ON STRATEGIC STANDARDIZATION MANAGEMENT

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ABSTRACT. According to Nasir and Altinbasak, there is a need for a comprehensive framework which covers all the relevant factors that should be taken into consideration by international companies on whether to standardize or adapt various elements of the marketing mix. Tabatoni and Barblan write that understanding the interaction between actors and strategies is at the core of any managerial process. Asher and Gale distinguish strategic risks from the financial and operational risks that are required to absorb normal business fluctuations in income.
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1. Introduction

Nasir and Altinbasak provide a framework which demonstrates the factors related to the selection of adaptation or standardization in those marketing mix elements affecting the performance of a firm. The basic contribution of Nasir and Altinbasak's study is the emergence of a general framework that grants a comprehensive understanding of the intertwined relations between the external and internal environment of a company which affects the standardization/adaptation decision. The pressure on achieving financial goals becomes more challenging than ever for international companies. An examination of the factors underlying the standardization/adaptation decision helps international companies define the level of adaptation/standardization which then helps create global efficiency and leads to better financial performance. Tabatoni and Barblan hold that more than planning, management stresses dynamic and critical processes. Strategic management prepares people to project themselves into the future. Strategic issues can imply and induce changed identities. Asher and Gale find that strategic risk is the most significant form of risk. Strategic decisions mainly involve intangible assets (placing a value on strategic successes and failures requires valuing intangible assets and liabilities). Actuarial appraisal values provide a sound basis for the development of an integrated measurement of strategic value and risk.

2. The formation of a framework for standardization/ adaptation related factors and their composition

According to Nasir and Altinbasak, there is a need for a comprehensive framework which covers all the relevant factors that should be taken into consideration by international companies on whether to standardize or adapt various elements of the marketing mix. International companies should concentrate on building up powerful relationships with their customers. Nasir and Altinbasak identify the external drivers as the factors which are not controllable by the company (the internal drivers are governed by the company): the understanding of both external and internal drivers is crucial for the standardization/adaptation decision as well as international marketing strategy. External drivers consist of economic climate, technological expertise, political/legal factors, and culture and consumer interaction. Nasir and Altinbasak identify a broad range of dimensions related to external environment, defining the factors which are constituting them, with the objective of making propositions about the promotion mix standardization/adaptation possibilities in different environmental conditions. Nasir and Altinbasak put it that the technological expertise level existing in a country is among the main constituents of the external drivers affecting the standardization/adaptation decision of a company. Internet has emerged as a new medium providing opportunities for standardization of the promotion all around the world. The approach of the governments through laws and regulations affects the standardization/adaptation decision of the marketing mix. Social customs and traditions including beliefs and values, language, religion and business norms are important parts of the cultural environment to be considered by the companies. Employee standardization preference is a factor that leads to standardization of marketing strategy of a company.

Nasir and Altinbasak argue that companies with proactive strategic orientation have the tendency to utilize adaptation approach more than those companies with reactive strategic orientation. The companies with ethnocentric orientation can follow standardization, whereas companies with polycentric orientation can better to pursue adaptation. Management styles and corporate structure are affected from the globalization itself and from the improvements in information and communication technologies. Company's outbound relations have to be considered while deciding the implementation of standardization vs. adaptation strategy. The global economic crisis demonstrates the interdependency and interconnectivity of the markets and companies.

3. The formulation and implementation of strategies in the organisation

Tabatoni and Barblan write that understanding the interaction between actors and strategies is at the core of any managerial process. Evaluation questions constantly the aims of the organisation, the institutional allocation of resources, the leadership and operational capacities. Strategic management must make institutional evaluation possible for the majority of actors. Managing evaluation is at the core of strategic managerial capacity. The management of evaluation implies a proper follow-up of the recommendations made. Rationalization usually leads to reorganising organizational structures and to developing new functions. Tabatoni and Barblan reason that the formulation and implementation of strategies in the organisation are the test of the validity of institutional policies. Evaluation is one of the main tools of university governance and strategic management.[2] Collier and Gregory explore the use which is made of strategic management accounting in the hotel sector through case studies at six major UK hotel groups. The accounting function in hotel groups is becoming increasingly involved in strategic management accounting, both in planning and in ad hoc exercises on the market conditions and competitor analysis. The widespread adoption of strategic management accounting is consistent with the open and relatively homogeneous nature of the industry and the high degree of competitiveness among the hotel groups in the market.[3]

4. Strategic risks vs. financial and operational risks

Asher and Gale distinguish strategic risks from the financial and operational risks that are required to absorb normal business fluctuations in income. The principle risk is that a company's strategy misses or mistakes the direction of critical future developments. Strategic decisions depend on management's view of the future. The investment in strategic internal and external relationships may provide the greatest contribution to a company's value. When actuaries calculate appraisal values, they are placing a value on the company's strategic market position. Relationships can individually be replicated (an organization's advantage can only derive from the whole of its processes). The value of core organizational competences is part of the appraisal value. Culture is as much a consequence of an organization's market position and organizational structure as a cause. Good strategy results in higher appraisal values by enhancing market position and creating competitive core competences. The assumptions underlying appraisal values can usefully be made more granular in order to identify profitable market segments. The quantification of strategic risk is more advanced than they seem to appreciate. The financial services companies currently do not enjoy the highest ratio of market capitalization to net tangible assets.

Asher and Gale compare and contrast strategic risks to financial and operational risks, and consider particularly how one might quantify strategic risks. Financial strategy can be changed at relatively short notice and financial decisions have less of a long term component. The value of any financial strategy is more likely to be reflected in the company's balance sheet as a tangible asset or liability. The actuarial concept of expense risks covers all events that lead to expense ratios running higher than budgeted. The level of risk crucially depends on investment in systems that prevent such risks. Strategic risks have an indirect effect on the published accounts. Poor strategy may lead to losses of more than intangibles. It is inappropriate for risk management to drive the formulation of strategy. Appraisal values are a robust and increasingly sensitive measure of intangible values. Strategic risks arise from the implementation of strategy. The focus of strategic planning[4] should be the creation of value[5] and not the avoidance of risk.[6]

5. Conclusion

Nasir and Altinbasak define the main constituents of the economic climate of a country as the market structure, consumer resemblance and spending pattern, competitive sphere and the human resource capital. The market structure of country is represented as the level of economic development of the country. The comparison of economic development level of countries is not enough to decide whether to standardize or adapt the marketing mix. The skills and talents of the labor force may have an effect on the decision related to the standardization or adaptation of the marketing strategy. Tabatoni and Barblan maintain that shock can be opposed to incremental change management. Setting up a new strategic information system in the organisation could question the cultural norms of the institution. Asher and Gale see the management of strategic risks as a by-product of good strategy formulation rather than an integral. The board and management should view risk management as an integral part of the business planning process. There is considerable benefit in producing appraisal values that incorporate a significant degree of granularity as to market position and the different drivers of expenses.

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