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Strategic Management for Global Firms: A Conceptual Discussion

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Abstract

Global organizations have to proceed with a global and strategic perspective in order to be effective. This is in contrast to domestically or regionally focused organizations. Global organizations would benefit from simultaneously pursuing: (a) led by headquarters (HQ) selectively-fostered integrative, global and strategic approaches, and, (b) decentralized foreign subsidiary tactical and operational initiatives. The simultaneous pursuits of the two divergent approaches require capable management teams at both levels: (a) the global HQ, as well as, (b) the foreign subsidiary units. The unique task environments of each foreign subsidiary make it compelling for the HQ to delegate the operational decision making to the foreign subsidiary. For the combined and well-coordinated global vision, choices, goals and strategy, the HQ must take the strategic leadership role.

The partnership and collaborative efforts among the HQ and foreign subsidiaries' executives will foster a together-ness feeling and better ownership of the responsibility among the foreign subsidiaries' executives. The hierarchical, top-down approach would then be replaced by a joint, information-sharing approach that would engender an era of trust and mutual respect. There would be closer to power equality rather than disproportionate distribution of power. Power would then be posited to where most information and direct skills reside.

Keywords: global strategic management, corporate and foreign subsidiaries strategies in global firms, contingency approach in global strategic management

1. Introduction

Strategic management in global firms is vital. Global firms can have significant benefits from long term, strategic advantages if they are well planned and developed. Global firms win out by using strategic leadership and by leveraging the differences among countries to their advantage. Developing similarities of the strategic and operating situations among the foreign subsidiaries into taxonomies of core strategic foci would provide better clarity of developing the bird's eye view of the global organization's global strategic mosaic. In that, the clusters of foreign subsidiaries which have similar strategic and operating settings may use similar core templates of strategies. Developing a collaborative partnership focused organizational culture in which the HQ and the foreign subsidiaries pursue mutual respect, trust, inter-organizational confidence; and, the free lateral and vertical sharing of information, problem-solving experiences, industry and country knowledge and intelligence. Continuously developing ethical, strategic leadership at all levels and investing in human talent should be the dominant foci of the global organization. Global firms have to continuously study their foreign subsidiaries' environments on an aggregate basis and make integrated plans for future growth and competitiveness.

The differences among countries may be studied for differences in countries' infrastructure, human resources, and political, legal and economic systems, natural resources, unique or special factors, and markets (Craig, 1993; Lundby and Caligiuri., 2013; Mohiuddin, 2017; Virza, 2018). The understanding of and using the knowledge of the comparative advantages among its countries of operations would make a global organization more efficient in the use of its resources as it effectively strives to accomplish its organizational goals. Leveraging the countries' resource profiles and subsequently making strategic and operating decisions based on them, is what makes a global organization more competitive (Collings, 2014; Lundby and Caligiuri, 2013).

The contingency frameworks (as portrayed in the figures) depict the different infrastructures and organizational settings that would indicate different core templates of strategies for the subsidiaries to effectively operate in them. Those foreign subsidiaries which better leverage their host countries' strengths-weaknesses factors would perform better than those other foreign subsidiaries that do not leverage as well. The overall differences may be evaluated for the firm's operations in advanced, industrialized countries, fast developing countries and slow developing countries. A global firm may develop a core set of specific strategies in order to be effective for each category of countries with similar levels and types of development. And this is the assumption used in this paper to develop core sets of strategies to effectively manage each foreign subsidiary; this assumption is borne out by several scholars (Matthes, 1993; Prahalad and Doz, 1987; Shan and Hamilton, 1991; Reynolds, Lindstrom and Despres, 1994; and Solomon, 1995).

It is tenable to consider that for firms that operate in similar task environments may develop similar broad, core strategies because, by doing so, they would set forth their future strategic directions and choices that are consistent with the characteristics of their task environments (Godiwalla, 2018; Oster, 1994; and Porter, 1988). Similar arguments have been put forward by Pavett and Morris (1995) for developing broad, core foreign subsidiaries' strategies base on similar task environments and host country considerations. It is argued that pure strengths-weaknesses analysis may not be sufficient and that more externally-oriented market analysis may be beneficial, or at least supplemental (Everett, 2014). The implication of this viewpoint is that no one approach or type of analysis is sufficiently telling and that a holistic approach and comprehensive grasp would bring greater verisimilitude and a higher confidence level of perspicacity. No one approach is enough as we learn that other analyses can provide a broader canvass. One can develop categories of contingencies and generalize the core strategies for each of the categories.

Developing strategic and ethical and socially responsible leaders and supervisors at all levels and parts of the global organization would steadily improve the organization's global image and reputation. Investing in human talent and ethics for improved organizational and professional culture, embedded in ethical values and conduct, would result in effectiveness in all parts and locations of the global organization (Godiwalla, 1983; Virzi, 2018). Their long term value is priceless. No marketing or public relations campaign can match them. There is growing realization of the need for improved ethical values and socially responsible conduct in corporations as they pursue shareholder value, be they domestic or global in scope. A company that believes that "there has never been a question that they can do both: make money for the investors while making the world a better place" (Fortune, 2018).

For example, Henry Schein, a $ 12.5 billion global company extends "beyond their fiduciary responsibility to shareholders and into the realm of corporate social responsibility" (Fortune, 2018). It has demonstrated that a company can be both profitable and ethical with high corporate social responsibility (CSR). The company, based in Melville, NY, employs over 22,000 people in 34 countries, is a global provider of business, clinical and technological solutions to physicians, dentists and veterinarians. It ranks 238 on the F*ortune 500* list; and, it has also been for 17 years as one of the *Fortune's Most Admired Companies*, and on Ethisphere's list of the *World's Most Ethical Companies*. Stanley Bergman, its CEO, explains his company philosophy, "Henry Schein has been able to embed our commitment to 'doing well by doing good' into the fiber of our business by creating an ecosystem where we help our customers achieve their goals, provide our team members a sense of purpose, drive shareholder value, and make a positive difference in the world". An example of its CSR activities that it contributes through "Give Kids a Smile", the company with the ADA Foundation, provides support to over 6,000 volunteer dentists in giving free dental care to US children. Further, Bergman explains his company's belief of fostering a caring culture, "Our commitment to creating shared value impacts how we do business, the way we partner, and the types of community engagement activities we focus on". Fortune calls the company, "A shining example of global corporate citizenship".

2. The Purposes of the Paper

The purposes of the paper are to develop contingency frameworks for analyses of foreign subsidiaries' strategic situations, and, to help them in making effective strategic choices and decision-making for a global organization as a whole and for each of its many foreign subsidiaries that operate in diverse organizational task environments. Strategic analyses make use of the contingency frameworks for facilitating effective analyses of a given foreign subsidiary's organizational task environments and categorize its operating environments (such as, social, political, economic, human skills and talents, supply chain and other infrastructural environments), and, contingent upon them, formulate the foreign subsidiary's organizational strategic choices, goals and major strategies and operating strategies.

The paper adopts a conceptual approach to enable a global firm to pursue flexibility in its global strategic focus for both, the global organization as a whole, as well as, the foreign subsidiaries. Further, the approach, through increased decentralization, enhances the autonomous attribute of the foreign subsidiaries in "owning" its own organizational strategies. Again, this approach evokes the tenet of: (a) on the one hand, simultaneous centralized strategic coordination at the HQ, and, (b) on the other hand, the decentralized foreign subsidiaries' strategic and operating decision-making and activities.

3. Strategic Global Vision and the Contingency Framework of Developed and Developing Countries

The figures in the paper are based on the argument that the nature and the state of environment and the rate of change of its specific host country environment significantly influence the choice of the strategic focus and the organizational strategies for a foreign subsidiary. The environmental influences include the general economic system, the general infrastructure, technology, market factors, general civic services, governmental machinery and the pool of skilled people and advanced educated professionals.

3.1 The Contingency Framework

The figures are based on the argument that a global firm needs to exercise strategic flexibility in developing effective strategic focus and organizational strategies to suit each of its foreign subsidiary's environments. The foreign subsidiary’s host country environment generates a strong influence upon the unit to choose a strategic direction contingent upon the environmental circumstances. In particular, market factors in the host country and nearby regions, which may constitute the greater catchment area for the foreign subsidiary, could provide a stronger support for a more comprehensive analyses for the foreign subsidiary (Everett, 2014).

This contingency approach implies that the foreign subsidiaries could benefit from more analyses, rather than short, brief strokes of random analyses based on convenience or on easy access to or availability of past data and information. Also, a global organization would benefit from developing a better grasp of the strategic situation and subsequently develop a more mature and comprehensive strategic focus and organizational strategies in a manner to fit their needs and environmental challenges. This also clearly implies that foreign subsidiaries may have to spend more resources on data gathering and organizing and subsequent analyses and reflection, than on ill prepared action. This is contrary to the norm in organizations, particularly at middle and lower levels, where the pressures to perform and show immediate results are paramount. Yet foreign subsidiaries executives must act to get immediate and operating results. This is a situation for the foreign subsidiaries middle and lower level executives is one where multiple demands are placed on them. In such a situation, HQ executives should step up in the process and play a more collaborative, helpful, problem-solving role (Godiwalla, 2018). The global organization should improve its competitiveness through well-knit partnership among the HQ and foreign subsidiaries executives. .

Top management at global headquarters and the top managers of the foreign subsidiaries must jointly have the global strategic vision and they must see an integrated, broad picture of the firm operating in diverse environments, and, they must indeed encourage strategic decentralization of the foreign subsidiary units to develop their local foreign subsidiaries’ visions in the context of their respective host country environments (Ross, 2008). Such multi-level strategic visions, when integrated, would lead the firm to a proper future (El-Namaki, 1992; Everett, 2014; Finkelstein and Hambrick, 1996; and Hambrick and Mason, 1984). Then the top management should lead the global firm to change it as it is consistent with the needs of the strategic vision (Want, 1993). Such a change effort may require concerted restructuring of the firm (Finkin, 1992). Thus, a firm must generate a strategic vision and it must tenaciously follow through its change-related strategies and re-design the structure and organizational culture of the firm.

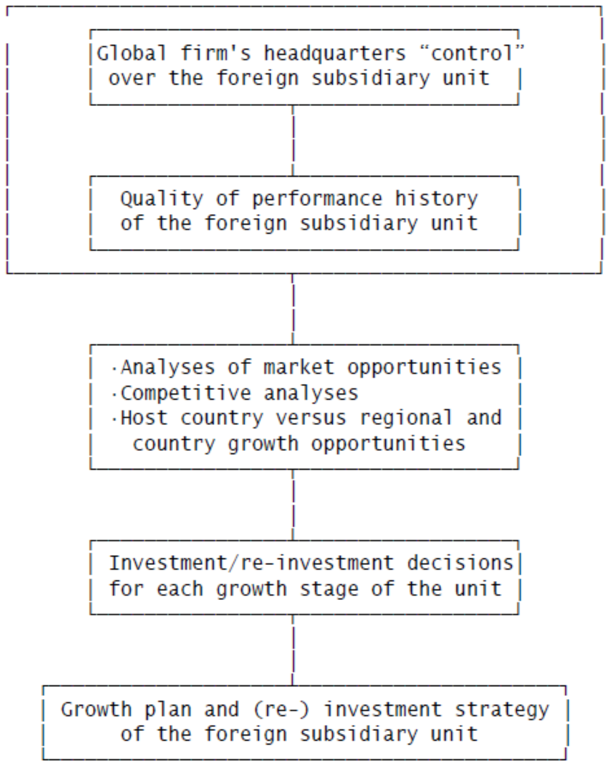
3.2 The Complexities of Global Organizations and Their Implications

A global organization, which operates in many countries, would be a very complex organization. It is likely that it would have its foreign subsidiaries develop different and distinct models of organizational structures, organizational cultures, internal processes and strategies (Kogut, 1984). This is because the foreign subsidiaries have to tailor their structures, cultures and activities to their host countries’ situations and expectations. Such diversity of foreign subsidiaries’ organizational models would make an increasingly complex task for the global organization’s (HQ) executives in managing its foreign subsidiaries. This would lead to greater decentralization of decision-making of organizational design and of country strategies (Caudron, 1995). More market focus may complement internal strengths-weaknesses analyses in that a wider coverage of analyses would bring closer to the real situation (Everett, 2014).

4. The Growth Process of a Foreign Subsidiary

Figure 1 provides a flow chart for describing the decision making process for the growth of a foreign subsidiary. The growth of a foreign subsidiary is influenced by considerations of: (a) the earlier efforts of capital and human inputs in a foreign subsidiary, and, (b) the subsequent plough-backs in the foreign subsidiary so as to capitalize for the changing dynamics in the foreign subsidiary environments. The progressive and repeated plough-backs may cause situations that would need addressing during the different phases of the foreign subsidiary (Contractor, 1990). Market approvals and public reputation are vital as they affect customer loyalty and market directions in a competitive market place and international growth planes must never take these for granted (Topcu and Duygun, 2015). Organizational goodwill, brand recognition and customer satisfaction and loyalty, and corporate image reputation would precede all investment plans. Also, the growth plans are better served with a properly developed customer service plans (Saritas and Penez, 2017).

Figure 1. A Model of Decision-Making for the Growth Process of a Foreign Subsidiary Unit



In this context, Figure 1 would explain the process of decision-making for a global firm's foreign subsidiary as it progresses through its different phases. Such a decision-making process would engender a systematic and clear approach in arriving at a better plan of action. It would analyze the market opportunities in the host country and its nearby regions and generate a viable plan of investment.

Growth plans, and the accompanying market analysis, together with industry projections of market growth, are important consideration in the foreign subsidiary It is important that the foreign subsidiary unit develop a priority plan for its investment needs at each stage of its (re-) investment. The different phases of the foreign subsidiary firm exert different types of pressures upon the foreign subsidiary unit. A foreign subsidiary can pursue a needs based analysis, and, the external environmental analyses in terms of opportunities and newer trends. Thus, it could decide upon the options visible and available to it, such as (a) expanding host country market with existing product range, (b) expanding host country market with expanded product range, (c) expanding in other regional countries with existing product range, (d) expanding into other regional countries with expanded products and services, or (e) maintain status quo of its operations. These options pose the need for resource levels. Given the constraint of each resource level imposed upon the foreign subsidiary unit, it can pursue a limited set of options. For example, given a low level of resource availability, it may be constrained to restrict its strategies to modest growth with existing technology and with only cosmetic improvements to its existing products.

Good relationships between HQ and its foreign subsidiary are not just healthy and desirable but very vital. These issues add relevance to the other issues such as global investment decisions for the firm influence the outcomes of organizational growth. Thus, growth strategy of a global firm must be correctly formulated and articulated in the context of the decision-making structures of the global firm.

5. The Global Firm's Strategic Focus: A Framework for Evaluating a Country's Infrastructures, Economic System

A foreign subsidiary's host country environment is important as we compose the probable strategies. Figure 2 analyzes the level of development and the nature of the host country's economic environment and infrastructure. The host country's rate of development of its infrastructure can be either slow paced or fast paced. Other things being equal, the fast pace of development of the infrastructure is preferable to slow paced rate for the foreign subsidiary in performing its business activities in accomplishing its goals. The infrastructure can also be basic or developed. Again, the more developed the infrastructure, the better it is for the foreign subsidiary to function and do its business activities for accomplishing its goals.

Figure 2. Global Firm's Strategic Focus: A Framework for Evaluating a Country's Infrastructures and Economic System

SLOW	**Cell 1:** ORGANIZATIONAL ENVIRONMENT Few civic services Basic economic infrastructure Older technology, techniques Fewer market factors, structures Slow evolving economic system STRATEGIC FOCUS: Cooperate with host government. Train people.	**Cell 2:** ORGANIZATIONAL ENVIRONMENT Several, better civic services Developing economic infrastructure Newer technology, techniques Many market factors, structured Slow evolving economic system STRATEGIC FOCUS: Increase R&D effort to increase market share. Export to other growing markets.
FAST	**Cell 3:** ORGANIZATIONAL ENVIRONMENT Few civic services Basic economic infrastructure Older technology, techniques Fast developing economic system STRATEGIC FOCUS: Invest in firm's resources: capital, human, promotional, informational, etc. Increase promotion	**Cell 4:** ORGANIZATIONAL ENVIRONMENT Several, better civic services Developing economic infrastructure New technology, techniques Many market factors Fast developing economic system STRATEGIC FOCUS: Aggressively lead. Strongly compete Joint venture to increase volume and market share
	Basic/limited infrastructure and economic system	Developed infrastructure and economic system

Figure 2 is a framework for enabling an analysis of the infrastructure as the foreign subsidiary goes through the process of decision-making of formulating its strategic focus, goals and strategies.

Both dimensions, (a) rate of change of infrastructure, and, (b) the quality of development infrastructure, are relevant because the current state of the general infrastructure and economic system would determine the foreign subsidiary unit's choice of goals and strategies. And the rate of growth of the economy would enable it to grow at the particular pace.

It can be generally said that each of the four cells provide cues as to the probable strategic focus. Here are the suggested strategic foci for each of the four cells:

For cells 1 and 2, which are slow changing environments, the goal focus should be to increase the market share and to develop newer markets and market regions in other (nearby) countries for exporting.

For cells 3 and 4, which are fast changing environments, the fast pace of growth of the economy encourages the unit to rapidly re-invest in important areas of activities so that it may fully exploit market opportunities and establish itself better in growing areas. Rapid environmental changes would require prompt and complete improvements that are backed by adequate resources additions.

For cells 1 and 3 the emphasis would be to develop and train its own people and invest in basic activities of the unit. And afterwards, the foreign subsidiaries should keep on improving the needed skills to higher levels of sophistication.

For cells 2 and 4 the emphasis would be to aggressively lead and compete in a sophisticated market place because of a developed and mature market. And afterwards, the foreign subsidiaries should keep on improving the needed skills to higher levels of sophistication.

6. Organizational Strategies for Foreign Subsidiaries: Methods for Slower and Faster Developing Countries

Figure 3 builds on Figure 2. Figure 3 provides a framework for developing organizational strategies for foreign subsidiary units using the same two dimensions that are used in Figure 2.

The broad indications of the effective organizational strategies for the foreign subsidiary are cited in the following:

For cells 1 and 2 the time horizons are shorter, and, there is greater reliance on the global firm's headquarters for directions of the unit's goals and strategies. In this context, the degree of centralization-decentralization is an important structural consideration. Here the tendency is for greater centralization because of the slow rate of development of the infrastructure and economic system.

For cells 3 and 4 the time horizons are longer, and, there is a stronger external environmental focus in a more autonomous manner. There is also greater decentralization in strategic decision-making and a greater need of an organic (as opposed to a mechanistic) organizational structure because of the faster rate of change in the development of the infrastructure and the economic system.

The broad, effective strategies are based upon the argument that firms would attempt to influence the strategic factors in their respective environments so that they are able to perform better in their environments.

Figure 3. Organizational Strategies for Foreign Subsidiaries Depending Upon Host Country Characteristics: A Case for Slow and Fast Developing Countries

SLOW	Cell 1: Centralized decision-making by HQ Formalized, mechanistic unit Emphasis on operating policies Short term horizon Internal orientation Emphasis on global HQ for major directions	Cell 2: Decentralized decision-making Semi-organic, semi-fluid unit Evolving operating practices Short term horizon Internal orientation Emphasis on global HQ for major directions
FAST	Cell 3: Semi-decentralized decision-making by HQ Organic unit Strategic focus Longer time horizon External & market focus Develops its own goals and strategies	Cell 4: Decentralized decision-making Organic unit Strategic focus Longer time horizon External & market focus Develops its own goals and strategies
	Basic/limited infrastructure and economic system	Developed infrastructure and economic system

7. Conclusions and Recommendations for Actions

A global firm should correctly analyze and define its many diverse host country environments in which each of its subsidiary units operate. Each subsidiary unit should develop its strategic master plan that is correctly fitted to the needs of the unit's challenges from its environments. The figures provide analytical approaches to growth related decision-making of a foreign subsidiary unit, and, the core strategies that it should adopt, given the particular environment in which it is operating. Figure 1 provides the decision-making model for the growth of the unit, and Figures 2 and 3 are contingency frameworks for developing core strategies of each foreign subsidiary unit, depending upon its host country environments in which it operates.

There are several and meaningful implications which could produce benefits wrought through the approaches of better collaborative participation by the HQ and the foreign subsidiaries. The benefits may be slow to accrue when a global organization starts these approaches anew, but after a few years the executives at HQ and foreign subsidiaries would realize the joint energies generate better grasp and better influence of their joint destiny.

8.1 The Common "Big Picture" Benefit Recommendation

The overall global strategic partnership between the HQ and the foreign subsidiaries for formulating their own strategic choices as a combination approach is for one to see the "big picture" for the global organization as a whole on the one hand. And, on the other hand, there is the cumulative strategic pictures of collective assessments of all the foreign subsidiaries strategic situations, would be more comprehensive rather than a one snap shot of the overall, global strategic situation taken only at the global organization's HQ. Both aspects are simultaneously needed for effective global strategic management process (Kogut, 1984).

The Justification: A comprehensive and integrated big picture is far more effective for analyses and planning rather than piecemeal and patchwork approach that are created by incremental and localized efforts at different locations of the global firm.

8.2 The Collective Global Organizational Conceptual Mapping Benefit Recommendation

The collective conceptual mappings of the HQ perspectives are melded with the multiple and diverse perspectives of the disparate foreign subsidiaries into a large quilt of enjoined multiple perspectives of the HQ and foreign subsidiaries as they would burgeon newer strategic analyses and diagnosis for considerations of actions such that they would far exceed the single monolith perspective of HQ in the even if the hierarchical top-down approach were practiced in the global organization. This comprehensive approach would not be automatic but is wrought through consciously nurtured and developed strategic leadership starting at the very top of the organization and also from the top of each and every one of the foreign subsidiaries. Growth and competiveness, the joint effects of effective strategic leadership, is not caused out of random piece-meal un-thought-through activities but through a well-planned and conceived long term, broad picture about the ideal organizational structure and culture held corporations does not lend support for this strategic approach (Stead and Stead, 2013). The organization must convince the stakeholders, particularly the stockholders, about the strategic imperative of steady and patient approach for the long term.

The Justification: The properly assembled data and information such that all mega trends are properly fused and also where the inconsistencies are resolved is preferred particularly if these synthesis processes are performed at different levels of the global organization.

8.3 The Less Hierarchical, More Equality and Joint Approach Benefit Recommendation

The benefits to this approach are that the entire process would be objective assessments of the situations in all theatres, global environment and foreign subsidiaries' task environments. The approach will be less of the HQ passing out edicts to the foreign subsidiaries on the future strategic choices and goals and strategies; less of hierarchical top-down and normative approach. Instead, it will be more of joint analyses of near-common objective assessments of the situations, and, also agreed upon, joint responses to the future strategic choices, goals and strategic directions for both, the overall global organization, and, also for each of the foreign subsidiary's own strategic choices, goals and strategies.

The Justification: In an age where the quality and sophistication levels of managers and professionals at levels and parts of a global firm are higher than only a half a century ago, the global firm's HQ must acknowledge that the foreign subsidiaries and their business subsidiaries people have to be treated more as partners than as subordinates.

8.4 The Wider Ownership Benefit Recommendation

The "handing over" of much of the making of the strategic choices proposal to the foreign subsidiaries for a full partnership, and, the "handing over" of the near-complete responsibilities of the operating decision making to the foreign subsidiaries would give a sense of greater responsibilities to the foreign subsidiaries' executives while stimulating a genuine sense of partnership to be an important and near-equal, participative member of the whole global organization. The steering of the overall organization thus becomes the total responsibility of all executive members of the whole global organization, including its foreign subsidiaries staff. There will be greater ownership, pride and participative spirit among the foreign subsidiaries. There will be better goodwill and camaraderie between the HQ and the foreign subsidiaries. There will be a greater feeling of trust and shared responsibility.

The Justification: The broader and fuller transferring of the activity would engender a fuller, wider and vertical (from top to down) ownership of the organization's mission, objectives and strategies.

8.5 The Development of Similar Core Strategies by the Foreign Subsidiaries in Similar Task Environments Benefit Recommendation

As mentioned earlier, an important assumption made in the development of the conceptual frameworks is that it is feasible for those foreign subsidiaries operating in similar task environments (i.e., using taxonomies of environments, infrastructures and rates of development of their host countries) to effectively use the same or very similar set of core strategies to manage in those host country environments (Ross, 2008). Conversely, different foreign subsidiary units operating in very different environments should pursue very different core strategies. It may benefit for the whole global organization to develop taxonomies of core strategic approaches and major strategies for their foreign subsidiaries. This argument is portrayed in the figures of the paper. Such an approach is called the contingency approach to managing the foreign subsidiaries.

The Justification: The analytical development of a series of templates of core strategies that may become the models of strategic action for the foreign subsidiaries is an economic approach to define the broad characteristics of a particular foreign subsidiary's strategy. The detailed strategies should be developed the foreign subsidiary.

8.6 The Synergy Advantage Benefit Recommendation

In cases where strengths-weaknesses profiles and opportunities-threats profiles of a given foreign subsidiary is compiled, it would be to the collective advantage for the global organization to apply the analyses to several of the other foreign subsidiaries such that the strengths of one subsidiary might be well applied to the opportunities of another foreign subsidiary. Such external and market-oriented approach on a wider platform could generate hitherto untapped synergy. The process of growth could follow many different paths and it is up to executives to continuously explore. The sustained training and mentoring, on the job as well as formal training on strategic aspects, of all executives in the HQ and foreign subsidiaries are the hallmark of improving strategic leadership (Davis, 2014; Virzi, 2018). Training and mentoring should be life-long for a person and unending for an organization. Transfer of problem analyses and problem solving across the global organization is a prerequisite for sustained and effective organizational competitiveness and performance.

The Justification: The organic synthesis of the strengths and weaknesses of the foreign subsidiaries, categorized into various taxonomies, would enable the global firm to identify and pursue the avenues of synergies for the global firm as a whole.

8.7 The Consistent High Quality, Global Organizational Identity-image Benefit: The High Quality Organizational Identity is Perceived Identically around the World Recommendation

The major global organizations we see in our times (such as: Amazon, Apple, BMW, Daimler Benz, DuPont, FedEx, IBM, ICI, Rolls Royce, Ritz Carlton, Siemens, Tata, Toyota) have each developed an organizational identity such that it would generate a positive, desired impact for the long term benefit for its stakeholders. It is a finger print that creates in each one of us a feeling about the organization no matter from where we may come. This consistent global identity has its own force in the marketplace such that no advertising campaign can rival. This reputation is built over decades of consistent, consciously developed and pursued high quality organizational activities (Saritas and Penez, 2017). . The word of mouth, people to people spreading reputation around the world is priceless. It has a significant positive impact for all activities of the organization, be they recruitment, supply chain management, locating in newer country markets, seeking license and permits from authorities, dealing with regulators, marketing to various regions, negotiating with various bodies (Mohiuddin, 2017; Topcu and Duygun, 2015).

The Justification: The trust and the image factor has a strong and powerful force for the global firm to continuously develop so that many people around the world, whether or not they are global firm’s current clientele or any other stakeholder, would come to respect and feel very favorably about the global firm. This is a force that can overcome whatever little obscurity of complete information or gap in confidence that a future stakeholder of the global firm may have.

This above-mentioned, last cited benefit is possible if the global organization has a single and strong, comprehensive, shared value system across all organizational units around the world. Customer loyalty is a supreme goal. A common organizational philosophy, which speaks volumes of organizational goodness, should be broad and compelling enough to supersede the individual country’s cultural differences. This intangible benefit is the possibly the strongest one. Good global organizational reputation starts with good ethical, enlightened managers. Developing ethical global leadership talent at all levels is very vital for a global organization (Virzi, 2018). Investing in people is more important than investing in brick, mortar and cement and equipment.

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