Succeeding in process standardization: Explaining the fit with international management strategy - DTU Orbit (30/11/2018)

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Purpose: The purpose of this paper is to explore the fit between process standardization and international management strategy of multinational corporations (MNCs) by assessing the compatibility between process standardization and corporate structural characteristics in terms of asset configuration and headquarters-subsidiary relationships.
Design/methodology/approach: First, after a literature review on MNCs’ strategy and process standardization, the study suggests two propositions on the fit between corporate international management strategy and process standardization. Second, to empirically examine the propositions, the study investigates the outcome of process standardization in three cases with different strategic and structural contexts. Third, using the propositions and empirical findings, the study proposes a framework for aligning process standardization with MNCs’ structural characteristics.
Findings: Process standardization has a higher degree of fit in MNCs pursuing global integration where process standardization parallels the need for coordinating interdependencies in the functional structure, and is consistent with the headquarters’ operational control over the subsidiaries. Process standardization has a lower degree of fit in MNCs seeking local responsiveness as process standardization disturbs the financial control relationship between the headquarters and subsidiaries and is less crucial for coordination as the subsidiaries contain the necessary coordination mechanisms. Originality/value: The study provides in-depth understanding of how the international management strategy and consequent structural characteristics of MNCs affects process standardization in the course of a global enterprise resource planning implementation. The study proposes conditions of fit for aligning process standardization with asset configuration and headquarters-subsidiary relationships of an MNC.

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