7th I.M.P. Conference
International Business Networks: Evolution, Structure, and Management
Uppsala, Sweden, 6-8 September, 1991


by

Pablo A. Lesevic
San Jose State University, San Jose, California
"THE CHANGING MAP OF EUROPE AND THE STANDARDIZATION OF INTERNATIONAL INDUSTRIAL MARKETING STRATEGIES: A CONCEPTUAL FRAMEWORK AND RESEARCH PROPOSITIONS CONCERNING THEIR SUCCESSFUL IMPLEMENTATION"

by

Pablo A. Lesevic

San Jose State University
Department of Marketing and Quantitative Studies
San Jose, California 95192
1991

ABSTRACT

This paper reviews and builds on Jain's (JM, 1989) research agenda on standardization/adaptation of international marketing strategies, establishing a conceptual framework and formulating propositions that, later on, will guide empirical research regarding the implementation of successful international industrial marketing strategies. This paper deals with the following topics of international industrial marketing: international marketing strategy, organizational issues in the implementation of a firm's internationalization and globalization processes, as well as power dependence and control in the context of direct and indirect relationships between and among American MNC headquarters and their networks of European branches and/or subsidiaries.
INTRODUCTION

Developing an understanding of the organizational factors that influence the successful implementation of marketing strategies in the international arena is perhaps one of the most important aspects of international industrial marketing. Furthermore, the importance of organizational factors in international industrial marketing has been recently pointed out by Samli and colleagues (1988). For instance, whether a decision is going to be joint (headquarters and subsidiary) or autonomous depends largely on the operating level of centralization in an organization.

Whether to standardize or customize has been a vexing question with which international marketers have wrestled since the 1960s. Though much has been said and written lately on globalization of marketing, we are nowhere close to any conclusive theory or practice. This situation is not surprising, as empirical studies in the area of international marketing are limited (Jain 1989).

In a recent attempt to provide a conceptual framework for gaining insights into the standardization issue in international marketing, Jain (1989) contended that standardization of one or more parts of the marketing program is a function of five factors. Individually and collectively these factors affect standardization differently in different areas.

The factors are target market, market position, nature product, the environment and organization factors. These organizational factors are the ones that create conditions for successful implementation of standardization strategy.

IMPORTANCE OF GLOBALIZATION OF INDUSTRIES

In a recent article on the AMA Task Force Study on the Development of Marketing Thought, Garda (1988) contended that possibly the most dramatic challenge for marketing academicians and practitioners is the globalization of major industries. Hence, the relevance of attempting to expand marketing body of knowledge using a perspective that transcends a domestic focus.

Global, multinational, international, and foreign marketing, are terms used loosely and liberally to denote an international orientation (Cateora 1990). Global marketing management is based on cross-cultural similarities instead of cross-cultural differences (Materson 1987). International marketing management is based on the premise of cross-cultural differences and is guided by the belief that each foreign market requires its own culturally adapted marketing strategy (Boddewyn, Soehl and Picard 1986). A main issue is not whether to go global but how to tailor the global marketing concept to fit each business and how to make it work (Quelch 1986). In other words, even small domestic
firms are subject to the consequences of competitors that have already gone global and are present in their markets. Therefore, since globalization is a fact, firms that have not gone global yet, or will never go global, should be able to cope successfully with that fact. Corporations that are adopting globalization should be able to implement it in such a way to coalign adequately with the different environments of the global marketplace. Hence, globalization is here to stay, it won't be stopped, and there is a need for adapting to it.

THE CHANGING MAP OF EUROPE

According to Vernon (1989) the European Community is enlarging Europe's market by suppressing barriers that previously favored national producers. That's an opportunity. At the same time, the Community will likely adopt measures that advantage European corporations over non-Europeans.

Magee (1989) has contended that the American eagle and the Asian dragons are about to meet a kind of European wolf pack. Complacent, fragmented, chauvinistic Europe is determined to achieve economic unity and to compete on at least equal terms with the economic giants of America and Asia. The precise outlines of this dynamic future European business environment are still dim, but the energy and reality of change are undeniable. European companies know it, and American companies had better make their plans now to meet heavier competition from Europe and to exploit the opportunity of the new European market. This author classified American companies in four categories, namely American-based multinationals, business with one European subsidiary, companies that export to Europe and companies that do no business with Europe. He concludes that even the latter are not out of danger. Increased European competitiveness can mean trouble for complacent businesses, while the end of European fragmentation can mean new opportunity.

In an interview, Dr. Wisse Dekker (HBR, 1989), chairman of both the Supervisory Board of N.V. Philips and the Roundtable of European Industrialists, contends that reciprocity—the ability to compete with locally established companies on an equal basis—should be the guiding principle in trade negotiations. Value added and the transfer of technology should be paramount in evaluating investments.

European and Japanese executives have long known that they must be active in the U.S. market to compete globally. The Japanese have learned that the same logic applies to Europe. Hence, Americans should follow suit; therefore, the successful implementation of industrial marketing strategies are of foremost importance.
THE IMPORTANCE OF APPROACHING INTERNATIONAL INDUSTRIAL MARKETING FROM A STRATEGIC PERSPECTIVE

Since marketing strategy is the marketing logic by which the business unit expects to achieve its marketing objectives (see Kotler 1988), it will be of benefit to analyze marketing issues from a strategy perspective. This approach will allow multinational corporations (MNCs) to integrate each element of the marketing mix into a total framework that responds to expected opportunities and threats in the environment. This is even more important in a global firm where marketing planning must be conducted not only at the national level but also at one or more headquarters levels.

THE KEY ROLE OF THE IMPLEMENTATION STAGE OF THE OVERALL SUCCESS OF INTERNATIONAL INDUSTRIAL MARKETING STRATEGIES

Although some evidence suggests many firms have benefited from formal strategic planning (Armstrong 1982), doubts have been expressed about the effectiveness of the strategies flowing from the strategic planning process (Kiechel 1981, 1982). However, recognition is growing both within the academic literature and in the business press that implementation of strategy is a key factor in determining business and marketing performance (Bonoma 1984, 1985a).

THE IMPACT OF ORGANIZATIONAL FACTORS ON THE IMPLEMENTATION OF MARKETING STRATEGIES

Units at different levels of a corporation constitute distinct organizational subsystems, each with different -though interdependent- subgoals, unique tasks and functions to be performed, different structures and processes for organizing their activities, and different evaluation and reward systems (Van de Ven and Morgan 1980). Walker and Ruekert (1987) have suggested that four separate sets of organizational contingency variables impact the implementation of strategy.

These sets are corporate-business unit relationships, interfunctional structure and processes, marketing policies and processes, and personal characteristics.

PURPOSE OF THE STUDY

The purpose of this research project is to explore part of the gap that currently exists in the literature regarding the implementation of international industrial marketing strategies, by reviewing and building on the model proposed by Jain (JM, 1989).
USEFULNESS OF THE STUDY

This conceptual piece-and the empirical study that will be based on it- should have both academic and managerial implications, since among the new challenges identified by marketing academicians and practitioners, possibly the most dramatic challenge is the globalization of major industries (Garda 1988). Furthermore, it has been recently contended (Jain 1989) that global marketing is much on the minds of academicians and practitioners today. It has also been argued that the worldwide marketplace has become so homogenized that multinational corporations can market standardized products and services all over the world, by identical strategies (Levitt 1983).

SCOPE OF THIS STUDY

This study analyzes the impact of organizational factors on the implementation of international industrial marketing strategy by multinational corporations. Such corporations might use standardized, customized or interactive global marketing plans.

IMPLEMENTATION STAGE OF INTERNATIONAL INDUSTRIAL MARKETING STRATEGIES

Strategy implementation deals with structuring the organization in such a way that the chosen strategy can be appropriately carried out. An integral component of strategy implementation is the design or the structure of the organization. The size, shape, number of decision-making, and management control systems that are basic design decision issues that spell the difference between the success of failure of the system (Snodgrass and Sekaran 1989).

The strategy statement represents broad marketing thrusts that the manager will use to achieve business objectives. Each element of the marketing strategy must be elaborated and implemented in order to answer: What will be done? When it will be done? Who will do it? How much will it cost?

Marketing implementation is the process that turns marketing plans into action assignments that such assignments are executed in a manner that accomplishes the plan's stated objectives (Kotler 1988). In a study of the implementation problems of twenty-two organization, Bonoma (1985) identified four areas that can influence the effective implementation of marketing programs namely (1) allocating skills, (2) monitoring skills, (3) organizing skills and (4) interacting skills.

In order to turn an international industrial marketing plan into action assignments as well as to ensure that such assignments are executed in a manner that accomplishes the firm's goals, the plan has to respond to relevant differences in international industrial
market environments and at the same time enable the company to extend valuable corporate knowledge experience and know-how from national markets to the entire corporate system. Frequently, in the interests of efficiency, a multinational corporation chooses to design its various branches and subsidiaries modeled on one structural pattern—usually the same that it has developed at the head office. However, the pull between the value of centralized knowledge and coordination and the need for individualized response to the local situation creates a constant tension in the international industrial marketing organization.

At the outset it is important to recognize that there is no single correct organizational structure for international industrial marketing. Consequently, the need for consider the fit between headquarters organizational policies and each subsidiary's environment, both internal and external.

Although standardization is an important component of the conceptual framework upon which this research project, is based, its focus should not be constrained to a narrow niche by it "because standardization across markets is sought wherever possible" (Cateora 1990). Therefore, even in a case of a customized strategy, certain degree of standardization will be implicitly included. Hence, standardization is not the only component of this study.

Furthermore, the major finding in a relatively recent study—where 100 senior executives in 27 leading multinationals in consumer package good industries were surveyed (Sorenson and Weichmann 1975)—was that the real competitive advantage of the multinational company comes not from the extent to which it is able to standardize marketing programs but rather the extent to which it is able to standardize the marketing process. To the successful multinational, it is not really important whether are internationally standardized or differentiated; what is important is that the process by which these program, are developed is standardized. A standardized process provides a disciplined framework for analyzing marketing problems and opportunities. It also provides a framework for the cross-pollination of experience, ideas and judgments from one market to another. Sorenson and Weichmann (1975) quote a headquarters executive:

A total standardization of all the elements of the marketing mix is hardly thinkable. On the other hand, the intellectual method used for approaching a marketing problem, for analyzing that decision, can absolutely be standardized on an international basis.

It is desirable that marketing decisions be as decentralized as possible toward the field of economic battle. Nevertheless, if decision-making is done in each country according to the same intellectual process, it can be more easily understood by headquarters management: a standard process eliminating guesses in the subjective side of marketing permits one to arrive more easily at the standardization of certain elements of the marketing mix.
BRIEF LITERATURE REVIEW

The purpose of this review is to present and evaluate a recently proposed conceptual framework on the topic under study, as well as to reformulate and expand it in order to make it more comprehensive and updated.

MODEL PROPOSED IN THE LITERATURE

Jain (1989) in attempting to establish a research agenda on the standardization issue posited that the relevant organizational aspects, that create conditions for successful implementation of standardization strategy, are corporate orientation, headquarters subsidiary relationship, and delegation of authority. Figure 1 illustrates, Jain's overall framework and figure 2 depicts the part dealing with organizational factors.

CORPORATE ORIENTATION (EPRG SCHEMA)

Perlmutter (1969) has identified four types of attitudes or orientations that are associated with successive stages in the evolution of international operations:

- Ethnocentrism : Home country orientation. Overseas operations are secondary to domestic ones.
- Polycentrism : Host country orientation. Each subsidiary operates independently.
- Regiocentrism : A regional orientation
- Geocentrism : A world orientation

An organization having either an ethnocentric or a geocentric orientation is likely to standardize its program. However, in the former case the subsidiary managers may resist any sudden move toward increased standardization, considering it to be an imposition from headquarters. If the orientation is truly geocentric, however, a standardized program can be recommended without affecting the decision-making authority of the local manager. Geocentric perspectives provide flexibility sufficient to exploit standardization opportunities as they emerge and to react to unanticipated problems within the context of the overall corporate interest (Simmonds 1985). If country managers consider headquarters’ approaches to be mutually beneficial, they are least likely to resist accepting them (Quelch and Hoff 1986).

OPERATIONALIZATION OF THE EPRG FRAMEWORK

Wind, Douglas and Perlmutter (1973) sampled 40 key international executives of one large U.S. firm whose product line is composed of frequently purchased household items.
Each respondent was presented with a set of four alternatives strategies (one for each orientation) for each of 15 marketing decision areas. For example, for the brand name decision (orientation in parenthesis), the set was as follows:

Branding policy in overseas companies stresses the parent country as a unifying feature but not necessarily the origin of the parent country (ethnocentric).

Each local company brands products on an independent basis and consistent with local country criteria (polycentric).

Overseas companies brand products uniformly within a region (regiocentric).

A worldwide branding policy exists only for those brands which are acceptable worldwide (geocentric).

The marketing decision areas were: marketing measurement and forecasting, marketing segmentation, market research, product development, product design, product quality, customer service, product mix, brand name, price, sales promotion, advertising, channels of distribution, sales administration, and marketing control.

CORPORATE ORIENTATION AND ORGANIZATIONAL CULTURE

Since corporate orientation is related to the assumptions and beliefs about how the world works, as well as the values shared by organizational members, it is related to a multidimensional construct recently labeled as corporate culture (Schwartz and Davis, 1981; Peters and Waterman, 1982; Deal and Kennedy, 1982). Therefore, it will be convenient to consider in the proposed framework not only corporate orientation but organizational culture as a more comprehensive construct. Moreover, recent movements within the marketing discipline have called for a clearer understanding of how the concept or 'organizational culture' can be usefully incorporated in the marketing literature (Deshpande and Webster, 1987). Furthermore, Araujo (1990) in a paper presented at the 6th IMP Conference in Milan, called to go one step further and use 'culture' as a root metaphor for 'network' and as a device to understand interaction processes -i.e. 'culture is not something a 'network' has but something a 'network' is. In other words, a 'network' is regarded to exist only in so far as individuals and organizations act consciously as network members and identify their interests, at least partly, as co-determinate with what they interpret to be collective, network interests. Hence, a multinational corporation with its headquarters and subsidiaries can be perceived as a network of individual organizational units that have direct and indirect relationships. At least some of these relationships imply exchanges of diverse nature. For instance, headquarters might reassign resources among subsidiaries by allowing one subsidiary to provide inputs (i.e., raw materials or processed materials) to another subsidiary, and at the same time to charge a higher price because the
latter is located in a country where taxes are higher than in the former. Therefore cooperating to achieve a common objective, namely overall profit maximization

CONCEPTION OF ORGANIZATIONAL CULTURE

A review of contemporary writings on "organizational culture" found three interrelated concepts in use (Allaire and Firsirrotu, 1984): (1) A sociostructural system composed of the perceived functioning of formal strategies, structures, policies and management processes; (2) A cultural system that embodies the organizations' myths, values and ideology; (3) The individual actors with their particular endowments, experience and personality.

GENERAL DIMENSION OF ORGANIZATIONAL CULTURE

There is considerable overlap in the dimensions found in discussions of organizational culture (Ansoff, 1979; Deal and Kennedy, 1982; Harrison, 1972, 1978; Hofstede, 1980; Peters and Waterman, 1982). A review and consolidation by Reynolds (1986) led to 14 dimensions presented below. While they are logically independent, only a substantial research endeavor on a diverse sample of organizations can determine if they are empirically independent. They are presented in the order of "popularity," i.e., those occurring in the most readings are discussed first.

(1) External vs. internal emphasis. All five analyses discussed a characteristic that tends to involve a common feature - an emphasis on the task of satisfying customers, clients, or whatever. The other end of this dimension tends to vary. One focus is on internal organizational activities, such as committee meetings and reports (Anso; D and K; Harr; Hof; P and W).

(2) Task vs. social focus. A contrast is often made, frequently in the same discussion, between a focus on organizational 'work' versus concern for the personal and social needs of the organizational members. Logically, however, this is a separate, distinct dimension (Anso; D and K; Harr; Hof; P and W).

(3) Safety vs. risk. Four analyses consider the response to risk as important, particularly for survival in a changing environment. One extreme is the tendency to be cautious and conservative in adopting different programs or procedures. The other is a predispositions to change products or procedure; particularly when confronted with new challenges and opportunities (Anso; D and K; Hof; P and W).

(4) Conformity vs. individuality. Organizations may vary in the extent to which they tolerate or encourage participants to be distinctive and idiosyncratic in their work contributions and social life. This can involve toleration of variation in clothing, work
styles, and personal activities away from the job site. On the other hand, an organization may encourage substantial homogeneity and uniformity, not only in dress and work habits, but in participants' personal life as well (D and K; Harr; Hofs; P and W).

(5) Individual vs. group rewards. All organizations provide rewards to their members: job continuity, systematic rises and, in some cases, the prestige of being associated with the organization. In terms of specific work performance, rewards may be distributed to all members of a work unit (a team that meets a sales, production, or research goal) or in response to individual contributions (D and K; Harr; Hofs; P and W).

(6) Individual vs. collective decision-making. Three of the analyses review the extent to which (a) individuals make the major decisions and proceed with implementation or (b) collective decisions represent the input of various individuals, perhaps the same individuals responsible for implementation (D and K; Harr; P and W).

(7) Centralized vs. decentralized decision making. Another feature of decision making is not so clearly developed, but the extent to which it is centralized or decentralized is distinct from individual versus collective judgments. Centralized procedures imply that those in key positions, individuals or groups, may have considerable impact on the programmes and actions of the organization. In contrast, decentralization of decision-making may allow individuals or work teams to make decisions about their own situation (D and K; Hofs; P and W).

(8) Stability vs. innovation. Slightly different from a tendency toward action and change is a tendency to seek innovative new ways of doing things. One extreme may be a reluctance to adopt any new procedure that is not well established; the opposite extreme is a constant search for novel and distinctive good, services, and procedures (Anso; D and K; P and W).

(9) Ad hocery vs. planning. Organizations may vary considerably in their tendency to anticipate and plan for change. Some may develop ad hoc responses to all changes, others may create elaborate plans that anticipate most future scenarios (Anso; D and K; P and W).

(10) Cooperation vs. competition. This is a complex of ideas related to whether the individual members consider their work peers as competitors for scarce rewards (salary and bonuses, status and influence) or trusted colleagues assisting in the competition with outsiders (other units in the corporation, other businesses, government agencies, and the like) (D and K; Harr; P and W).

(10a) Basis for commitment. Individuals may be involved with a work organization for a variety or reasons: financial rewards, prestige of membership, interesting or challenging work, opportunity for self-fulfilment or expression satisfying personal
relations with colleagues. The exact mixture may vary among individuals or organizational units (D and K; P and W).

(11) Simple vs. complex organization. Refers to the tendency of organizations to develop elaborate procedures and structures. May refer to both the formal complexity as well as the ambiguity and complexity of informal structures and political processes within the organization. Presumably, a complex work context should take longer to learn and master than a simple one (P and W).

(12) Informal vs. formalized procedures. Refers to the tendency to have a formal mechanism for all procedures and decision-making. A high degree of formalization is related to extensive, detailed rules and procedures and elaborate forms and written documents to justify any and all actions. Minimal formalization would involve verbal discussions and approval on major issues, perhaps little or no discussion regarding minor matters (D and K).

(13) High vs. low loyalty. The degree of loyalty to the organization is usually a relative issue. Other groups (family, professional colleagues) or personal carrier interests may compete with organizational interests. Organizations may vary in the extent to which members place the organization above these competing groups (D and K).

(14) Ignorance vs. knowledge of organizational expectations. The degree to which individual members know what they are expected to do and how their efforts will contribute to the accomplishment of organizational tasks.

THE HEADQUARTERS-SUBSIDIARY RELATIONSHIP

The second organizational factor that influences standardization of marketing strategy according to Jain (1989) is the headquarters-subsidiary relationship. In any organization, conflicts may arise between parent corporation and overseas subsidiary because of their different points of view (Das 1981; Nawakoski 1982; Reynolds 1978; Sim 1977). If the conflict is excessive, it is likely to discourage program transfer. Opel, the German subsidiary of General Motors, is an example. Opel had developed into an independent organization that did things its own way policies. On every issue, Opel had an approach different from the parent's making it difficult for General Motors to develop a world car using Opel as the base (Prahalad and Doz 1987).

The role of international headquarters in formulating marketing strategy consists of decisions, coordinative activity, and policies that provide a broad framework and point company strategy in specific direction (Leontiades 1985). International headquarters have two main functions: (1) market intelligence and data gathering; (2) providing a measure of coordination among the firm's various international marketing activities (Leontiades 1985).
THE HEADQUARTERS-SUBSIDIARY RELATIONSHIP AND THE TYPE OF GLOBAL MARKETING PLAN

Since all global marketing plans are to a certain extent standardized and also decentralized, it will be worthwhile to consider an interactive version for global marketing planning.

A common feature of both the standardized and the decentralized approaches is the absence of responsibility for analysis and planning at the headquarters level for multicountry marketing programs. In the standardized case such activities are assumed to be unnecessary. Once the marketing problem is solved for the United States, or the home country, it is solved for the world. In the decentralized company the need for analysis and planning to respond to local conditions is recognized, but it is assumed that knowledgeable efforts can only be attempted at the country level and that there is no opportunity for effective supranational participation in these activities.

A third approach to formulating a global marketing plan is the interactive, or integrated, approach. This is superior to either the standardized or the local plan because it draws on the strengths of each of these approaches in planning to formulate a synthesis. Under the interactive marketing planning approach, subsidiaries are responsible for identifying the unique characteristics of their market and ensuring that the marketing plan responds to local characteristics.

Headquarters, both global and regional, is responsible for establishing a broad strategic framework for planning in such matters as deciding on major goals and objectives and on where to allocate resources. In addition, headquarters must coordinate and rationalize the product design, advertising, pricing, and distribution activities of each subsidiary operation. Headquarters must constantly be alert to the trade-offs of concentrating staff activities at headquarters locations in an attempt to achieve a high level of performance versus the advantages of decentralization staff activities and assigning people directly to subsidiaries.

Each decision must stand on its own merit, but there are significant opportunities for the improvement of performance and cost saving by concentrating certain activities at one location. For example, many companies have successfully centralized the preparation of advertising appeals at world or regional headquarters. Another activity that can be done in one location is product design. Information and design criteria need to come from the world, but the design itself can be done by one design team in a single location (Keegan 1989).
INFLUENCE OF THE HEADQUARTERS-SUBSIDIARY RELATIONSHIP ON STANDARDIZATION OF MARKETING STRATEGY

Jain has proposed that the greater the strategic consensus among parent-subsidiary managers on key standardization issue, the more effective the implementation of standardization strategy (Jain 1989). The headquarters-subsidiary relationship can be studied from the standpoint of the degree and type of control exerted by headquarters on the subsidiaries.

DECENTRALIZATION OF DECISION-MAKING

According to Jain (1989) the final organizational factor that influences the standardization of marketing strategy is the extent to which decision-making authority is delegated to the foreign subsidiaries. Marketing is a polycentric function that is deeply affected by local factors (D’Antin 1971; Doz 1980). Primary authority for international marketing decisions therefore is decentralized in favor of host country managers. Aylmer (1970) found that local managers were responsible for 86% of the advertising decision, 74% of the pricing decisions, and 61% of the channel decisions, but product design decisions were made primarily by the parent organization. A similar study by Brandt and Hulbert (1977) substantiates Aylmer’s findings. Thus, the product decisions seems to offer the most opportunity for standardization.

DECISION MAKING AND MARKETING CONTROL

Control generally is recognized as a fundamental management activity, but historically control issues have received only cursory attention in the marketing management literature (Jaworski 1988). The traditional management control system is output oriented (merchant 1985) and based on the cybernetic paradigm. The one that is limited since this approach appears to work well for short-term, programmable, and easy-to-access positions (Hofstede 1978). Therefore, there is a need for expanding the traditional vies.

Noncybernetic forms of control and influence are also important in organizations, and those that parent headquarters exert over foreign subsidiaries include: the centralization of decision making (sometimes referred to as "direct control") and the socialization of subsidiary managers (Edstrom and Galbraith 1977). Hence, centralization of marketing decision-making or direct marketing control can be included in a more comprehensive construct called marketing control, the one that encompasses also a formal type of marketing control and a social type of control.

Control activities are directed toward programs initiated by the planning process.
In the ongoing corporations, nonetheless the data measures and evaluations generated by the control process are also a major input to the planning process. Hence, planning and control are intertwined and interdependent.

In domestic operations, both the growing size of enterprise and the rapidly changing environment make it essential that control systems generate input that will be timely enough to allow management to take steps to correct problems. In global operations, marketing control presents additional challenges such as: (1) the multiplicity of environments each change at a different rate and each exhibiting unique characteristics; (2) the much greater environmental heterogeneity causes greater complexity in its control; and (3) as a consequence of the great distance between markets and headquarters and differences among organizational cultures --that are also influenced by distinct languages, customs and practices-- special communications problems arise. Nonetheless, if the components of the multinational corporations or global firm share the same organizational culture it is likely that those problems will diminish.

HOW HEADQUARTERS ACHIEVES CONTROL OF SUBSIDIARY OPERATIONS

In many MNCs there is a tradition of subsidiary autonomy and self-sufficiency that limits the influence of headquarters. To acquire control there are three types of mechanisms: (1) data management mechanisms, (2) managers' management mechanisms that shift the perception of self-interest form subsidiary autonomy to global business performance, and (3) conflict resolution mechanisms that resolve conflicts triggered by necessary trade-offs (Doz and Prahalad 1981).

PROPOSED CONCEPTUAL FRAMEWORK

The conceptual model portrayed in figure 3 indicates that the organizational factors that will be studied in this research project are organizational culture and marketing control as well as their impact on the implementation of international marketing strategy.

It is worthwhile to keep in mind that these three major topics have been single out as needing to be investigated. Research agendas have recently been published in the Journal of Marketing regarding organizational culture (Deshpande and Webster 1989), marketing control (Jaworski 1988) and the standardization issue (Jain 1989).

PROPOSITIONS

The below mentioned propositions have been formulated in such a way that they will be the base for the hypotheses of the empirical piece that will follow this conceptual paper.
ORGANIZATIONAL CULTURE PROPOSITIONS

P1 The greater the consistency between the headquarters' organizational culture with the subsidiaries' organizational culture, the greater the likelihood of attaining standardization of the international marketing strategy.

P2 The greater the number of subsidiaries the greater the use of formal controls and the less the use of informal controls.

P3 The greater the standardization of the international marketing strategies the greater the use of formal controls and the less the use of informal controls.

INTERNATIONAL INDUSTRIAL MARKETING CONTROL PROPOSITIONS

P4 As subsidiary's interdependency with the rest of the organization increases, the level of formal marketing control exercised by the parent over the subsidiary will increase.

P5 As strategic and environmental complexity or heterogeneity at the company level increases, the level of formal marketing control exercised by the parent over all foreign subsidiaries in a company will decrease.

CENTRALIZATION OF INTERNATIONAL INDUSTRIAL MARKETING DECISION-MAKING PROPOSITIONS

P6 As a subsidiary's interdependency with the rest of the organization increases marketing decision-making for the subsidiary will tend to be more centralized.

P7 As the degree of change inherent in a subsidiary's strategy and environment increases, marketing decision-making will tend to be more centralized.
REFERENCES

PAPER TITLE:
"THE CHANGING MAP OF EUROPE AND THE STANDARDIZATION OF INTERNATIONAL INDUSTRIAL MARKETING STRATEGIES: A CONCEPTUAL FRAMEWORK AND RESEARCH PROPOSITIONS CONCERNING THEIR SUCCESSFUL IMPLEMENTATION"

Araujo, Luis (1990), "Interorganizational Culture and Industrial Networks" in Proceedings of the 6th Industrial Marketing and Purchasing Conference, edited by Renato Fiocca and Ivan Snehotta, Milan Italy.
Hofstede, G. (1978), "Management Control of Public and Not-For-Profit Activities," Accounting, Organizations and Society, 6, pp. 143-211.


FIGURE 1  A Framework for Determining Marketing Program Standardization

Target Market
  1. Geographic area
  2. Economic factors

Market Position
  1. Market development
  2. Market conditions
  3. Competition

Nature of Product
  1. Type of product
  2. Product positioning

Environment
  1. Physical environment
  2. Legal environment
  3. Political environment
  4. Marketing infrastructure

Organization Factors
  1. Corporate orientation
  2. Headquarters-subsidiary relationship
  3. Delegation of authority

Degree of Program Standardization

Performance in Program Markets

JAIN'S (JM, 1989) ORGANIZATION FACTORS

FIGURE 2

JAIN'S (JM, 1989) ORGANIZATION FACTORS

FRI ... FACTORS

Note: This is a part of the overall Framework

FIGURE 3

IMPACT OF ORGANIZATIONAL FACTORS ON THE IMPLEMENTATION OF INTERNATIONAL MARKETING STRATEGIES

- Corporate Orientation
- Corporate Culture
- Social/Culture Control
- Formal Control
- Centralization/Direct Control

Implementation of International Marketing Strategies

Performance in Markets