by the organisation, the greater the level of sustained internationalisation achieved.

*Planning and scrutinizing joint ventures and partnerships*
Few ISs do not include ventures or partnerships. To reduce the risks, many organisations will look for international *joint ventures*—particularly if technology or skill transfer is attractive. Unfortunately, these joint ventures have an estimated 60% failure rate (Zahra & Elhagrassey, 1994), Zahra & Elhagrassey suggest that this failure rate can be reduced by:
- clearly identifying the principal objectives
- thoroughly screening and selecting compatible partners
- carefully negotiating details including purpose, form, scope, duration and administrative structure
- ensuring that problems are dealt with as they occur, rather than ignoring them or assuming the other partner will deal with them.

*Anticipating possible impacts of globalization*
Advances in globalisation makes IS development much more difficult. For example, the 1997–98 Asian currency crisis was fuelled by the high levels of international business and economic independence between countries such as Malaysia and Indonesia. Had this crisis occurred 10 years earlier (when the independence was much lower), it may not have spread very much beyond Malaysia. The IS process should include consideration of the company’s dependence on foreign cash flows, its
relationships with subsidiaries and partners and the forecasting of economic developments.

**Anticipating the impacts of technology**
IS process must consider the possibility of technology speeding up political as well as economic development, especially in larger countries in the developing world. The most obvious example is China where many overseas manufacturing companies have transferred significant operations, made significant financial investments (FDI) and transferred extensive technology. The current strategy has been to produce products and services for export to highly developed countries, particularly the US and Europe, as the purchasing power of most Chinese in the Eighties and Nineties when the FDI boom commenced was low and remains low. The factors that have made production in China possible also mean that it will ultimately represent an attractive market to these manufacturers as the affect of rapid economic growth increases local purchasing power. This strategy, however, has ignored the use of technology to produce products and services that will accelerate this market development, even though its development would represent a major advantage to these companies.

At the macro level, the introduction of high levels of technology to host countries along with foreign direct investment will undoubtedly cause a shift in market behaviours, economic growth and quite possibly political behaviours. For example, the Chinese government may decide to support the development of a major Biomed industry in China, drawing upon the levels of technology that have now been introduced and the opportunities it represents for economic development. Such a development is quite likely considering the growing trend of transferring organisational research and design capabilities to China to take advantage of low Chinese wage rates. Such developments can close whole markets to the foreign international businesses who helped establish them in the first place through technology transfer.

**Location**
Although Porter's Diamond (Porter, 1990) is in refute due to the effects of reduced transportation costs and the impact of the Internet, combinations of features in specific regions still represent an important consideration for IS. It is important to make the correct selection, because the cost of withdrawing often outweighs the benefits to be gained from moving to a better location. For instance, the IKEA outlets in Russia (Shanetskaya, 2001) is attractive to IKEA partly because of the large numbers of potential customers and partly because of the access to low cost Russian suppliers for IKEA that it facilitates. Taking advantage of location effects at the local level and transferring the advantage to the entire organisation is particularly important to transnational IS. For example, the transnational Nestle is more immune to shortages in supply of critical materials, such as cocoa, than its competitors because of its ability to source locally, facilitate arrangements which ensure better access to supply and distribute products globally.

**Experience effects**
Delays in achieving efficiency and competencies (for example when establishing a foreign subsidiary) must be allowed for in IS planning and offer an opportunity for organisational learning at the strategic level, resulting in benefits, such as increasing efficiency at the global level. Some organisations, realising that there will be a
learning curve effect, intentionally introduce production features, such as improved quality control and the implementation of process improvement systems in a staggered manner so that the organisational learning can be focused on one issue at a time.

Experience effects for international businesses normally reduce labour, input material and warranty and failure costs. International businesses experiences can provide a significant advantage for high technology or complex products and services as the time a competitor would take to acquire this learning will give the organisation a chance to secure a significant market share. Organisations that deliver products and services which are simple or have low levels of technology will find, however, that local needs and conditions minimise the advantage of transferred learnings.

Planning Competencies
The most common competencies sought, particularly by larger multinational corporations, are cost effectiveness, high levels of quality control (a core competency for Motorola) and the integration of technology, particularly into the production process. Service organisations (such as international consulting companies) also focus on developing the competency of being a learning organisation because much of their key resources are attached to information and intellectual property.

Sometimes these core competencies can be quite simple; for example, Wal-Mart, one of the fastest-growing organisations in the world, has a core competency of internal communication. All members of this organisation have a strong understanding of the principal objectives of the organisation and their role in achieving them. Whilst this may seem like a self evident competency and not worthy of core status, achieving this across an organisation as large as Wal-Mart is a major undertaking. The effort required and difficulty associated with this makes it difficult to imitate and therefore results in a lasting competitive advantage.

The ability to transfer competencies to new subsidiaries will contribute considerably to their success. The US Postal Service IPS, for example, believed it would be successful in expanding into Europe because it could transfer its US domestic competencies to existing European postal businesses that it purchased (Parker, 1999). Unfortunately, IPS found out that these competencies were not transferable and were not as relevant to the European environment as they were to IPS's domestic environment. Consequently, the European expansion endeavours of this organisation were unsuccessful and lost the organisation considerable investment capital as well as damaging the business units that it had acquired in Europe, further reducing the overall value of the organisation to the shareholders.

Planning for Cost Effectiveness
International businesses can minimise costs by standardising products, services and operations and by reducing ranges of options as far as possible. Cost reduction is frequently an imperative imposed by institutional investors interested in maximising the short term return on their assets. High returns on the organisation's assets usually results in share price increases (as the organisation is perceived to be efficient) and greater dividends (attractive in some markets, but less so in others,
such as the US, depending on local tax regulations). As Sams (2005) notes, however, for international business operating in emerging markets, cost effectiveness is becoming a challenging undertaking. The demand for broad-based global services means that international businesses are now focusing on the creation of “economies of expertise”, not just low cost activities such as manufacturing, that provide a low-cost package of products and services at a high standard to customers (Sams, 2005:24). This is a new basis for competition for international businesses from developed countries which have typically not focused on providing low-cost services in conjunction with low-cost products.

In the automotive industry, for example, car manufacturers now produce a range of different vehicle bodies, but only a small range of chassis (the underneath part of the car, that connects the wheels and engine). The most expensive component of the car is the chassis and by reducing the range of chassis, automotive manufacturers are able to increase their scales of economy and reduce their overall investment in the range of manufacturing equipment necessary to produce different chassis. The standardisation of products to reduce costs applies equally well to services, with banks leading the charge to standardise and modularise customer services.

Working against the opportunity to reduce costs by standardisation and modularisation, is the need to meet local demand requirements and preferences. Local demands and needs are usually determined by customer preferences, local country infrastructure and traditional approaches to providing services and conducting business. Variations in distribution channels (including the number of channels and the ease of access), regulation and other government demands also influence the degree to which services or products need to be customized, rather than standardised. Foote et al (2001) noted that the combination of products and services to solve specific customer problems (noted by Sams, 2005, in relation emerging markets) also applies to developed markets. They found that large proportions of overall revenue, as well as good returns and positive sharemarket evaluations (increases in share price) have resulted from this form of customisation for companies like Cummings and IBM, because this approach creates hard to imitate capabilities and demand low levels of capital investment.

**Scenario Planning**

As we know, scenario planning enabled Royal Dutch/Shell to be the only oil major who was prepared for the oil crisis. Visualising alternative scenarios, which clearly identify similar driving forces acting with different dynamics, offers advantages for IS development beyond appreciating and planning for the impact of possible future events. Scenarios provide a structure for thinking, planning and justifying resource allocation against future risks and opportunities. The ability of the strategic planners at Royal Dutch/Shell to prepare the company for the unthinkable would have been as much due to the fact that they presented a structure that revealed alternatives as it was to the soundness of their arguments.

**Planning structures and operations**

As Crick and Spence (2005) determined, international businesses at different stages of their development will find certain business arrangements best suit their conditions. For example, a mature international business would possess the financial security and industry awareness that transnational operations require.
International organisations respond to market opportunities and the need for different business structures to support international operations by reorganising their vertical, horizontal and spatial boundaries and governance mechanisms (Jones 2002). According to Jones, this occurs by investing in new technologies, downsizing, re-engineering, forming strategic alliances and networks, reallocating resources into different locations and shifting towards more international or 'transnational' strategies. Poorly matched structures lead to staff confusion and reductions in sales, market share and increased costs and lower efficiencies (Rondinelli et al., 2001). Flexibility is a key factor for international business in matching structures to their strategies. For example, the airline Swiss Air has changed its structure from divisional to matrix to geographical over a period of 6 years. Structural change in international business is cyclical in nature, reflecting variations in the performance of the economies of its domestic and international markets as well as the evolution of its IS. Interestingly, Kose and Yi (2001) found that this cyclical effect is so strong that the units of an international business operating in countries with strong international trade linkages tend even to have highly correlated business cycles.

Leadership and ethics
It is still uncertain as to whether successful domestic business leadership can easily be transferred to the international level (Kedia, Nordvadt and Perez, 2002). On the other hand, international organisations can effectively substitute controls and procedures for leadership. For example, McDonalds Corporation's international expansion through franchises, with centralised activities such as training and franchisee application evaluation, has enabled the organisation to grow dramatically and to an unprecedented level of international market penetration. In more recent times, however, this organisation has not achieved the level of profitability that it has experienced in the past—perhaps this due to an absence of commanding international leadership (such as the type delivered by Jack Walsh), that would enable it to consolidate its growth. However, as Bonnstetter (2000:131) notes, "beyond the fads, trends and the 'art' of leadership, the science of international business leadership is very difficult to identify".

As ethics are becoming an increasingly important international business issue and international businesses are considering their ethical position as part of their IS, the literature is beginning to identify a positive correlation between long-term profitability and a well-defined ethical position. For example, Holland (2002) found that in Asia, businesses have found that ethical behaviour leads to greater profits. He suggests that businesses that have clear ethical stances are less likely to spring 'nasty surprises on their shareholders' (2002, 49). Grossmanx (2004) also noted that the next item on the agenda for IS is Corporate Social Responsibility (CSR) and that many Socially Responsible Investment (SRI) funds now exist which focus on CSR organisations. This will result in a pressure from institutional investors for international businesses to incorporate codes of ethics into their IS process and record their performance according to triple bottom line criteria.

Rawwas (2001) suggested that international businesses ethical positions must consider consumer ethics in a manner that satisfies the expectations of the cultures in which the business operates and considers ethics from a global perspective - rather than a home country cultural perspective. This view is supported by Donalson and Dunfee (1999: 45), who note that "the central challenge in managing business ethics in a global economy is to navigate cross-national cultural differences".
Strategy Outputs

As has been identified by the literature review earlier in this paper, IS outputs focus on:

- structure
- Scope of operations
- target countries
- facility location
- positioning

This paper will not discuss these outputs in detail as they are already well considered in the literature which was briefly reviewed at the beginning of this paper. It is interesting to note, however, that these outputs are the macro level behaviours of international businesses as they develop and respond to their environment. Given the complexity of the IS development process just in this paper, the IS outputs of these organisations in practice are surprisingly consistent across international businesses with the same strategic initiatives (such as increasing internationalisation) and environmental factors (such as local economic conditions) (Salvato, 2003, London and Hart, 2004 and Chetty and Campbell-Hunt, 2004). Does this mean that the IS development process in these organisations does little to differentiate their outputs in response to certain strategy inputs? Certainly, this behaviour may reflect a commonly shared focus on certain inputs by international businesses at particular points in their evolution which would bias the strategy development process. This may even extend to their adopting standard reactions to strategy inputs which would result in the consistency in outputs across international businesses experiencing the same inputs identified as by London and Hart (2004) and Chetty and Campbell-Hunt (2004).

At present, the differences in the strategy outputs of different international businesses may, therefore, be found principally in their micro strategies, as suggested by Salvato (2003). This IS is not sustainable, of course. Historically, predictable strategy reactions to inputs is sustainable only in markets where they are not too many similar organisations competing with predictable reactions - in other words, this approach requires fragmented markets. Globalisation is still has some way to run before the global market ceases to be fragmented in most industries. As the level of globalisation increases, international businesses will come into more and more direct competition. This will force these organisations to be more creative in their IS development stage and produce more individual macro level outputs in response to their specific strategy inputs.

4. FEEDBACK – A COMPLETING THE MODEL

The model presented thus far presumes a sequential progression from initial considerations (inputs) through to achieving strategic decisions (outputs). The strategy process is iterative, however, usually directly or indirectly including further decisions made from measurement and interpretation of the business performance. When these factors are incorporated, the complete international business strategy development model is a shown in Figure 2.

It is particularly important to note the interpretation of the significance part of the feedback loop. Two businesses will rarely view a measurement of performance in the same way or draw the same conclusion regarding its significance. For example, in the white goods industry, a return on assets of a few percent is considered
acceptable, whilst in the resources industry, under current economic conditions, an acceptable return on assets would be ten or more percent.

![Diagram](image)

Figure II. IS Development Model

In addition to likely variations in the interpretation of significance of feedback, the model suggests that the interpretation of significance will impact upon the attention given to both particular strategy inputs and the features of the strategy development process. For example, an international business that finds its market share dropping will shift its attention to alternate strategy inputs such as the possibility of incorporation of technology to increase efficiency and reduce operating costs, thereby improving its price based competition capability. In a similar manner, a loss of market share due, for example, to the company's poor response to economic variations in the global market, will encourage the organisation to incorporate and focus on strategy development tools such as scenario planning. This explains the surprisingly rapid shifts in strategy outputs (such as structure) which can be observed in international businesses (such as the Swiss Air example given previously, or, for that matter, Qantas Airline's formation of a new domestic business unit in reaction to increased rivalry in its home market).

5. CONCLUSION
This paper developed a two part model for international strategic management process, based on critical observations of strategy inputs, process and outputs (part one) and measurement and interpretation (part two). Whilst a large number of separate elements for both the strategy inputs and development stages of part one (five 'clusters' of elements and eleven 'clusters' of elements respectively) were identified, only five elements were identified for the strategy output stage. The iterative nature of IS development was incorporated in part two of the model as the contribution of performance feedback and, most importantly, the interpretation of its significance into both the inputs and development stages of the IS process model. This suggests that the IS process comprises considering data from a range of complex and significantly different sources for use by a similarly large range of strategy development tools. Both the inputs and the use of specific development
tools are also influenced by the interpretation of performance feedback measurements, adding a further dimension to this complexity. These factors suggest that, in the IS setting context, a sound strategic process would need to focus on a small number of outputs to ensure a reliable determination for each in the face of this complexity. In practice, IS outputs are indeed limited to a relatively small number of elements (as is noted above). Whether the IS process has evolved in recognition of this practical limitation, or whether a Darwinian evolutionary process has been in force which favours organisations with a relatively simple strategy outputs, is uncertain. Further research in this area is warranted.
References


