*Strategic Management*, 9e: Chapter 1 study guide

International dimensions in strategic management

While the principles of strategic management can be applied across the world, the international dimensions of strategy do introduce some specific and important considerations.[[1]](#endnote-1)

*International economies and their impact on trading between nations*. The completion of the Uruguay Round of the General Agreement on Tariffs and Trade in 1994, the enlargement of the EU in the period 2004–08 and the formation of the North American Free Trade Association in 1994 are all examples of such developments. All may provide opportunities and pose threats for business strategy.

*Barriers to trade between nations*. For many years, countries have erected barriers to the free flow of goods and services between countries. They do this by placing extra burdens such as higher taxes on goods from outside the home nation.

*International finance, currency and tax*. For example, adverse currency movements alone could severely curtail gains to be made from other aspects of strategic management.

*Economies of scale and production*. Coupled with the lower wage costs available in some countries, these have had a powerful impact on aspects of strategic management.

*Differing cultures, beliefs and management styles around the world*. These are major factors that must form an important part of strategic management for international companies. Major strategic problems have arisen where international companies have considered these vital topics too late in the strategy process.

This is not a comprehensive list of major topics, but it does illustrate the specific impact on strategic management. Strategic management is more complex in international environments, but the same basic principles apply. International issues are explored at the end of most chapters in this text, with a major review being undertaken in Chapter 19.

Key strategic principles

 The international dimensions of strategic management make the development more complicated.

 Among the topics that need careful consideration are international economies and their impact on world trade, barriers to trade between different nations, international finance, economies of scale derived from global production, differing cultures and beliefs.

 You can read more about this in Chapter 19 and on the separate website www.global-strategy.net

1. Daniels, J D and Radebaugh, L H (1995) International Business, 7th ed., Addison-Wesley, Reading, MA. [↑](#endnote-ref-1)